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SENATE BILL 5727

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State of Washington

57th Legislature

2001 Regular Session

By Senators Prentice and Winsley

Read first time 02/01/2001. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to subsidy disclosure; adding new sections to  
2 chapter 42.17 RCW; creating a new section; and prescribing penalties.

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

4 NEW SECTION. **Sec. 1.** The definitions in this section apply  
5 throughout this act unless the context clearly requires otherwise.

6 (1) "Benefit date" means the date that the recipient receives the  
7 business subsidy. If the business subsidy involves the purchase,  
8 lease, or donation of physical equipment, then the benefit date begins  
9 when the recipient puts the equipment into service. If the business  
10 subsidy is for improvements to property, then the benefit date refers  
11 to the earliest date of either:

12 (a) When the improvements are finished for the entire project; or

13 (b) When a business occupies the property. If a business occupies  
14 the property and the subsidy grantor expects that other businesses will  
15 also occupy the same property, the grantor may assign a separate  
16 benefit date for each business when it first occupies the property.

17 (2) "Business subsidy" or "subsidy" means a state or local  
18 government agency grant, contribution of personal property, real  
19 property, infrastructure, the principal amount of a loan at rates below

1 those commercially available to the recipient, any reduction or  
2 deferral of any tax or any fee, and guarantee of any payment under any  
3 loan, lease, or other obligation, or any preferential use of government  
4 facilities given to a business.

5 The following forms of financial assistance are not business  
6 subsidies:

7 (a) A grant of less than twenty-five thousand dollars; and

8 (b) Tax reductions resulting from conformity with federal tax law.

9 (3) "Grantor" means any state or local government agency with the  
10 authority to grant a business subsidy.

11 (4) "Local government agency" includes a statutory or home rule  
12 charter city, housing and redevelopment authority, town, county, port  
13 authority, economic development authority, community development  
14 agency, nonprofit entity created by a local government agency, or any  
15 other entity created by or authorized by a local government with  
16 authority to provide business subsidies.

17 (5) "Recipient" means any for-profit or nonprofit business entity  
18 that receives a business subsidy. Only nonprofit entities with at  
19 least one hundred full-time equivalent positions and a ratio of highest  
20 to lowest paid employees that exceeds ten to one, determined on the  
21 basis of full-time equivalent positions, are included in this  
22 definition.

23 (6) "State government agency" means any state agency that has the  
24 authority to award business subsidies.

25 (7) "Wage bands" means the following five grouping of wage rates:

26 (a) Up to seventeen dollars per hour; (b) seventeen dollars and one  
27 cent to twenty-two dollars per hour; (c) twenty-two dollars and one  
28 cent to twenty-seven dollars per hour; (d) twenty-seven dollars and one  
29 cent to thirty-five dollars per hour; and (e) thirty-five dollars and  
30 one cent per hour and above. These amounts shall be indexed to the  
31 state average wage as determined annually by the employment security  
32 department.

33 NEW SECTION. **Sec. 2.** (1) A recipient must provide information to  
34 grantors. The information must be filed on forms developed by the  
35 department of revenue in cooperation with representatives of local  
36 government. Copies of the completed forms must be sent to the  
37 department of revenue and the local government agency that provided the  
38 business subsidy. The report must include:

1 (a) The type, public purpose, and amount of all subsidies, and type  
2 of district if the subsidy is tax increment financing.

3 (b) The hourly wage of each job created with separate bands of  
4 wages;

5 (c) Whether the jobs are full time or part time;

6 (d) The recipient's standard industrial code;

7 (e) The sum of the hourly wages and cost of health insurance  
8 provided by the employer with separate bands of wages;

9 (f) The location of the recipient prior to receiving the business  
10 subsidy;

11 (g) The name and address of the parent corporation of the  
12 recipient, if any;

13 (h) A list of all financial assistance by all grantors for the  
14 project including name of grantor, amount of assistance, how long  
15 assistance was received, and what the assistance was used for; and

16 (i) Other information the department of revenue may request.

17 (2) A report under subsection (1) of this section must be filed by  
18 August 1st of each year for the previous fiscal year.

19 (3) If the recipient does not submit its report, the local  
20 government agency must mail the recipient a warning within one week of  
21 the required filing date. If, after fourteen days of the postmarked  
22 date of the warning, the recipient fails to provide a report, the  
23 recipient must pay to the grantor a penalty of five hundred dollars for  
24 each subsequent day until the report is filed. The maximum penalty may  
25 not exceed fifty thousand dollars. If the recipient does not submit  
26 its report by November 1st, it shall be ineligible for subsidies until  
27 the report has been satisfactorily completed and submitted.

28 NEW SECTION. **Sec. 3.** (1) Local government agencies and state  
29 government agencies, regardless of whether or not they have awarded any  
30 business subsidies, must file a report by September 1st of each year  
31 with the department of revenue. The local government agency must  
32 include a list of recipients that did not complete the report required  
33 under section 2 of this act, recipients that have not met their job and  
34 wage goals within two years, and the steps being taken to bring them  
35 into compliance or to recoup the subsidy.

36 (2) If the department of revenue has not received the report under  
37 subsection (1) of this section by September 1st from an entity required  
38 to report, the department of revenue shall issue a warning to the

1 government agency. If the department of revenue has still not received  
2 the report by November 1st of that same year from an entity required to  
3 report, then that government agency may not award any business  
4 subsidies until the report has been filed.

5 (3) The department of revenue must provide information on reporting  
6 requirements to state and local government agencies.

7 NEW SECTION. **Sec. 4.** (1) The department of revenue must publish  
8 a compilation and summary of the results of the reports for the  
9 previous calendar year by December 1st of each year. The reports of  
10 the recipients and government agencies to the department of revenue and  
11 the compilation and summary report of the department of revenue must be  
12 made available to the public.

13 (2) The department of revenue must coordinate the production of  
14 reports so that useful comparisons across time periods and across  
15 grantors can be made. The department of revenue may add other  
16 information to the report as the department of revenue deems necessary  
17 to evaluate business subsidies. Among the information in the summary  
18 and compilation report, the department of revenue must include:

19 (a) Total amount of subsidies awarded in each development region of  
20 the state;

21 (b) Distribution of business subsidy amounts by size of the  
22 business subsidy;

23 (c) Distribution of business subsidy amounts by time category, such  
24 as monthly or quarterly;

25 (d) Distribution of subsidies by type and by public purpose;

26 (e) Number of part-time and full-time jobs within separate bands of  
27 wages; and

28 (f) Benefits paid within separate bands of wages.

29 (3) The department of revenue shall forward the compilation and  
30 summary report to the house of representatives committee on trade and  
31 economic development and the senate committee on economic development  
32 and telecommunications by December 31st of each year.

33 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act are each  
34 added to chapter 42.17 RCW.

1        NEW SECTION.   **Sec. 6.**   This act applies to all business subsidies  
2 entered into or state appropriations authorized after September 30,  
3 2001.

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