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**SUBSTITUTE HOUSE BILL 1565**

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**State of Washington**

**53rd Legislature**

**1993 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Heavey, G. Cole and King)

Read first time 02/24/93.

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 NEW SECTION. **Sec. 1.** The legislature finds that public assistance  
6 in the form of loans, grants, bonds, tax deferrals, or tax abatements  
7 allowed to private business is a public service. Therefore, the state  
8 and its political subdivisions should offer this assistance only to  
9 those private businesses that are willing to be subject to minimal  
10 rules of conduct.

11 NEW SECTION. **Sec. 2.** Unless the context clearly requires  
12 otherwise, the definitions in this section apply throughout this  
13 chapter.

14 (1) "Business" means a person, firm, partnership, corporation,  
15 trust, association, or other form of private business organization  
16 which employs one or more employees at a facility within this state.

1 (2) "Business assistance" includes any loan, grant, bond, tax  
2 deferral, or tax abatement program administered by the state or its  
3 political subdivisions.

4 (3) "Certified date of reduction in operations" means the actual or  
5 anticipated date of reducing operations at a business facility as  
6 determined by the director.

7 (4) "Director" means the director of financial management.

8 (5) "Reducing operations" means the total closure of a business  
9 facility, any partial closure of a business facility, or any other  
10 reduction in operations or relocation of a business facility that  
11 results in the layoff of at least twenty-five employees at the facility  
12 within a six-month period prior to the certified date of reduction in  
13 operations. "Reducing operations" does not include reductions:

14 (a) Resulting solely from labor disputes as defined in RCW  
15 49.32.110(3);

16 (b) Occurring at construction sites;

17 (c) Resulting from seasonal factors, that are customary in the  
18 industry of which the business is a part, as determined by the  
19 director;

20 (d) Resulting from the lack of availability of natural resources  
21 required for production at the business facility, as determined by the  
22 director; or

23 (e) Resulting from fire, flood, war, or other acts of God.

24 NEW SECTION. **Sec. 3.** Each business that has received twenty-five  
25 thousand dollars in business assistance shall comply with the following  
26 rules of conduct prior to receiving further assistance:

27 (1) A business reducing operations at a facility shall comply with  
28 the requirements of all federal and state plant closure laws,  
29 regardless of whether the business is included within the coverage of  
30 the plant closure law.

31 (2) A business purchasing or relocating a facility within the state  
32 shall continue to recognize any employee organization, whether  
33 international or local, that is a signatory to a collective bargaining  
34 agreement in effect at the predecessor facility or at the relocating  
35 facility at the time of relocation.

36 (3) A business selling or otherwise transferring a business shall  
37 include in the contract of sale or similar instrument of conveyance a  
38 statement that the successor business is bound by any collective

1 bargaining agreement to which the predecessor business is a signatory  
2 at the time of transferring the business, until the expiration of the  
3 agreement.

4 (4) The business shall not permanently replace employees who  
5 legally exercise the right to strike.

6 (5) The business shall maintain a neutral position with respect to  
7 their employees' determination of collective bargaining representation.

8 (6) The business shall comply with all federal and state  
9 requirements for affirmative action in hiring and promotion of its  
10 employees, regardless of whether the business is included within the  
11 coverage of the civil rights laws.

12 (7) A business totally closing or relocating a facility shall first  
13 make good faith offers of sale at fair market values for the plant,  
14 equipment, and inventory to the community in which the facility is  
15 located and to agents who represent a majority of the employees of the  
16 employer, who singly or in combination are seeking to form a community-  
17 owned, employee-owned, or jointly owned business at the facility being  
18 closed.

19 (8) The business shall employ no hourly wage employees at wages  
20 that, on the average for the total wages paid, are less than the per  
21 capita wage in the county in which the facility is located.

22 (9) The business shall provide health coverage for its employees at  
23 a level at least equivalent to basic health coverage under chapter  
24 70.47 RCW.

25 (10) The business shall comply with all applicable federal and  
26 state environmental laws and regulations.

27 NEW SECTION. **Sec. 4.** Businesses receiving business assistance  
28 under the terms of section 3 of this act who fail to comply with the  
29 rules of conduct specified in section 3 of this act are subject to the  
30 following:

31 (1) The business assistance is rescinded and the entire amount of  
32 the monetary assistance is immediately due and payable, together with  
33 a ten percent penalty on the amount due and interest at twelve percent  
34 per annum. Interest accrues from the date notice of the rescission is  
35 received by the business.

36 (2) If the failure to comply occurs within ten years of receiving  
37 authorization for industrial revenue bonds, the business that has  
38 received industrial revenue bonds shall be penalized an amount equal to

1 the federal tax exemption received plus ten percent of the federal tax  
2 exemption together with interest at twelve percent per annum. Interest  
3 accrues from the date notice of the failure to comply is received by  
4 the business.

5 NEW SECTION. **Sec. 5.** Any business that receives the benefits of  
6 a state business assistance program who violates any provision of this  
7 chapter is not eligible for any business assistance program for a  
8 period of ten years following the date of violation as determined by  
9 the director.

10 NEW SECTION. **Sec. 6.** (1) Businesses receiving twenty-five  
11 thousand dollars or more in business assistance shall submit employment  
12 impact estimates to the office of financial management specifying the  
13 number and types of jobs, with wage rates and benefits for those jobs,  
14 that the business expects to be eliminated, created, or retained on the  
15 project site and on other employment sites of the business in  
16 Washington as a result of the project that is the subject of the  
17 business assistance. The business shall submit the employment impact  
18 statement for review and comment to employees who may be displaced,  
19 employee organizations or state-wide organizations representing  
20 employees, the local economic planning council, and other affected or  
21 interested community organizations or associations.

22 (2) A business assistance contract subject to section 3 of this act  
23 entered into by a business shall require the business to submit to the  
24 office of financial management a postemployment impact statement  
25 stating the net number and types of jobs eliminated, created, or  
26 retained, with the wage rates and benefits for those jobs, on the  
27 project site and on other employment sites of the business in  
28 Washington as a result of the project that is the subject of the  
29 contract. The statement must be submitted within six months after the  
30 project is completed or the business assistance for the project has  
31 ceased, whichever occurs first.

32 (3) Agencies providing business assistance shall notify the office  
33 of financial management of the amount of assistance received by a  
34 business and other information necessary to implement this chapter.  
35 The office shall review all participating businesses for compliance  
36 with this chapter, shall make any necessary administration  
37 determinations, and shall assess and collect any penalties for

1 violations under the hearing and review requirements of chapter 34.05  
2 RCW. Except as otherwise provided under subsection (4) of this  
3 section, penalties collected shall be paid into the state general fund.  
4 The office shall report annually to the governor and the appropriate  
5 legislative committees on these activities.

6 (4) Penalties imposed for violations of section 3(10) of this act  
7 shall be paid into the natural resource restoration account created in  
8 section 7 of this act.

9 (5) The director shall adopt rules under chapter 34.05 RCW to carry  
10 out the purposes of this chapter.

11 NEW SECTION. **Sec. 7.** The natural resource restoration account is  
12 created in the custody of the state treasurer. The office of financial  
13 management shall deposit in the account all moneys collected under this  
14 chapter for violations of section 3(10) of this act. Expenditures from  
15 the account may be used only for natural resource restoration or  
16 environmental enhancement in the communities in which a business that  
17 has paid a penalty under section 3(10) of this act is located, for  
18 specific purposes and programs determined in consultation with  
19 representatives of the affected communities, employee organizations or  
20 state-wide organizations representing employees, the local economic  
21 planning council, and other affected or interested community  
22 organizations. Only the director of the department of ecology or the  
23 director's designee may authorize expenditures from the account. The  
24 account is subject to the allotment procedure provided under chapter  
25 43.88 RCW, but no appropriation is required for expenditures.

26 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act shall  
27 constitute a new chapter in Title 19 RCW.

28 NEW SECTION. **Sec. 9.** This act shall take effect January 1, 1994.

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