

2 **SSB 6479** - S AMD - 161

3 By Senators Pelz, Rinehart, Loveland and Snyder

4 ADOPTED 2/12/96

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. 1994 c 302 s 1 (uncodified) is amended to read as
8 follows:

9 The legislature finds that when public funds are used to support
10 private enterprise, the public may gain through the creation of new
11 jobs, the diversification of the economy, or higher quality jobs for
12 existing workers. The legislature further finds that such returns on
13 public investments are not automatic and that tax-based incentives, in
14 particular, may result in a greater tax burden on businesses and
15 individuals that are not eligible for the public support. It is the
16 purpose of this chapter to ensure that public investment creates a net
17 increase in jobs in the state and to collect information sufficient to
18 allow the legislature and the executive branch to make informed
19 decisions about the merits of ((existing)) tax-based incentives and
20 loan programs intended to encourage economic development and job
21 creation in the state.

22 NEW SECTION. **Sec. 2.** Unless the context clearly requires
23 otherwise, the definitions in this section apply throughout this
24 chapter.

25 (1) "Assistance" means a grant, loan, bond, tax deferral, or tax
26 abatement program administered by the state in which the business
27 receives assistance of more than twenty-five thousand dollars.

28 (2) "Department" means the department of community, trade, and
29 economic development.

30 (3) "Director" means the director of the department of community,
31 trade, and economic development.

32 NEW SECTION. **Sec. 3.** (1) A private business that receives state
33 assistance for economic development or job growth purposes must create
34 a net increase in jobs in this state within two years of receiving the

1 assistance unless the advisory committee established in section 4(3) of
2 this act finds that this requirement is inconsistent with other
3 economic development goals established for the program providing the
4 assistance. The government agency providing the assistance shall
5 establish goals for wage and benefit levels and job creation or
6 retention that are to be met by the business receiving the assistance.
7 The department shall provide advice and consultation for establishing
8 these goals, with the assistance of the committee created in section
9 4(3) of this act.

10 (2) A business that fails to meet the goals established pursuant to
11 subsection (1) of this section must repay the assistance to the
12 government agency.

13 (3) Each government agency providing assistance to a private
14 business shall report the goals for wage and benefit levels and job
15 creation or retention and the results for each project in achieving
16 those goals to the department. The department shall compile and
17 publish the results of the reports for the previous calendar year by
18 July 1st each year. The reports of the agencies to the department and
19 the compilation report of the department must be made available to the
20 appropriate committees of the legislature and the public.

21 NEW SECTION. **Sec. 4.** (1) Beginning with the 1997-1999 biennium
22 and each biennium thereafter, the director shall analyze the effect of
23 all state assistance to private business on the aggregate number of
24 jobs created or retained and wages and benefits paid in those new jobs.
25 Following consultation with the business assistance advisory committee,
26 the director shall report the results of the analysis to the
27 appropriate committees of the legislature.

28 (2) After the enactment of business-related tax expenditure
29 legislation, the department must establish measurable goals for wage
30 and benefit levels and job creation or retention. The director shall
31 biennially review the merits of continuing the new legislation based on
32 the meeting of the goals set. Following consultation with the business
33 assistance advisory committee, the director shall report the results of
34 the review to the appropriate committees of the legislature.

35 (3)(a) The business assistance advisory committee is established in
36 the department. Its members shall be appointed by September 1, 1996.
37 The role of the committee shall be to advise the department in
38 establishing goals for wage and benefit levels and job creation or

1 retention, to analyze the effect of state assistance to private
2 business on the established goals, to monitor state economic policy
3 impacts on the economy, and to review drafts of the reports required
4 under this section.

5 (b) The committee shall consist of eleven members appointed by the
6 governor. Three members of the committee must represent labor, three
7 members must represent business, and five members must represent
8 agencies with one member from each of the following: The department of
9 community, trade, and economic development; the department of revenue;
10 the work force training and education coordinating board; the office of
11 financial management; and the labor market and economic analysis
12 section of the employment security department. The members
13 representing labor must be appointed from a list of names submitted to
14 the governor by an organization, state-wide in scope, that through its
15 affiliates embraces a cross section and a majority of the organized
16 labor of the state. The members representing business must be
17 appointed from a list of names submitted to the governor by a
18 recognized state-wide organization of employers representing a majority
19 of employers. The labor and business members of the committee shall
20 serve for terms of four years, except that for initial appointments,
21 one labor representative and one business representative must be
22 appointed to a two-year term and one labor representative and one
23 business representative appointed to a three-year term.

24 NEW SECTION. **Sec. 5.** The director shall adopt rules necessary to
25 implement this chapter. The rules shall include a definition of
26 "receipt of assistance" which begins the time frame for the two-year
27 requirement of section 3 of this act after all necessary permits have
28 been obtained.

29 NEW SECTION. **Sec. 6.** Sections 2 through 5 of this act shall
30 constitute a new chapter in Title 43 RCW."

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34 On page 1, line 1 of the title, after "entities" strike the
35 remainder of the title and insert "supported by state economic

1 development programs; amending 1994 c 302 s 1 (uncodified); and adding
2 a new chapter to Title 43 RCW."

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