

SENATE BILL REPORT

SB 5984

As Reported By Senate Committee On:
Economic Development, March 5, 2003

Title: An act relating to employment training.

Brief Description: Creating the employment training finance authority.

Sponsors: Senators Shin, Prentice, T. Sheldon, Franklin, Rasmussen and Winsley.

Brief History:

Committee Activity: Economic Development: 2/28/03, 3/5/03 [DPS-WM].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5984 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators T. Sheldon, Chair; Zarelli, Vice Chair; Hale, Kohl-Welles; Schmidt, B. Sheldon and Shin.

Staff: Jack Brummel (786-7428)

Background: One of the state's strongest assets in attracting new companies and expanding employment in existing ones is the availability of a trained workforce. The Job Skills Program matches employer investments in on-the-job training but it is the smallest customized training program in the nation. Its current budget is \$550,000. per year. Customized training has been funded elsewhere using a bonding mechanism which pays off the bonds over time using a portion of the participating companies tax payments.

Summary of Substitute Bill: The Employment Training Finance Authority is established with seven members, including the Governor, Lieutenant Governor, Executive Director of the Workforce Training and Education Coordinating Board, Director of the Community and Technical College system, and three public members. The Governor serves as Chair.

The State Board for Community and Technical Colleges must establish a program that allows companies considering locating or expanding in the state to receive training assistance for employee training at community colleges. A community college presented with a proposal from a company is to contract for and design a training program to meet the company's needs. The employer is to pay at least 50 percent of the training cost. The remaining cost of training is to come from the funds of the authority.

The employment training finance authority account is created, to be funded by contributions from private and public sources and business and occupation (B&O) and utility tax proceeds of employers participating in training programs authorized by the bill. The authority may issue special obligation bonds to finance training program costs. The bonds are payable solely out of the employment training finance authority account. The bonds are not obligations of

the state. The authority is to enter into agreements with participating community colleges to ensure payment of program costs and bond obligations. The authority's bonded indebtedness is limited to \$50 million. Procedures for selection of bond counsel and underwriters are specified.

Substitute Bill Compared to Original Bill: The substitute puts the State Board for Community and Technical Colleges in charge of the training program, instead of the HEC Board. The substitute also adds an intent section and a new section creating the employment training finance authority account and providing for the B&O or utility tax payments of the participating businesses to be the main source of paying off the bonds.

Appropriation: None.

Fiscal Note: Requested on February 26, 2003.

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

Testimony For: The bill brings together companies who want to operate in Washington with people who need jobs. It provides training through community colleges. Money from the new companies' B&O tax payments could be used to pay for the bonds.

Testimony Against: None.

Testified: Senator Shin, prime sponsor.