H-0937.1 _____

HOUSE BILL 1731

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Heavey, R. King, Jones, Prentice and Cole.

Read first time February 7, 1991. Referred to Committee on Commerce & Labor.

- 1 AN ACT Relating to private business entities receiving public
- 2 assistance; adding a new chapter to Title 19 RCW; and providing an
- 3 effective date.
- 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 5 <u>NEW SECTION.</u> **Sec. 1.** The legislature finds that public
- 6 assistance in the form of grants or tax deferrals or credits allowed to
- 7 private business is a public service that should be subject to rules of
- 8 conduct. In particular, the state should offer assistance to those
- 9 private businesses that are willing to provide advance consultation to
- 10 the state and their communities prior to plant relocation, closure, or
- 11 employee layoff, and to continue to honor the obligations of their
- 12 labor contracts after the relocation of a facility.

- 1 <u>NEW SECTION.</u> **Sec. 2.** Unless the context clearly requires
- 2 otherwise, the definitions in this section apply throughout this
- 3 chapter.
- 4 (1) "Business" means a person, firm, partnership, corporation,
- 5 trust, association, or other form of private business organization
- 6 which employs one or more employees at a facility within this state.
- 7 (2) "Business assistance programs" means the sales and use tax
- 8 deferral or credit programs created in chapters 82.60, 82.61, and 82.62
- 9 RCW, state and local government industrial development bonds authorized
- 10 under chapter 39.84 RCW, and any business assistance programs operated
- 11 by the community economic revitalization board.
- 12 (3) "Certified closure or reduction date" means the actual or
- 13 anticipated date of any reduction in operations at a business facility
- 14 as determined by the department.
- 15 (4) "Department" means the state employment security department.
- 16 (5) "Reduction in operations" means the total closure of a business
- 17 facility or any partial closure, other reduction in operations, or
- 18 relocation of a business facility that results in the layoff of at
- 19 least twenty-five employees at the facility within a six month period
- 20 prior to the closure date as certified by the department.
- 21 <u>NEW SECTION.</u> **Sec. 3.** This chapter shall not apply to
- 22 reductions in business operations:
- 23 (1) Resulting solely from labor disputes as defined by the national
- 24 labor relations act;
- 25 (2) Occurring at construction sites;
- 26 (3) Resulting from seasonal factors, which are customary in the
- 27 industry of which the business is a part, as determined by the
- 28 department; or
- 29 (4) Resulting from fire, flood, war, or other acts of God.

HB 1731 p. 2 of 5

- 1 <u>NEW SECTION.</u> **Sec. 4.** Each business that has received four
- 2 thousand dollars or more, or has received eighty hours of technical
- 3 assistance or more, from a business assistance program shall agree to
- 4 accept the following rules of conduct prior to receiving further
- 5 assistance:
- 6 (1) A business reducing operations at a facility or relocating a
- 7 facility shall comply with the requirements of all federal and state
- 8 plant closure laws, regardless of whether the business is included
- 9 within the coverage of the plant closure law.
- 10 (2) A business purchasing or relocating a facility within the state
- 11 shall continue to recognize any employee organization, whether
- 12 international or local, that is a signatory to a collective bargaining
- 13 agreement in effect at the predecessor facility or at the relocating
- 14 facility at the time of relocation.
- 15 (3) A business selling or otherwise transferring a business shall
- 16 include in the contract of sale or similar instrument of conveyance a
- 17 statement that the successor business is bound by any collective
- 18 bargaining agreement to which the predecessor business is a signatory
- 19 at the time of transferring the business, until the expiration of the
- 20 agreement.
- 21 (4) The business shall maintain a neutral position with respect to
- 22 their employees' determination of collective bargaining representation.
- 23 (5) The business shall comply with all federal and state
- 24 requirements for affirmative action in hiring and promotion of its
- 25 employees, regardless of whether the business is included within the
- 26 coverage of the civil rights laws.
- 27 (6) A business totally closing or relocating a facility shall first
- 28 make good faith offers of sale at fair market values for the plant,
- 29 equipment, and inventory to the community in which the facility is

- 1 located and to agents who represent a majority of the employees of the
- 2 employer, who singly or in combination are seeking to form a community-
- 3 owned, employee-owned, or jointly owned business at the facility being
- 4 closed.
- 5 (7) The business shall employ no employees at wages less than the
- 6 state average annual wage, as calculated under RCW 50.04.355.
- 7 (8) The business shall provide basic health coverage for its
- 8 employees.
- 9 NEW SECTION. Sec. 5. Failure to comply with section 4 of this
- 10 act shall subject the business to the following:
- 11 (1) If the failure to comply occurs within any period in which any
- 12 tax deferral still exists, the business's tax deferral shall be
- 13 rescinded and the entire amount of any remaining deferred tax together
- 14 with a ten percent penalty on the tax owing and interest at twelve
- 15 percent per annum shall be immediately due and payable. Interest shall
- 16 accrue from the date notice of the tax deferral rescission is received
- 17 by the business.
- 18 (2) If the failure to comply occurs within ten years of receiving
- 19 authorization for industrial revenue bonds, the business that has
- 20 received industrial revenue bonds shall be penalized an amount equal to
- 21 the federal tax exemption received plus ten percent of the federal tax
- 22 exemption together with interest at twelve percent per annum.
- 23 <u>NEW SECTION.</u> **Sec. 6.** No business shall receive state
- 24 assistance under any business assistance program unless the business
- 25 agrees to accept the rules of conduct specified under section 4 of this
- 26 act. Any business that receives the benefits of a state business
- 27 assistance program who violates any provision of this chapter is not

HB 1731

- 1 eligible for any business assistance program for a period of ten years
- 2 following the date of violation as determined by the department.
- 3 <u>NEW SECTION.</u> **Sec. 7.** (1) The employment security department
- 4 shall be notified by the department of revenue and the community
- 5 economic revitalization board of each business that participates in a
- 6 business assistance program. The information shall include the amount
- 7 of assistance received by the business and other information necessary
- 8 to implement this chapter. The department shall review all
- 9 participating businesses for compliance with this chapter, shall make
- 10 any necessary administration determinations, and shall assess and
- 11 collect any penalties for violations under the assessment and
- 12 collection provisions of chapter 50.24 RCW. All penalties collected
- 13 shall be paid into the state general fund.
- 14 (2) Any business receiving a notice of violation under this chapter
- 15 may file an appeal in accordance with the provisions of chapter 50.32
- 16 RCW.
- 17 (3) The department shall adopt rules under chapter 34.05 RCW to
- 18 carry out the purposes of this chapter.
- 19 <u>NEW SECTION.</u> **Sec. 8.** Sections 1 through 7 of this act shall
- 20 constitute a new chapter in Title 19 RCW.
- 21 <u>NEW SECTION.</u> **Sec. 9.** This act shall take effect January 1,
- 22 1992.