

HOUSE BILL REPORT

HB 1818

As Reported By House Committee On:
Trade, Economic Development & Housing
Appropriations

Title: An act relating to military dependent communities.

Brief Description: Providing for military dependent communities.

Sponsors: Representatives Karahalios, Sehlin, R. Meyers, Schmidt, Peery, Wood, Zellinsky, Edmondson, Stevens, Schoesler, Flemming, Mielke, Thomas, Foreman, Eide, Campbell, Pruitt, Holm and Talcott.

Brief History:

Reported by House Committee on:
Trade, Economic Development & Housing, March 1, 1993, DP;
Appropriations, March 6, 1993, DPS.

HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

Majority Report: Do pass. Signed by 13 members: Representatives Wineberry, Chair; Shin, Vice Chair; Forner, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Campbell; Conway; Morris; Quall; Schoesler; Sheldon; Springer; Valle; and Wood.

Staff: Charlie Gavigan (786-7340).

Background: According to the state diversification plan done by the Community Diversification Program in the Department of Community Development, Washington ranks as the second most defense-dependent state in the nation. Washington has a complex defense infrastructure, primarily comprised of military installations, an aerospace industry with a significant defense component, and a large network of procurement contractors. Approximately 150,000 direct jobs are attributed to defense spending.

The state diversification plan concludes that projected base closures and procurement contract cancellations or reductions may have extreme economic impacts on communities, businesses, and workers.

Summary of Bill: The governor, by executive order, may declare a community to be a "military impacted area." These

are communities that the executive order finds experience serious social and economic hardships because of a significant reduction in defense spending by the federal government. If the governor declares a community or communities to be military impacted communities, the governor establishes a response team to coordinate state agencies' assistance to these communities. Local communities must actively participate in the response to the crisis. The response team includes representatives of the following agencies, which must target programs as directed by the governor: (1) the Department of Community Development; (2) the Department of Trade and Economic Development; (3) the Department of Social and Health Services; (4) the Employment Security Department; (5) the state Board for Community and Technical Colleges; (6) the Higher Education Coordinating Board; (7) the Department of Transportation; and (8) the Washington Energy Office. The governor may establish local task forces to assist in the recovery process and delivery of state services.

Infrastructure financing assistance is provided to military impacted communities. The Community Economic Revitalization Board (CERB) must spend at least one-half its funds in distressed counties, military impacted areas, or timber impact areas. In addition, the economic development account in CERB can provide financing for infrastructure in military impacted areas without requiring that specific private development be ready to occur. The development loan fund may make loans in military impacted areas. The public works trust fund may make loans for new infrastructure in military impacted areas.

Training and education is to be provided by the community and technical colleges and four-year colleges and universities. The Employment Security Department must work with other organizations to carry out a program of training and services for dislocated defense workers in military impacted areas. Additional unemployment benefits are made available to unemployed civilian defense workers who are enrolled in approved training. The additional benefit is limited to 52 weeks. When funding is available, the basic health plan must be made available to persons in military impacted areas.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The economic impact of the reduction in defense spending could be catastrophic to many military dependent communities without some state assistance. This

bill allows coordinated state and local assistance when particular communities are seriously impacted, based on a finding by the governor. This bill allows impacted communities the confidence to plan for the future.

Testimony Against: None.

Witnesses: Representative Karahalios, prime sponsor (pro); Stan Stanley, Oak Harbor (pro); Patty Cohen, Oak Harbor (pro); and Linda Wright, Oak Harbor (pro).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Linville; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Nancy Stevenson (786-7137).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Trade, Economic Development & Housing: The substitute bill deletes provisions making a designated military impacted area eligible for infrastructure funding, training and unemployment programs, and the basic health plan. If the governor declares a community a military impacted area, a response team must be established but is no longer required to be made up of specific members. Hiring a response team coordinator is optional, not mandatory. The governor is required to report to the Legislature regarding whether designated military impacted areas should become eligible for state assistance programs. The substitute bill deletes the emergency clause.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Witnesses: None.