

HOUSE BILL REPORT

ESSB 5555

*As Passed House
April 19, 1991*

Title: An act relating to economic and employment impact of timber harvest variation in Washington state.

Brief Description: Providing assistance for timber harvesting areas.

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators Owen, Conner, Snyder, Metcalf, Jesernig, Amondson, Sutherland, Patterson, Hansen, Bailey, Rasmussen, von Reichbauer, Johnson, Pelz, West, Talmadge, A. Smith, Williams, L. Kreidler, Rinehart, Newhouse, Stratton, Gaspard, McMullen, Moore, Madsen, Bauer, Wojahn, Matson, Roach and L. Smith).

Brief History:

Reported by House Committee on:
Trade & Economic Development, April 5, 1991, DPA;
Appropriations, April 8, 1991, DPA(TED/APP);
Passed House, April 19, 1991, 95-3.

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *Do pass as amended.* Signed by 11 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; Ferguson; Kremen; Ludwig; Moyer; Rasmussen; Riley; and Roland.

Staff: Charlie Gavigan (786-7340).

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *Do pass as amended by Committee on Trade & Economic Development as such amendment is amended by Committee on Appropriations.* Signed by 22 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Appelwick; Belcher; Bowman; Braddock; Brekke; Dorn; Ebersole; Ferguson; Hine;

May; Mielke; Peery; Rust; H. Sommers; Valle; Wang; and Wineberry.

Minority Report: *Do not pass.* Signed by 6 members: Representatives Fuhrman; Holland; Lisk; McLean; Nealey; and Vance.

Staff: Susan Nakagawa (786-7145).

Background: Timber harvest levels, particularly on federal lands, are expected to decrease significantly. This will adversely impact the State generally and timber communities specifically. There are two primary reasons for the reduced harvest level. The first is that the forest management plans, particularly the U.S. Forest Service Management Plans, recommend a significant decrease in the harvest levels. Secondly, implementation of the Interagency Scientific Commission (ISC) report or other proposals to protect the habitat of the spotted owl, which has been declared a threatened species under the federal Endangered Species Act, will further reduce the harvest level in Washington State.

A log export ban on state lands was passed by Congress in an attempt to reduce the jobs lost from timber supply reductions by mandating that state timber be processed domestically.

Impacts from the reduced timber supply will vary in different geographic areas in Washington. Proximity to an urban center, local economic development capacity, productivity of mills in the area, source of logs, proximity to a port, and public and social infrastructure are all factors effecting impact.

The estimated job losses resulting from the reduced harvest level vary significantly. The governor's office estimates the direct and indirect job losses at 20,000; the House Timber Task Force estimates the job losses at 26,000. In addition to employment, the reductions in the timber harvest level will also impact timber-dependent communities, the timber industry, urban areas, and ports.

In Washington, unemployment benefits are available to claimants for a maximum of 30 weeks. Additional weeks of benefits, funded by a match of federal and state funds, are available only if the state economic condition reaches certain "triggers." The triggers depend on the economic status of the state as a whole. Economically distressed areas in the state cannot trigger in separately. There is currently no state-funded additional benefit program.

Timber-dependent communities benefit generally from state-wide economic development programs. In the 1989-91 biennium, the State will spend approximately \$93 million for economic development programs, excluding vocational education and job training. Approximately \$5.6 million of this is targeted specifically to assist timber-dependent communities.

The Community Economic Revitalization Board (CERB), created in 1982, provides loans or grants to counties, cities, towns, and ports for economic development-related infrastructure. The loan or grant must be necessary to bring an identified business or development into the community. The Public Works Trust Fund, created in 1985, provides loans to local governments to improve existing infrastructure.

Summary of Bill: Economic assistance is provided to timber-dependent communities, primarily in the areas of: financing infrastructure, exporting products from timber communities, and coordinating state services to timber communities.

A separate account is created in the Community Economic Revitalization Board to finance economic development-related infrastructure in timber-dependent communities without requiring that the loan or grant be tied to a specific business.

Through June 30, 1993, the Public Works Board is authorized to make loans to local governments in timber impact areas for construction of new public works facilities that stimulate economic development or growth. The loans can be low-interest or interest-free. The Department of Community Development shall designate timber impact areas. The Public Works Board must set criteria for awarding the loans to local governments and must provide quarterly updates to the Legislature.

The Washington Wood Products Competitive Commission is created. The commission has five public members and four industry members. The commission is to award grants for value-added projects and feasibility studies. The commission is to coordinate with the Department of Trade and Economic Development's value-added Forest Products Program.

The commission is intended to become industry-supported and industry-operated after 2 years.

The Department of Trade and Economic Development, the Small Business Export Finance Assistance Center, and the Washington Economic Development Finance Authority are to

provide marketing, technical, and financing assistance to increase exports from timber-dependent communities.

The governor is to coordinate the delivery of economic development-related social services in timber communities, and local associate development organizations are to coordinate the delivery of economic development services.

Associate development organizations in timber-dependent communities, if funding is made available, are to provide additional local economic development assistance.

An unemployment insurance additional benefit program is established. This program is for lumber and wood products employees and for employees in counties that have lumber and wood products employment at least twice the state average and an unemployment rate that is at least 20 percent higher than the state average. The program may not accept new claims after July 3, 1993.

If an unemployment insurance claimant qualifies, he or she may receive additional benefits for a total of 52 weeks of regular and additional benefits. To qualify for additional benefits, the claimant must reside in or have worked in an eligible county at the time of last separation from employment, or must have earned wages in at least 680 hours of lumber and wood products employment. In addition, the claimant must be unlikely to return to his or her previous employment because the work opportunities have been substantially reduced, and must enter and make satisfactory progress in an approved training program.

The State Board for Community College Education is allocated 250 additional full-time equivalent students in fiscal year 1992, and 500 full-time equivalent students in fiscal year 1993. Tuition, services and activity fees are waived for eligible dislocated timber workers and spouses.

The Homelessness Prevention Program is created in the Department of Community Development. The department is directed to select at least five eligible organizations to implement the program. Assistance must be used to provide interest-free loans of temporary rental or mortgage assistance to families with children in immediate danger of losing their housing or technical assistance to develop and implement local strategies to prevent homelessness. Priority must be given to timber-dependent communities.

The Natural Resource Worker Project is established to provide jobs for dislocated timber workers. The project is administered by the Employment Security Department. The project is designed to establish training and employment

opportunities for dislocated timber workers to obtain entry level jobs in the state departments of Ecology, Fisheries, Natural Resources, Wildlife, and the state Parks and Recreation Commission. The project is contingent upon the availability of federal funding, or an appropriation from the state general fund.

A five year pilot project is established to provide education and training for dislocated timber workers and their spouses. The project is coordinated jointly by the state Employment Security Department and Skagit Valley Community College. The project is contingent upon the acquisition of funds by the department and college.

Family support centers are provided for in timber dependent communities.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately except for Section 13 which takes effect on July 1, 1991.

Testimony For: (Trade & Economic Development): Timber communities are facing a crisis and need state assistance to recover from the negative impacts of reduced timber harvest levels. Timber communities are looking for a hand out of the crisis, not a hand-out. The infrastructure financing can help the communities diversify. Social services must be available to enable dislocated timber workers to receive necessary training and other assistance so that the job dislocation is temporary. Training needs cannot be met if housing, child care, health care, and other needs are not met. The technical assistance the Department of Trade and Economic Development provides to the timber industry and the Department of Community Development provides to timber communities must be continued to preserve the vitality of timber communities and the industry.

(Appropriations): None.

Testimony Against: (Trade & Economic Development): None.

(Appropriations): None.

Witnesses: (Trade & Economic Development): Senator Brad Owen, Senator Syd Snyder, original sponsors; Dan Leinan, Forks, Washington; Richard Haberman, Mayor, Forks, Washington; O. D. Wendt, Aberdeen; Jim Pickell, Washington Contract Loggers' Association; Jim Coates, Employment Security Outreach Program; John Warring, Grays Harbor Labor Council, AFL-CIO; Emile Comb, Port of Longview, Cowlitz-

Wahkiakum Governmental Conference; Tim Stregge, Private Industry Councils and Job Training Executives of Washington; Renee Lynch, Northwest Coalition of Families First, Hoquiam, Washington; Judith St. Clair, Economic Development Council of Clallum County; Graeme Sackrison, Employment Security Department; Stan Lattin, Port of Grays Harbor; Michelle Brown, Department of Community Development; Pat Green, State Board for Community Colleges; Dr. Jewel Manspeaker, President, Grays Harbor Community College; Bert Williamson, Skagit Valley Community College; Bob Dilger, Washington State Building and Construction Trades Council; Ron Judd, International Brotherhood of Electrical Workers #6; Dan Wood, Citizens for Responsible Resource Use; Steve Lansing, Lutheran Public Policy Office; Rich Nafziger, Office of the Governor; Ken Keach, Export Assistance Center; Leroy Tipton, Grays Harbor Chamber of Commerce; Larry Hendrickson, Port Manager, Wilapa Harbor; and Randy Rust, Westport (all spoke in support).

(Appropriations): None.