

SENATE BILL 5207

State of Washington

52nd Legislature

1991 Regular Session

By Senator Sutherland.

Read first time January 24, 1991. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to timber development; amending RCW 70.56.010,
2 76.56.020, 76.56.030, 43.168.050, and 43.163.090; and creating a new
3 chapter in Title 76 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that long-term
6 efforts to diversify local economies dependent on forest products will
7 require assistance for both existing firms and start-up companies. The
8 legislature further finds that, because of the economic and social
9 interdependence of the state's communities, the job loss and stagnation
10 found in timber-dependent communities impair the economic and
11 industrial development efforts of all communities in Washington.
12 Expanding the level of entrepreneurial activity in timber-dependent
13 communities is critical to employment stability and a secure tax base
14 in the state.

1 It is the purpose of this chapter to create a timber development
2 corporation with the capacity to respond to the market development,
3 industrial retooling, and entrepreneurial development needs of timber-
4 dependent communities. This chapter shall be construed liberally to
5 carry out its purposes.

6 NEW SECTION. **Sec. 2.** The Washington timber development
7 corporation is established as a public body corporate and politic, with
8 perpetual corporate succession, constituting an instrumentality of the
9 state of Washington exercising essential governmental functions. The
10 authority is a public body within the meaning of RCW 39.53.010.

11 The board of directors of the corporation shall consist of eleven
12 members. The director of the department of trade and economic
13 development, the director of the department of community development,
14 the commissioner of public lands, and the commissioner of the
15 employment security department shall be nonvoting, ex officio members.
16 Seven public members shall be appointed by the governor and shall
17 include elected officials of timber-dependent communities and
18 representatives of small to medium-sized timber processing companies.
19 One of the public members shall be appointed by the governor as chair
20 of the board and shall serve as chair of the board at the pleasure of
21 the governor. The board may select from its membership such other
22 officers as it deems appropriate.

23 The term of the persons appointed by the governor as public
24 members, including the public member appointed as chair, shall be four
25 years from the date of appointment, except that the term of two of the
26 initial appointees shall be for two years from the date of appointment
27 and the term of two of the initial appointees shall be for three years
28 from the date of appointment. The governor shall designate the
29 appointees who will serve the two-year and three-year terms.

1 In the event of a vacancy on the board due to death, resignation,
2 or removal of one of the public members, the governor shall appoint a
3 successor for the remainder of the unexpired term. If any of the state
4 offices is abolished, the resulting vacancy on the board shall be
5 filled by the state officer who succeeds substantially to the power and
6 duties of the abolished office.

7 A public member of the board may be removed by the governor for
8 misfeasance, malfeasance, or willful neglect of duty after notice and
9 a public hearing, unless such notice and hearing is expressly waived in
10 writing by the affected public member.

11 State officials serving in ex officio capacity may each designate
12 an employee of their respective departments to act on their behalf in
13 all respects with regard to any matter to come before the board. Such
14 designations shall be made in writing in the manner specified by the
15 rules of the board.

16 Members of the board shall serve without compensation but shall be
17 entitled to reimbursement for expenses incurred in the discharge of
18 their duties.

19 A majority of the board shall constitute a quorum.

20 The board may hire legal employees, staff, or services as needed to
21 implement this chapter or to represent the corporation.

22 NEW SECTION. **Sec. 3.** The corporation shall:

23 (1) Notify all forest product firms in the state with work forces
24 and production facilities capable of producing goods to meet market
25 demand identified by the center for international trade in forest
26 products;

27 (2) Coordinate the delivery of technical assistance and financial
28 assistance to work forces and companies producing wood products;

1 (3) Notify all forest product firms in the state of the
2 availability of management, marketing, and financial assistance,
3 through the corporation, other federal, state, and local assistance
4 providers, and private consultants;

5 (4) Operate a timber products training program, which includes
6 training in production techniques for wood products as well as
7 entrepreneurial training and management training;

8 (5) Provide the services of industrial engineers, efficiency
9 experts, and other technicians familiar with the modernization needs of
10 local industries;

11 (6) Offer firm-specific assistance for a maximum of five person-
12 days, after which firms may negotiate assistance on a fee basis;

13 (7) Work primarily with small firms that could not otherwise afford
14 the expertise;

15 (8) Develop mechanisms to provide information on new manufacturing
16 technologies to existing small and medium-sized firms;

17 (9) Designate a substate region and coordinate the delivery of
18 technical assistance resources to small and medium-sized firms
19 throughout that region; and

20 (10) Provide information necessary to evaluate the effectiveness of
21 the services delivered by the corporation.

22 **Sec. 4.** RCW 70.56.010 and 1985 c 122 s 1 are each amended to read
23 as follows:

24 There is created a center for international trade in forest
25 products at the University of Washington in the college of forest
26 resources, which shall be referred to in this chapter as "the center."
27 The center shall operate under the authority of the board of regents of
28 the University of Washington. The board of directors of the Washington

1 timber development corporation shall oversee the operation of the
2 center.

3 **Sec. 5.** RCW 76.56.020 and 1987 c 195 s 16 are each amended to read
4 as follows:

5 The center shall:

6 (1) Coordinate the University of Washington's college of forest
7 resources' faculty and staff expertise to assist in:

8 (a) The development of research and analysis for developing
9 policies and strategies which will expand forest-based international
10 trade, including trade in manufactured forest products;

11 (b) The development of technology for manufactured products that
12 will meet the evolving needs of international customers; and

13 (c) The coordination, development, and dissemination of market and
14 technical information relevant to international trade in forest
15 products;

16 (2) Further develop and maintain a computer based world-wide forest
17 products production and trade data base system and coordinate this
18 system with state, federal, and private sector efforts to insure a
19 cost-effective information resource that will avoid unnecessary
20 duplication;

21 (3) Monitor international forest products markets and assess the
22 status of the state's forest products industry, including the
23 competitiveness of the forest products industry and including the
24 increased exports of Washington-produced products;

25 (4) Identify new market opportunities for forest products;

26 (5) Provide high-quality research and graduate education and
27 professional nondegree training in international trade in forest
28 products in cooperation with the University of Washington's graduate

1 school of business administration, the school of law, the Jackson
2 school of international studies, and other supporting academic units;
3 ~~((+5))~~ (6) Develop cooperative linkages with the international
4 marketing program for agricultural commodities and trade at Washington
5 State University, the international trade project of the United States
6 forest service, the department of natural resources, the department of
7 trade and economic development, the small business export finance
8 assistance center, and other state and federal agencies to avoid
9 duplication of effort and programs;

10 ~~((+6))~~ (7) Provide for public dissemination of research,
11 analysis, and results of the center's programs through technical
12 workshops, short courses, international and national symposia, or other
13 means, including appropriate publications; and

14 ~~((+7))~~ (8) Establish advisory or technical committees as necessary
15 to develop policies, operating procedures, and program priorities
16 consistent with the international trade opportunities achievable by the
17 forest products sector of the state and region. Service on the
18 committees shall be without compensation but actual travel expenses
19 incurred in connection with service to the center may be reimbursed
20 from appropriated funds in accordance with RCW 43.03.050 and 43.03.060.

21 **Sec. 6.** RCW 76.56.030 and 1985 c 122 s 3 are each amended to read
22 as follows:

23 The center shall be administered by a director appointed by the
24 ~~((dean of the college of forest resources of the University of
25 Washington. The director shall be a member of the professional staff
26 of that college))~~ board of directors of the Washington timber
27 development corporation.

1 **Sec. 7.** RCW 43.168.050 and 1990 1st ex.s. c 17 s 74 are each
2 amended to read as follows:

3 (1) A minimum of fifteen percent of available loan dollars shall be
4 provided to firms seeking to start or expand manufacturing of forest
5 products. The products proposed for production must be certified by
6 the Washington timber development corporation as meeting current or
7 future market demands.

8 (2) The committee may only approve an application providing a loan
9 for a project which the committee finds:

10 (a) Will result in the creation of employment opportunities or the
11 maintenance of threatened employment;

12 (b) Has been approved by the director as conforming to federal
13 rules and regulations governing the spending of federal community
14 development block grant funds;

15 (c) Will be of public benefit and for a public purpose, and that
16 the benefits, including increased or maintained employment, improved
17 standard of living, and the employment of disadvantaged workers, will
18 primarily accrue to residents of the area;

19 (d) Will probably be successful;

20 (e) Would probably not be completed without the loan because other
21 capital or financing at feasible terms is unavailable or the return on
22 investment is inadequate.

23 ~~((+2))~~ (3) The committee shall, subject to federal block grant
24 criteria, give higher priority to economic development projects that
25 contain provisions for child care.

26 ~~((+3))~~ (4) The committee may not approve an application if it
27 fails to provide for adequate reporting or disclosure of financial data
28 to the committee. The committee may require an annual or other
29 periodic audit of the project books.

1 (~~(4)~~) (5) The committee may require that the project be managed
2 in whole or in part by a local development organization and may
3 prescribe a management fee to be paid to such organization by the
4 recipient of the loan or grant.

5 (~~(5)~~) (6) (a) Except as provided in (b) of this subsection, the
6 committee shall not approve any application which would result in a
7 loan or grant in excess of three hundred fifty thousand dollars.

8 (b) The committee may approve an application which results in a
9 loan or grant of up to seven hundred thousand dollars if the
10 application has been approved by the director.

11 (~~(6)~~) (7) The committee shall fix the terms and rates pertaining
12 to its loans.

13 (~~(7)~~) (8) Should there be more demand for loans than funds
14 available for lending, the committee shall provide loans for those
15 projects which will lead to the greatest amount of employment or
16 benefit to a community. In determining the "greatest amount of
17 employment or benefit" the committee shall also consider the employment
18 which would be saved by its loan and the benefit relative to the
19 community, not just the total number of new jobs or jobs saved.

20 (~~(8)~~) (9) To the extent permitted under federal law the committee
21 shall require applicants to provide for the transfer of all payments of
22 principal and interest on loans to the Washington state development
23 loan fund created under this chapter. Under circumstances where the
24 federal law does not permit the committee to require such transfer, the
25 committee shall give priority to applications where the applicants on
26 their own volition make commitments to provide for the transfer.

27 (~~(9)~~) (10) The committee shall not approve any application to
28 finance or help finance a shopping mall.

29 (~~(10)~~) (11) The committee shall make at least eighty percent of
30 the appropriated funds available to projects located in distressed

1 areas, and may make up to twenty percent available to projects located
2 in areas not designated as distressed. The committee shall not make
3 funds available to projects located in areas not designated as
4 distressed if the fund's net worth is less than seven million one
5 hundred thousand dollars.

6 ~~((11))~~ (12) If an objection is raised to a project on the basis
7 of unfair business competition, the committee shall evaluate the
8 potential impact of a project on similar businesses located in the
9 local market area. A grant may be denied by the committee if a project
10 is not likely to result in a net increase in employment within a local
11 market area.

12 **Sec. 8.** RCW 43.163.090 and 1989 c 279 s 10 are each amended to
13 read as follows:

14 The authority shall adopt a general plan of economic development
15 finance objectives to be implemented by the authority during the period
16 of the plan. The plan shall include development of a timber product
17 finance program. The authority may exercise the powers authorized
18 under this chapter prior to the adoption of the initial plan. In
19 developing the plan, the authority shall consider and set objectives
20 for:

- 21 (1) Employment generation associated with the authority's programs;
- 22 (2) The application of funds to sectors and regions of the state
23 economy evidencing need for improved access to capital markets and
24 funding resources;
- 25 (3) Geographic distribution of funds and programs available through
26 the authority;
- 27 (4) Eligibility criteria for participants in authority programs;
- 28 (5) The use of funds and resources available from or through
29 federal, state, local, and private sources and programs;

1 (6) Standards for economic viability and growth opportunities of
2 participants in authority programs;

3 (7) New programs which serve a targeted need for financing
4 assistance within the purposes of this chapter; and

5 (8) Opportunities to improve capital access as evidenced by
6 programs existent in other states or as they are made possible by
7 results of private capital market circumstances.

8 At least one public hearing shall be conducted by the authority on
9 the plan prior to its adoption. The plan shall be adopted by
10 resolution of the authority no later than November 15, 1990. The plan
11 shall be submitted to the chief clerk of the house of representatives
12 and secretary of the senate for transmittal to and review by the
13 appropriate standing committees no later than December 15, 1990. The
14 authority shall periodically update the plan as determined necessary by
15 the authority, but not less than once every two years. The plan or
16 updated plan shall include a report on authority activities conducted
17 since the commencement of authority operation or since the last plan
18 was reported, whichever is more recent, including a statement of
19 results achieved under the purposes of this chapter and the plan. Upon
20 adoption, the authority shall conduct its programs in observance of the
21 objectives established in the plan.

22 NEW SECTION. **Sec. 9.** Sections 1 through 3 of this act shall
23 constitute a new chapter in Title 76 RCW.