
SENATE BILL 5555

State of Washington 52nd Legislature 1991 Regular Session

By Senators Owen, Conner, Snyder, Metcalf, Jesernig, Amondson, Sutherland, Patterson, Hansen, Bailey, Rasmussen, von Reichbauer, Johnson, Pelz, West, Talmadge, A. Smith, Williams, L. Kreidler, Rinehart, Newhouse, Stratton, Gaspard, McMullen, Moore, Madsen, Bauer, Wojahn, Matson, Roach and L. Smith.

Read first time February 6, 1991. Referred to Committee on Ways & Means.

1 AN ACT Relating to economic and employment impact of timber harvest
2 variation in Washington state; amending RCW 28B.15.740, 70.47.010,
3 70.47.020, 70.47.060, 70.47.080, 43.210.030, 82.60.020, 82.62.010,
4 43.168.020, 43.155.010, 43.155.020, 43.155.050, 43.155.060, and
5 43.155.070; adding new sections to chapter 43.31 RCW; adding new
6 sections to chapter 43.63A RCW; adding a new section to chapter 50.22
7 RCW; adding a new section to chapter 28B.15 RCW; adding new sections to
8 chapter 43.131 RCW; adding a new chapter to Title 43 RCW; creating new
9 sections; repealing RCW 43.131.325, 43.131.326, 43.131.355, and
10 43.131.356; and making appropriations.

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

12 NEW SECTION. **Sec. 1.** The legislature finds that:
13 (1) Cutbacks in allowable sales of old growth timber in Washington
14 state pose a substantial threat to the region and the state with

1 massive layoffs, loss of personal income, and declines in state
2 revenues;

3 (2) The timber-impacted communities are of critical significance to
4 the state because of their leading role in the overall economic well-
5 being of the state and their importance to the quality of life to all
6 residents of Washington, and that this region requires a special state
7 effort to diversify the local economy;

8 (3) There are key opportunities to broaden the economic base in the
9 timber-impacted communities including agriculture, high-technology,
10 tourism, and regional exports; and

11 (4) A coordinated state, local, and private sector effort offers
12 the greatest potential to promote economic diversification and to
13 provide support for new projects within the region.

14 The legislature further finds that if a special state effort does
15 not take place the decline in allowable timber sales may result in a
16 loss of six thousand logging and milling jobs; two hundred million
17 dollars in direct wages and benefits; twelve thousand indirect jobs;
18 and three hundred thousand dollars in indirect wages and benefits.

19 It is the intent of the legislature to develop comprehensive
20 programs to provide diversified economic development and promote job
21 creation and employment opportunities for the citizens of the timber-
22 impacted communities.

23 NEW SECTION. **Sec. 2.** The department of trade and economic
24 development shall begin implementation of the following priority goals:

25 (1) To retain and expand existing businesses and industries within
26 the region;

27 (2) To attract businesses and industries to the region that will
28 provide new jobs;

1 (3) To encourage the formation of new businesses and industries in
2 the region; and

3 (4) To assist in the development of a regional infrastructure
4 favorable to economic diversification.

5 In evaluating these goals, the department, in consultation with the
6 economic recovery coordination board, shall determine which objectives
7 of these priority goals are most likely to lead to economic recovery
8 and diversification. Consideration shall be given to potential jobs
9 and income benefits, generation of additional fiscal support, increased
10 private sector participation, and market forces supporting the proposed
11 objectives. The board shall further employ a project manager and
12 employ additional staff as needed for outreach, county economic
13 development liaisons, as well as a state agency coordinator who will
14 work with the various agencies assigned to the timber impact program.

15 The recovery board shall be located in the Grays Harbor county area
16 to be closest to the areas most effected by the timber-induced economic
17 slow down. The board shall consider such additional studies and
18 governmental agencies which could support the priority goals determined
19 under this section.

20 For the purposes of sections 1 through 10 of this act, "department"
21 means the department of trade and economic development and "board"
22 means the economic recovery coordination board.

23 NEW SECTION. **Sec. 3.** (1) The department shall designate a
24 project manager within the department to facilitate the department's
25 activities within the timber-impacted regions. The manager's
26 responsibilities shall include but not be limited to:

27 (a) Seeking to increase the use of existing state economic
28 development programs in the timber-impacted regions;

1 (b) Helping to locate additional funds to be used for
2 diversification and recovery activities;

3 (c) Assisting committees to oversee activities within the priority
4 areas;

5 (d) Coordinating evaluation of state programs in the region;

6 (e) Seeking to increase the effectiveness of existing efforts to
7 incubate new enterprises in the timber-impacted areas and to increase
8 the resources devoted to the incubation of new enterprises;

9 (f) Facilitating a new technology and research base in the region
10 for local businesses, including efforts to increase: The availability
11 and accessibility of venture capital in the timber-impacted areas,
12 especially for the early stages of enterprise development and for the
13 expansion of existing enterprises, the accessibility of legal
14 expertise, especially in regard to licenses and patents, and the
15 identification of and assistance to entrepreneurs with expertise in
16 managing new product development; and

17 (g) Increasing the availability and coordination of resources
18 devoted to the expansion, development, and modernization of enterprises
19 in existing promising growth areas of the timber-impacted regional
20 economy such as the industrial applications of advanced technology and
21 recreational development.

22 (2) A maximum of one hundred thousand dollars shall be made
23 available for the purposes of this section.

24 NEW SECTION. **Sec. 4.** There is established the economic
25 recovery coordination board. The board shall consist of fifteen members
26 appointed by the governor, including but not limited to representatives
27 of local businesses, labor organizations, local governments, visitor
28 and convention bureaus, local educational institutions, local associate
29 development organizations, the agribusiness community, and local ports.

1 In making the appointments, the governor shall endeavor to ensure that
2 the appointees have experience in local diversification efforts.
3 Vacancies shall be filled in the same manner as the original
4 appointment.

5 The board shall review and coordinate proposals for the
6 diversification of the timber-impacted areas presented to it by the
7 department.

8 The board shall appoint members to a recovery advisory board. In
9 making the appointments the board shall endeavor to recruit members of
10 the community with expertise in areas needed to create a revitalized
11 economy.

12 Members of the board shall receive no compensation but shall be
13 reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

14 NEW SECTION. **Sec. 5.** (1) In carrying out the purposes of (a)
15 through (i) of this subsection, the board and department shall consult
16 with the recovery advisory board. The department and board shall
17 contract with local organizations, institutions, or agencies to perform
18 one or more of the following:

19 (a) Develop a regional export program to identify potential
20 products for export from the region and facilitate their export;

21 (b) Develop waterfront resources to facilitate increased tourism in
22 the area;

23 (c) Conduct an import substitution program to connect existing
24 industries with local suppliers of goods and services and identify
25 market gaps that can be filled by start-up firms;

26 (d) Act with the board as team coordinator of the timber-impacted
27 communities business and job retention team. The team may ensure the
28 provision of retention services to small businesses and their
29 employees. The team shall have equal representation from local

1 businesses and local labor. The team may also have representatives
2 from local educational institutions, the private industry council, and
3 local governments. The subcontractor shall conduct a survey of local
4 businesses and coordinate the delivery of marketing, technical,
5 managerial, and training assistance appropriate to client businesses
6 and employees. The surveys shall gather information about land
7 available for development, infrastructure currently available, business
8 needs, expansion plans, relocation decisions, training needs, potential
9 layoffs, financing needs, the availability of financing, and other
10 appropriate information. The subcontractor shall coordinate team
11 efforts with the Washington ambassadors program and select appropriate
12 marketing, management, training, and technical specialists to assist
13 the team on either a volunteer or subcontract basis. The subcontractor
14 shall conduct an initial assessment of firms or work forces indicating
15 a need for assistance to determine viability, problems, skill levels,
16 public and private costs associated with any potential business failure
17 or layoff, the potential for preventing closure or reduction-in-force,
18 and the potential for a change in ownership, including employee and
19 community buy-outs. If the initial assessment indicates the need for
20 a more thorough study of the feasibility of various options for
21 retaining a firm, the subcontractor may contract or subcontract for
22 such a study under the following conditions:

23 (i) The small business is engaged in light or heavy manufacturing,
24 the processing of agricultural products, or transportation services;

25 (ii) Only one study may be funded per business; and

26 (iii) A maximum of twenty-five thousand dollars in funds received
27 from the state shall be made available per study;

28 (e) In consultation with Washington State University, develop and
29 implement a training program in marketing for small firms producing
30 products suitable for export outside the timber-impacted areas. The

1 program may have a variety of training formats to meet the diverse
2 needs of the targeted firms and should include, but need not be limited
3 to: A presentation on the value and the potential of marketing
4 cooperatives, training programs for sales personnel, and training in
5 the development of marketing plans as part of the overall business
6 plan. The subcontractor may work with public and private schools of
7 business administration in developing the curriculum and may use other
8 subcontractors in implementing the program;

9 (f) Facilitate the development and operation of small business
10 incubators. The department may subcontract with existing small
11 business incubators in the timber-impacted areas or with local
12 governments, community organizations, or educational institutions, to:

13 (i) Conduct small business incubator feasibility studies;

14 (ii) Provide technical, managerial, financing, and marketing
15 assistance to firms inside and outside incubators;

16 (iii) Facilitate the creation of an equity capital fund for use by
17 incubated firms;

18 (iv) Market the services offered by small business incubators and
19 encourage local entrepreneurs to use incubator services and facilities;
20 and

21 (v) Consolidate the efforts of local educational institutions, the
22 private industry council and the local small business development
23 center in one incubator;

24 (g) Operate an investment opportunities office. The subcontractor
25 should solicit business plans from local entrepreneurs and, when
26 necessary, assist the entrepreneurs in the development of such plans;

27 (h) Provide for targeted business recruiting and business
28 development. Business development should include specialized technical
29 or managerial assistance in fields that promote the existing strengths
30 of the region in such areas as agricultural services and processing,

1 the industrial applications of advanced technology, and recreation and
2 tourism.

3 Specific assistance should be given to small businesses in securing
4 federal contracts from agencies participating in the small business
5 innovation research program;

6 (i) Develop or conduct such other projects or programs as are
7 approved by the department in consultation with the board.

8 (2) The department shall establish such criteria as it deems
9 appropriate for delivery of the services supplied under contract as
10 provided in this section. The department shall provide training and
11 technical assistance to the personnel of any program, team, office, or
12 other effort provided for under this section, as appropriate. Such
13 training and technical assistance shall be funded out of legislative
14 appropriations for such purpose.

15 No contract may be entered into under this section until the
16 department has consulted with the board.

17 (3) A maximum of six hundred fifteen thousand dollars shall be made
18 available for purposes of this section.

19 NEW SECTION. **Sec. 6.** The department and the board shall
20 contract with local organizations, institutions, or agencies to:

21 (1) Seek to increase the utilization of existing federal, state,
22 and local programs for agricultural development, diversification,
23 marketing, and processing in the timber-impacted regions;

24 (2) Seek to increase the coordination and effectiveness of existing
25 federal, state, and local programs for agricultural development,
26 diversification, marketing, and processing in the timber-impacted
27 areas; and

28 (3) Undertake efforts to promote and further the existing strengths
29 of the timber-impacted areas in the value-added program. To accomplish

1 this the department shall provide a targeted industry strategy to
2 increase the amount of value added to each board foot of timber
3 harvested. The department shall provide technical assistance, plant-
4 specific feasibility studies, additional industrial extension and
5 outreach efforts, plus market development.

6 No contract may be entered into under this section until the
7 department has consulted with the board.

8 A maximum of one hundred eight thousand dollars shall be made
9 available for purposes of this section.

10 NEW SECTION. **Sec. 7.** The forest products development center
11 is created to be located in Forks, Washington, as a "model
12 public/private manufacturing partnership." The center shall do the
13 following:

14 (1) Improve the technology in the timber industry by improving
15 production methods and equipment to become more competitive;

16 (2) Work with private industry to improve the infrastructure to
17 finance the capital expenditures necessary for public facilities such
18 as roads and utilities;

19 (3) Train new production workers to be more sophisticated
20 production workers by offering training opportunities allowing workers
21 to adapt to a changing workplace;

22 (4) Provide updated knowledge of the consumer and industry trends
23 around the world to identify markets; and

24 (5) Serve as a model to demonstrate environmental compliance
25 techniques allowing efficient, profitable production to be sustained at
26 all times.

27 NEW SECTION. **Sec. 8.** The department and the board shall be
28 responsible for oversight and implementation of all efforts under this

1 chapter. The department shall be responsible for a social and economic
2 impact assessment; coordination of the multi-agency efforts; and shall
3 act as liaison with local governments, the federal government,
4 financial institutions, and other private entities to address financing
5 and other needs in the timber-impacted counties. The assessment shall
6 be submitted by July 1, 1992.

7 A maximum of fifty thousand dollars shall be made available for
8 purposes of this section.

9 NEW SECTION. **Sec. 9.** The department and board shall conduct
10 long-range policy planning surveys to determine the best options and
11 alternative economic programs for long-term development in the timber-
12 impacted counties of the state of Washington. These surveys are to
13 include:

14 (1) A survey of the feasibility of developing tele-commuting
15 businesses;

16 (2) A growers' marketing cooperative for alternative forest
17 products;

18 (3) Strengthening the business assistance center concept in the
19 timber-impacted areas to insure expanding and new businesses will be
20 able to have all inquiries answered at one governmental agency;

21 (4) A survey and recommendation by the department to develop small
22 business relocation grants to encourage the influx of new business to
23 the timber-impacted counties;

24 (5) Expansion of the Washington market place program including:
25 The development of a wood products manufacturers network to encourage
26 cooperative product marketing and expanded export assistance;

27 (6) A study of tourism in the timber-impacted counties to include
28 winter recreation on the Washington coast and the impact of casino
29 gambling in certain coastal counties. The study should determine the

1 ability to draw tourists to the coast year round; the outflow of
2 revenue to states such as Nevada due to casino gambling; the
3 environmental impact to the coastal counties; infrastructural needs;
4 and enforcement problems experienced in other states that have
5 legalized certain games of chance;

6 (7) The department and the board shall conduct a survey to
7 determine the actual future employment needs and jobs skills in the
8 timber-impacted areas.

9 The Washington state air transportation commission shall conduct a
10 study of the possibility of locating an airport facility designed to
11 relieve air traffic overflow from Seattle-Tacoma international airport
12 in Grays Harbor county.

13 The commission shall consider airport facilities currently in use
14 in Grays Harbor county, the property set aside at the uncompleted
15 Satsop nuclear site, the distance from operating port facilities, the
16 desires of the community, and linkage with the Interstate 5 corridor by
17 rapid transit rail service.

18 NEW SECTION. **Sec. 10.** (1) Through an interagency agreement
19 with the department, the employment security department shall provide
20 enhanced retraining, support services, and job search assistance,
21 including an out-of-area job search and relocation component, if
22 needed, for dislocated workers in the timber-impacted areas. For the
23 purpose of this section "dislocated workers" means workers in the
24 timber-impacted areas who (a) have been terminated or laid off, or
25 received a notice of termination or layoff from employment and are
26 eligible for or have exhausted their entitlement to benefits under
27 Title 50 RCW; (b) have been terminated as a result of any permanent
28 plant closure; (c) are long-term unemployed and are unlikely to return
29 to employment in the individual's principal occupation or previous

1 industry because of a diminishing demand for their skills in that
2 occupation or industry; or (d) are farmers or other self-employed
3 individuals who have been displaced due to economic conditions or
4 natural disasters. Training and retraining assistance shall be
5 designed to contribute to the diversification of the economy of the
6 timber-impacted areas or to relieve economic dislocation and distress
7 in the timber-impacted areas resulting from the sudden and severe loss
8 of local sources of employment.

9 (2) The employment security department shall consult with and may
10 subcontract with local educational institutions, local businesses,
11 local labor organizations, local associate development organizations,
12 local private industry councils, local social service organizations,
13 and local governments in carrying out this program of training and
14 services for dislocated workers in the timber-impacted areas.

15 (3) Training and retraining assistance provided under sections 1
16 through 10 of this act should include but need not be limited to the
17 following areas: Entrepreneurial development and training; short-term
18 job creation; training in the incubation of new business enterprises
19 and training at incubator facilities; agriculture, agricultural
20 processing, and agricultural services; the industrial applications of
21 advanced technology; recreational and tourism development. The
22 department of social and health services shall help families and
23 workers make the transition through economic difficulties and provide
24 workers with marketable skills. Funding shall be coordinated through
25 the board which will establish a fund to provide child care assistance,
26 mortgage assistance, and counseling which cannot be met through current
27 programs.

28 (4) Such services shall be either direct or referral services to
29 the unemployed, and should include, but need not be limited to: Credit
30 counseling; social services including marital counseling; psychotherapy

1 or psychological counseling; mortgage foreclosures and utilities
2 problems counseling; drug and alcohol abuse services; and medical
3 services.

4 (5) The employment security department shall coordinate the
5 services provided in this section with all other services provided by
6 the department and with the other economic recovery efforts undertaken
7 by state and local government agencies on behalf of the timber-impacted
8 areas.

9 (6) Subcontractors shall conduct outreach efforts to encourage the
10 unemployed to seek assistance.

11 (7) A maximum of three hundred seventy thousand dollars shall be
12 made available for purposes of this section. These funds shall be used
13 for programs and services in addition to those provided by the
14 employment security department using existing federal and state
15 employment and training services.

16 (8) The department shall make every effort to procure additional
17 federal and other moneys for the efforts enumerated in this section.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 50.22 RCW
19 to read as follows:

20 A program to provide training and extended benefits for unemployed
21 forest products workers is established. The program shall begin on the
22 third Sunday after the effective date of this section. The program
23 shall provide that:

24 (1) To be eligible for the program, a person must:

25 (a) Be certified by his or her employer to be permanently or
26 indefinitely unemployed due to lack of work caused by a curtailment of
27 timber harvesting or a shortage of raw materials resulting from
28 compliance with environmental laws or rules; and

1 (b) Have one thousand three hundred sixty hours of employment in
2 the forest products industry in the first eight of the last nine
3 completed calendar quarters prior to his or her application for
4 unemployment compensation benefits.

5 (2) The department shall notify potentially eligible persons who
6 apply for unemployment compensation benefits of the provisions of this
7 section.

8 (3) Eligible persons shall develop individual training plans and
9 submit the plans to the commissioner for approval.

10 (4) If a training plan is approved by the commissioner within the
11 first sixteen weeks of a person's unemployment compensation claim or
12 within sixteen weeks of the effective date of this act, whichever is
13 later, the person shall be eligible for extended benefits under
14 subsection (5) of this section and for tuition waivers under section 12
15 of this act.

16 (5) Persons eligible under subsections (1) and (4) of this section
17 who are either enrolled in a training course that has been approved by
18 the commissioner or have applied to and are waiting for admission into
19 an approved training course are eligible for extended benefits for an
20 additional twenty-six weeks. Total unemployment compensation benefits
21 may not exceed fifty-two times the eligible person's weekly benefit
22 amount reduced by other state or federal unemployment benefits
23 available for the same weeks of unemployment.

24 (6) Benefits paid pursuant to this section shall be paid under
25 the same terms and conditions as extended benefits and shall not
26 be charged to the experience rating accounts of individual
27 employers.

28 (7) The commissioner shall adopt rules as necessary to implement
29 this section.

1 NEW SECTION. **Sec. 12.** A new section is added to chapter 28B.15
2 RCW to read as follows:

3 Unemployed forest workers eligible for benefits under section 11 of
4 this act shall be admitted to and may attend any public institution of
5 higher learning, community college, or vocational-technical institution
6 that has space available without paying tuition and service and
7 activity fees for courses approved by the commissioner of employment
8 security under section 11 of this act. A tuition waiver is limited to
9 a maximum of six academic quarters, four semesters, or the equivalent
10 of two academic years of full-time study.

11 **Sec. 13.** RCW 28B.15.740 and 1989 c 340 s 2 are each amended to
12 read as follows:

13 (1) The boards of trustees or regents of each of the state's
14 regional universities, The Evergreen State College, or state
15 universities, and the various community colleges, consistent with
16 regulations and procedures established by the state board for community
17 college education, may waive, in whole or in part, tuition and services
18 and activities fees subject to the limitations set forth in subsections
19 (2) and (3) of this section.

20 (2) Except as provided in subsection (3) of this section, the total
21 dollar amount of tuition and fee waivers awarded by any state
22 university, regional university, or state college, shall not exceed
23 four percent, and for the community colleges considered as a whole,
24 such amount shall not exceed three percent of an amount determined by
25 estimating the total collections from tuition and services and
26 activities fees had no such waivers been made and deducting the portion
27 of that total amount which is attributable to the difference between
28 resident and nonresident fees: PROVIDED, That at least three-fourths
29 of the dollars waived shall be for needy students who are eligible for

1 resident tuition and fee rates pursuant to RCW 28B.15.012 through
2 28B.15.015: PROVIDED FURTHER, That the remainder of the dollars
3 waived, not to exceed one-fourth of the total, may be applied to other
4 students at the discretion of the board of trustees or regents, except
5 on the basis of participation in intercollegiate athletic programs:
6 PROVIDED FURTHER, That the waivers for undergraduate and graduate
7 students of foreign nations under RCW 28B.15.556 and the waivers for
8 unemployed forest industry workers under section 12 of this act are not
9 subject to the limitation under this section.

10 (3) In addition to the tuition and fee waivers provided in
11 subsection (2) of this section and subject to the provisions of RCW
12 28B.15.455 and 28B.15.460, a total dollar amount of tuition and fee
13 waivers awarded by any state university, regional university, or state
14 college, not to exceed one percent, as calculated in subsection (2) of
15 this section, may be used for the purpose of achieving or maintaining
16 gender equity in intercollegiate athletic programs. At any institution
17 that has an underrepresented gender class in intercollegiate athletics,
18 any such waivers shall be awarded:

19 (a) First, to members of the underrepresented gender class who
20 participate in intercollegiate athletics, where such waivers result in
21 saved or displaced money that can be used for athletic programs for the
22 underrepresented gender class. Such saved or displaced money shall be
23 used for programs for the underrepresented gender class; and

24 (b) Second, (i) to nonmembers of the underrepresented gender class
25 who participate in intercollegiate athletics, where such waivers result
26 in saved or displaced money that can be used for athletic programs for
27 members of the underrepresented gender class. Such saved or displaced
28 money shall be used for programs for the underrepresented gender class;
29 or (ii) to members of the underrepresented gender class who participate
30 in intercollegiate athletics, where such waivers do not result in any

1 saved or displaced money that can be used for athletic programs for
2 members of the underrepresented gender class.

3 **Sec. 14.** RCW 70.47.010 and 1987 1st ex.s. c 5 s 3 are each amended
4 to read as follows:

5 (1) The legislature finds that:

6 (a) A significant percentage of the population of this state does
7 not have reasonably available insurance or other coverage of the costs
8 of necessary basic health care services;

9 (b) This lack of basic health care coverage is detrimental to the
10 health of the individuals lacking coverage and to the public welfare,
11 and results in substantial expenditures for emergency and remedial
12 health care, often at the expense of health care providers, health care
13 facilities, and all purchasers of health care, including the state; and

14 (c) The use of managed health care systems has significant
15 potential to reduce the growth of health care costs incurred by the
16 people of this state generally, and by low-income pregnant women who
17 are an especially vulnerable population, along with their children, and
18 who need greater access to managed health care.

19 (2) The purpose of this chapter is to provide necessary basic
20 health care services in an appropriate setting to working persons and
21 others who lack coverage, at a cost to these persons that does not
22 create barriers to the utilization of necessary health care services.
23 To that end, this chapter establishes a program to be made available to
24 those residents under sixty-five years of age not otherwise eligible
25 for medicare with gross family income at or below two hundred percent
26 of the federal poverty guidelines or who have been dislocated from
27 their jobs as a result of changes in the local economy where they work,
28 who share in the cost of receiving basic health care services from a
29 managed health care system.

1 (3) It is not the intent of this chapter to provide health care
2 services for those persons who are presently covered through private
3 employer-based health plans, nor to replace employer-based health
4 plans. Further, it is the intent of the legislature to expand,
5 wherever possible, the availability of private health care coverage and
6 to discourage the decline of employer-based coverage.

7 (4) The program authorized under this chapter is strictly limited
8 in respect to the total number of individuals who may be allowed to
9 participate and the specific areas within the state where it may be
10 established. All such restrictions or limitations shall remain in full
11 force and effect until quantifiable evidence based upon the actual
12 operation of the program, including detailed cost benefit analysis, has
13 been presented to the legislature and the legislature, by specific act
14 at that time, may then modify such limitations.

15 **Sec. 15.** RCW 70.47.020 and 1987 1st ex.s. c 5 s 4 are each amended
16 to read as follows:

17 As used in this chapter:

18 (1) "Washington basic health plan" or "plan" means the system of
19 enrollment and payment on a prepaid capitated basis for basic health
20 care services, administered by the plan administrator through
21 participating managed health care systems, created by this chapter.

22 (2) "Administrator" means the Washington basic health plan
23 administrator.

24 (3) "Managed health care system" means any health care
25 organization, including health care providers, insurers, health care
26 service contractors, health maintenance organizations, or any
27 combination thereof, that provides directly or by contract basic health
28 care services, as defined by the administrator and rendered by duly

1 licensed providers, on a prepaid capitated basis to a defined patient
2 population enrolled in the plan and in the managed health care system.

3 (4) "Enrollee" means an individual, or an individual plus the
4 individual's spouse and/or dependent children, all under the age of
5 sixty-five and not otherwise eligible for medicare, who resides in an
6 area of the state served by a managed health care system participating
7 in the plan, whose gross family income at the time of enrollment does
8 not exceed twice the federal poverty level as adjusted for family size
9 and determined annually by the federal department of health and human
10 services, or who has been dislocated from his or her job as a result of
11 changes in the local economy where he or she works, who chooses to
12 obtain basic health care coverage from a particular managed health care
13 system in return for periodic payments to the plan.

14 (5) "Subsidy" means the difference between the amount of periodic
15 payment the administrator makes, from funds appropriated from the basic
16 health plan trust account, to a managed health care system on behalf of
17 an enrollee and the amount determined to be the enrollee's
18 responsibility under RCW 70.47.060(2).

19 (6) "Premium" means a periodic payment, based upon gross family
20 income and determined under RCW 70.47.060(2), which an enrollee makes
21 to the plan as consideration for enrollment in the plan.

22 (7) "Rate" means the per capita amount, negotiated by the
23 administrator with and paid to a participating managed health care
24 system, that is based upon the enrollment of enrollees in the plan and
25 in that system.

26 (8) "Dislocated workers" means workers in timber-impacted areas who
27 (a) have been terminated or laid off or received a notice of
28 termination or layoff from employment and are eligible for or have
29 exhausted their entitlement to benefits under Title 50 RCW; (b) have
30 been terminated as a result of any permanent plant closure; or (c) are

1 long-term unemployed and are unlikely to return to employment in a
2 timber-related occupation because of a diminishing demand for their
3 skills in that occupation.

4 **Sec. 16.** RCW 70.47.060 and 1987 1st ex.s. c 5 s 8 are each amended
5 to read as follows:

6 The administrator has the following powers and duties:

7 (1) To design and from time to time revise a schedule of covered
8 basic health care services, including physician services, inpatient and
9 outpatient hospital services, and other services that may be necessary
10 for basic health care, which enrollees in any participating managed
11 health care system under the Washington basic health plan shall be
12 entitled to receive in return for premium payments to the plan. The
13 schedule of services shall emphasize proven preventive and primary
14 health care, shall include all services necessary for prenatal,
15 postnatal, and well-child care, and shall include a separate schedule
16 of basic health care services for children, eighteen years of age and
17 younger, for those enrollees who choose to secure basic coverage
18 through the plan only for their dependent children. In designing and
19 revising the schedule of services, the administrator shall consider the
20 guidelines for assessing health services under the mandated benefits
21 act of 1984, RCW 48.42.080, and such other factors as the administrator
22 deems appropriate.

23 (2) To design and implement a structure of periodic premiums due
24 the administrator from enrollees that is based upon gross family
25 income, giving appropriate consideration to family size as well as the
26 ages of all family members. The enrollment of children shall not
27 require the enrollment of their parent or parents who are eligible for
28 the plan.

1 (3) To design and implement a structure of nominal copayments due
2 a managed health care system from enrollees. The structure shall
3 discourage inappropriate enrollee utilization of health care services,
4 but shall not be so costly to enrollees as to constitute a barrier to
5 appropriate utilization of necessary health care services.

6 (4) To design and implement, in concert with a sufficient number of
7 potential providers in a discrete area, an enrollee financial
8 participation structure, separate from that otherwise established under
9 this chapter, that has the following characteristics:

10 (a) Nominal premiums that are based upon ability to pay, but not
11 set at a level that would discourage enrollment;

12 (b) A modified fee-for-services payment schedule for providers;

13 (c) Coinsurance rates that are established based on specific
14 service and procedure costs and the enrollee's ability to pay for the
15 care. However, coinsurance rates for families with incomes below one
16 hundred twenty percent of the federal poverty level shall be nominal.
17 No coinsurance shall be required for specific proven prevention
18 programs, such as prenatal care. The coinsurance rate levels shall not
19 have a measurable negative effect upon the enrollee's health status;
20 and

21 (d) A case management system that fosters a provider-enrollee
22 relationship whereby, in an effort to control cost, maintain or improve
23 the health status of the enrollee, and maximize patient involvement in
24 her or his health care decision-making process, every effort is made by
25 the provider to inform the enrollee of the cost of the specific
26 services and procedures and related health benefits.

27 The potential financial liability of the plan to any such providers
28 shall not exceed in the aggregate an amount greater than that which
29 might otherwise have been incurred by the plan on the basis of the
30 number of enrollees multiplied by the average of the prepaid capitated

1 rates negotiated with participating managed health care systems under
2 RCW 70.47.100 and reduced by any sums charged enrollees on the basis of
3 the coinsurance rates that are established under this subsection.

4 ~~(5) ((To limit enrollment of persons who qualify for subsidies so
5 as to prevent an overexpenditure of appropriations for such purposes.
6 Whenever the administrator finds that there is danger of such an
7 overexpenditure, the administrator shall close enrollment until the
8 administrator finds the danger no longer exists.~~

9 ~~(6))~~ To adopt a schedule for the orderly development of the
10 delivery of services and availability of the plan to residents of the
11 state, subject to the limitations contained in RCW 70.47.080.

12 In the selection of any area of the state for the initial operation
13 of the plan, the administrator shall take into account the levels and
14 rates of unemployment in different areas of the state, the need to
15 provide basic health care coverage to a population reasonably
16 representative of the portion of the state's population that lacks such
17 coverage, and the need for geographic, demographic, and economic
18 diversity.

19 Before July 1, 1988, the administrator shall endeavor to secure
20 participation contracts with managed health care systems in discrete
21 geographic areas within at least five congressional districts.

22 ~~((+7))~~ (6) To solicit and accept applications from managed health
23 care systems, as defined in this chapter, for inclusion as eligible
24 basic health care providers under the plan. The administrator shall
25 endeavor to assure that covered basic health care services are
26 available to any enrollee of the plan from among a selection of two or
27 more participating managed health care systems. In adopting any rules
28 or procedures applicable to managed health care systems and in its
29 dealings with such systems, the administrator shall consider and make
30 suitable allowance for the need for health care services and the

1 differences in local availability of health care resources, along with
2 other resources, within and among the several areas of the state.

3 ~~((+8))~~ (7) To receive periodic premiums from enrollees, employers,
4 and the department of labor and industries, deposit them in the basic
5 health plan operating account, keep records of enrollee status, and
6 authorize periodic payments to managed health care systems on the basis
7 of the number of enrollees participating in the respective managed
8 health care systems.

9 ~~((+9))~~ (8) To accept applications from individuals residing in
10 areas served by the plan, on behalf of themselves and their spouses and
11 dependent children, for enrollment in the Washington basic health plan,
12 to establish appropriate minimum-enrollment periods for enrollees as
13 may be necessary, and to determine, upon application and at least
14 annually thereafter, or at the request of any enrollee, eligibility due
15 to current gross family income for sliding scale premiums or status as
16 a dislocated worker. An enrollee who remains current in payment of the
17 sliding-scale premium, as determined under subsection (2) of this
18 section, and whose gross family income has risen above twice the
19 federal poverty level or whose status as a dislocated worker has
20 changed, may continue enrollment unless and until the enrollee's gross
21 family income has remained above ~~((twice))~~ four times the poverty level
22 for six consecutive months, by making payment at the unsubsidized rate
23 required for the managed health care system in which he or she may be
24 enrolled. No subsidy may be paid with respect to any enrollee whose
25 current gross family income exceeds twice the federal poverty level,
26 who is a dislocated worker, or, subject to RCW 70.47.110, who is a
27 recipient of medical assistance or medical care services under chapter
28 74.09 RCW. If a number of enrollees drop their enrollment for no
29 apparent good cause, the administrator may establish appropriate rules

1 or requirements that are applicable to such individuals before they
2 will be allowed to re-enroll in the plan.

3 ~~((10))~~ (9) To require that prospective enrollees who may be
4 eligible for categorically needy medical coverage under RCW 74.09.510
5 or whose income does not exceed the medically needy income level under
6 RCW 74.09.700 apply for such coverage, but the administrator shall
7 enroll the individuals in the plan pending the determination of
8 eligibility under chapter 74.09 RCW.

9 ~~((11))~~ (10) To determine the rate to be paid to each
10 participating managed health care system in return for the provision of
11 covered basic health care services to enrollees in the system.
12 Although the schedule of covered basic health care services will be the
13 same for similar enrollees, the rates negotiated with participating
14 managed health care systems may vary among the systems. In negotiating
15 rates with participating systems, the administrator shall consider the
16 characteristics of the populations served by the respective systems,
17 economic circumstances of the local area, the need to conserve the
18 resources of the basic health plan trust account, and other factors the
19 administrator finds relevant.

20 ~~((12))~~ (11) To monitor the provision of covered services to
21 enrollees by participating managed health care systems in order to
22 assure enrollee access to good quality basic health care, to require
23 periodic data reports concerning the utilization of health care
24 services rendered to enrollees in order to provide adequate information
25 for evaluation, and to inspect the books and records of participating
26 managed health care systems to assure compliance with the purposes of
27 this chapter. In requiring reports from participating managed health
28 care systems, including data on services rendered enrollees, the
29 administrator shall endeavor to minimize costs, both to the managed
30 health care systems and to the administrator. The administrator shall

1 coordinate any such reporting requirements with other state agencies,
2 such as the insurance commissioner and the (~~hospital commission~~)
3 department of health, to minimize duplication of effort.

4 (~~(13)~~) (12) To monitor the access that state residents have to
5 adequate and necessary health care services, determine the extent of
6 any unmet needs for such services or lack of access that may exist from
7 time to time, and make such reports and recommendations to the
8 legislature as the administrator deems appropriate.

9 (~~(14)~~) (13) To evaluate the effects this chapter has on private
10 employer-based health care coverage and to take appropriate measures
11 consistent with state and federal statutes that will discourage the
12 reduction of such coverage in the state.

13 (~~(15)~~) (14) To develop a program of proven preventive health
14 measures and to integrate it into the plan wherever possible and
15 consistent with this chapter.

16 (~~(16)~~) (15) To provide, consistent with available resources,
17 technical assistance for rural health activities that endeavor to
18 develop needed health care services in rural parts of the state.

19 **Sec. 17.** RCW 70.47.080 and 1987 1st ex.s. c 5 s 10 are each
20 amended to read as follows:

21 On and after July 1, 1988, the administrator shall accept for
22 enrollment applicants eligible to receive covered basic health care
23 services from the respective managed health care systems which are then
24 participating in the plan. The administrator shall not allow the total
25 enrollment of those eligible for subsidies to exceed thirty thousand.

26 Thereafter, total enrollment shall not exceed the number
27 established by the legislature in any act appropriating funds to the
28 plan.

1 Before July 1, 1988, the administrator shall endeavor to secure
2 participation contracts from managed health care systems in discrete
3 geographic areas within at least five congressional districts of the
4 state and in such manner as to allow residents of both urban and rural
5 areas access to enrollment in the plan. The administrator shall make
6 a special effort to secure agreements with health care providers in one
7 such area that meets the requirements set forth in RCW 70.47.060(4).

8 The administrator shall at all times closely monitor growth
9 patterns of enrollment so as not to exceed that consistent with the
10 orderly development of the plan as a whole, in any area of the state or
11 in any participating managed health care system.

12 This section shall not apply to those areas where there are
13 enrollees designated as dislocated workers.

14 NEW SECTION. Sec. 18. (1) The Pacific Northwest export
15 assistance project is hereby created for the ports of Aberdeen, Port
16 Angeles, Port Townsend, Ilwaco, and Raymond for the following purposes:

17 (a) To assist small to medium-sized manufacturers relatively new to
18 exporting with gross annual revenues less than twenty-five million
19 dollars with comprehensive services for designing and managing
20 introductory export strategies and in securing financing and credit
21 guarantees for export transactions;

22 (b) To provide, singly or in conjunction with other organizations,
23 information and assistance to businesses with gross annual revenues
24 less than one hundred million dollars about the methods and procedures
25 of structuring company specific export financing and credit guarantee
26 alternatives; or

27 (c) To provide information to the business community at large about
28 opportunities in organizing cooperative export networks, foreign sales
29 corporations, or export trading companies under the United States

1 export trading company act of 1982, for the purpose of increasing their
2 comparative sales volume and ability to export their products to
3 foreign markets.

4 (2) The Pacific Northwest export assistance project is subject to
5 the authority of the small business export finance assistance center,
6 under RCW 43.210.020, and shall be governed and managed by the board of
7 directors, under RCW 43.210.030.

8 NEW SECTION. **Sec. 19.** (1) The small business export finance
9 assistance center has the following powers and duties when exercising
10 its authority under section 18(2) of this act:

11 (a) Solicit and accept grants, contributions, and any other
12 financial assistance from the federal government, federal agencies, and
13 any other public or private sources to carry out its purposes;

14 (b) Offer comprehensive export assistance and counseling to
15 manufacturers relatively new to exporting with gross annual revenues
16 less than twenty-five million dollars. As close to ninety percent as
17 possible of each year's new cadre of clients must have gross annual
18 revenues of less than five million dollars at the time of their initial
19 contract. Counseling may include, but not be limited to, helping
20 clients obtain debt or equity financing, in constructing competent
21 proposals, and assessing federal guarantee and/or insurance programs
22 that underwrite exporting risk; assisting clients in evaluating their
23 international marketplace by developing marketing materials, assessing
24 and selecting targeted markets; assisting firms in finding foreign
25 customers by conducting foreign market research, evaluating
26 distribution systems, selecting and assisting in identification of
27 and/or negotiations with foreign agents, distributors, retailers, and
28 by promoting products through attending trade shows abroad; advising
29 companies on their products, guarantees, and after sales service

1 requirements necessary to compete effectively in a foreign market;
2 designing a competitive strategy for a firm's products in targeted
3 markets and methods of minimizing their commercial and political risks;
4 securing for clients specific assistance as needed, outside the
5 center's field of expertise, by referrals to other public or private
6 organizations. The Pacific Northwest export assistance project shall
7 focus its efforts on facilitating export transactions for its clients,
8 and in doing so, provide such technical services as are appropriate to
9 accomplish its mission either with staff or outside consultants;

10 (c) Sign three-year marketing agreements with its clients.
11 Marketing agreements shall not be renewed unless there are compelling
12 reasons to do so, and under no circumstances shall they be renewed for
13 more than two additional years. No marketing contracts shall be
14 renewed more than once. The marketing agreements will have mutual
15 performance clauses, that if not met, will be grounds for releasing
16 each party, without penalty, from the provisions of the agreement.
17 Clients will be immediately released from a marketing agreement with
18 the Pacific Northwest export assistance project, without penalty, if a
19 client wishes to switch to a private export management service and
20 produces a valid contract signed with a private export management
21 service;

22 (d) Offer annual education grants to each client to be used for
23 sending employees to courses of instruction related to international
24 trade and market development. The Pacific Northwest export assistance
25 project will also offer annual trade show grants for clients to attend
26 one trade show per year. The president and board of directors shall
27 decide the amount used for grants based on the availability of funds;

28 (e) Provide biennial assessments of its performance. The Pacific
29 Northwest export assistance project is an innovative program for the
30 promotion of international trade. As such, the project personnel shall

1 work with the department of revenue and employment security department
2 to confidentially track the performance of the project's clients in
3 increasing tax revenues to the state, increasing gross sales revenues
4 and volume of products destined to foreign clients, and in creating new
5 jobs for Washington citizens. A biennial report shall be prepared for
6 the governor and legislature to assess the costs and benefits to the
7 state from creating the project. The president of the small business
8 export finance assistance center and representatives of the department
9 of revenue and employment security department shall jointly design an
10 appropriate methodology for these biennial assessments. Information
11 specific to each project client will be kept strictly confidential;

12 (f) Take whatever action may be necessary to accomplish the
13 purposes set forth in this chapter; and

14 (g) Limit its assistance to promoting the exportation of value-
15 added manufactured goods. The project shall not provide counseling or
16 assistance, under any circumstances, for the importation of foreign
17 made goods into the United States.

18 (2) The Pacific Northwest export assistance project shall not,
19 under any circumstances, assume ownership or take title to the goods of
20 its clients.

21 (3) The Pacific Northwest export assistance project may not use any
22 Washington state funds which come from the public treasury of the state
23 of Washington to make loans or to make any payment under a loan
24 guarantee agreement. Under no circumstances may the center use any
25 funds received under RCW 43.210.050 to make or assist in making any
26 loan or to pay or assist in paying any amount under a loan guarantee
27 agreement. Debts of the center shall be center debts only and may be
28 satisfied only from the resources of the center. The state of
29 Washington shall not in any way be liable for such debts.

1 (4) The Pacific Northwest export assistance project shall make
2 every effort to seek nonstate funds to supplement its operations.

3 (5) The Pacific Northwest export assistance project shall take
4 whatever steps are necessary to provide its services, if requested, to
5 the states of Oregon, Idaho, Montana, and Alaska, and the Canadian
6 provinces of British Columbia and Alberta. The provision of services
7 may be temporary and subject to the payment of fees, or each state may
8 request permanent services contingent upon a level of permanent funding
9 adequate for services provided. Temporary services and fees may be
10 negotiated by the small business export finance assistance center's
11 president subject to approval of the board of directors. The president
12 of the small business export finance assistance center may enter into
13 negotiations with neighboring states to form permanent interstate
14 compacts for delivery of the project's services. Final agreements for
15 providing the project's counseling and services outside of the state of
16 Washington on a permanent basis shall be subject to approval of the
17 governor, appropriate legislative oversight committees, and the small
18 business export finance assistance center's board of directors.

19 (6) The small business export finance assistance center may receive
20 such gifts, grants, and endowments from public or private sources as
21 may be made from time to time, in trust or otherwise, for the use and
22 benefit of the purposes of the Pacific Northwest export assistance
23 project and expend the same or any income therefrom according to the
24 terms of the gifts, grants, or endowments.

25 NEW SECTION. **Sec. 20.** The small business export finance
26 assistance center or its statutory successor shall adopt rules under
27 chapter 34.05 RCW as necessary to carry out the purposes of this
28 chapter.

1 NEW SECTION. **Sec. 21.** The Pacific Northwest export assistance
2 project fund is created in the custody of the state treasurer. All
3 receipts from services rendered shall be deposited into the general
4 fund. Expenditures from the fund may be used only for the purposes
5 enumerated in this chapter. Only the president of the small business
6 export finance assistance center or the president's designee may
7 authorize expenditures from the fund. The fund is subject to allotment
8 procedures under chapter 43.88 RCW, but no appropriation is required
9 for expenditures.

10 **Sec. 22.** RCW 43.210.030 and 1985 c 231 s 3 are each amended to
11 read as follows:

12 The small business export finance assistance center and its
13 branches shall be governed and managed by a board of seventeen
14 directors appointed by the governor and confirmed by the senate. The
15 directors shall serve terms of six years except that two of the
16 original directors shall serve for two years and two of the original
17 directors shall serve for four years. The directors may provide for
18 the payment of their expenses. The directors shall include a
19 representative of a not-for-profit corporation formed for the purpose
20 of facilitating economic development, at least two representatives of
21 state financial institutions engaged in the financing of export
22 transactions, a representative of a port district, and a representative
23 of organized labor. Of the remaining board members, there shall be a
24 representative of the governor, one representative of business from the
25 area west of Puget Sound, one representative of business from the area
26 east of Puget Sound and west of the Cascade range, one representative
27 of business from the area east of the Cascade range and west of the
28 Columbia river, and one representative of business from the area east
29 of the Columbia river. One of the directors shall be a representative

1 of the public selected from the area in the state west of the Cascade
2 mountain range and one director shall be a representative of the public
3 selected from that area of the state east of the Cascade mountain
4 range. One director shall be a representative of the public at large.
5 The directors shall be broadly representative of geographic areas of
6 the state, and the representatives of businesses shall represent at
7 least four different industries in different sized businesses as
8 follows: (a) One representative of a company employing fewer than one
9 hundred persons; (b) one representative of a company employing between
10 one hundred and five hundred persons; ~~((and))~~ (c) ~~((two))~~ one
11 representative~~((s))~~ of companies employing more than five hundred
12 persons; and (d) one representative from an export management company.
13 Any vacancies on the board due to the expiration of a term or for any
14 other reason shall be filled by appointment by the governor for the
15 unexpired term.

16 NEW SECTION. **Sec. 23.** A new section is added to chapter 43.131
17 RCW to read as follows:

18 The Pacific Northwest export assistance project shall be terminated
19 on June 30, 1996, as provided in section 24 of this act.

20 NEW SECTION. **Sec. 24.** A new section is added to chapter 43.131
21 RCW to read as follows:

22 The following acts or parts of acts, as now existing or hereafter
23 amended, are each repealed, effective June 30, 1997:

- 24 (1) Section 18 of this act;
25 (2) Section 19 of this act;
26 (3) Section 20 of this act; and
27 (4) Section 21 of this act.

1 **Sec. 25.** RCW 82.60.020 and 1988 c 42 s 16 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Applicant" means a person applying for a tax deferral under
6 this chapter.

7 (2) "Department" means the department of revenue.

8 (3) "Eligible area" means: (a) A county in which the average level
9 of unemployment for the three years before the year in which an
10 application is filed under this chapter exceeds the average state
11 unemployment for those years by twenty percent; or (b) a metropolitan
12 statistical area, as defined by the office of federal statistical
13 policy and standards, United States department of commerce, in which
14 the average level of unemployment for the calendar year immediately
15 preceding the year in which an application is filed under this chapter
16 exceeds the average state unemployment for such calendar year by twenty
17 percent. Applications under this subsection (3)(b) shall be filed by
18 (~~April 30, 1989~~) July 1, 1993.

19 (4)(a) "Eligible investment project" means that portion of an
20 investment project which:

21 (i) Is directly utilized to create at least one new full-time
22 qualified employment position for each three hundred thousand dollars
23 of investment on which a deferral is requested; and

24 (ii) Either initiates a new operation, or expands or diversifies a
25 current operation by expanding or renovating an existing building with
26 costs in excess of twenty-five percent of the true and fair value of
27 the plant complex prior to improvement; or

28 (iii) Acquires machinery and equipment to be used for either
29 manufacturing or research and development if the machinery and
30 equipment is housed in a new leased structure: PROVIDED, That the

1 lessor/owner of the structure is not eligible for a deferral unless the
2 underlying ownership of the buildings, machinery, and equipment vests
3 exclusively in the same person.

4 (b) "Eligible investment project" does not include any portion of
5 an investment project undertaken by a light and power business as
6 defined in RCW 82.16.010(5) or investment projects which have already
7 received deferrals under this chapter.

8 (5) "Investment project" means an investment in qualified buildings
9 and qualified machinery and equipment, including labor and services
10 rendered in the planning, installation, and construction of the
11 project.

12 (6) "Manufacturing" means all activities of a commercial or
13 industrial nature wherein labor or skill is applied, by hand or
14 machinery, to materials so that as a result thereof a new, different,
15 or useful substance or article of tangible personal property is
16 produced for sale or commercial or industrial use and shall include the
17 production or fabrication of specially made or custom made articles.
18 "Manufacturing" also includes computer programming, the production of
19 computer software, and other computer-related services, and the
20 activities performed by research and development laboratories and
21 commercial testing laboratories.

22 (7) "Person" has the meaning given in RCW 82.04.030.

23 (8) "Qualified buildings" means new structures used for
24 manufacturing and research and development activities, including plant
25 offices and warehouses or other facilities for the storage of raw
26 material or finished goods if such facilities are an essential or an
27 integral part of a factory, mill, plant, or laboratory used for
28 manufacturing or research and development. If a building is used
29 partly for manufacturing or research and development and partly for
30 other purposes, the applicable tax deferral shall be determined by

1 apportionment of the costs of construction under rules adopted by the
2 department.

3 (9) "Qualified employment position" means a permanent full-time
4 employee employed in the eligible investment project during the entire
5 tax year.

6 (10) "Qualified machinery and equipment" means all new industrial
7 and research fixtures, equipment, and support facilities that are an
8 integral and necessary part of a manufacturing or research and
9 development operation. "Qualified machinery and equipment" includes:
10 Computers; software; data processing equipment; laboratory equipment;
11 manufacturing components such as belts, pulleys, shafts, and moving
12 parts; molds, tools, and dies; operating structures; and all equipment
13 used to control or operate the machinery.

14 (11) "Recipient" means a person receiving a tax deferral under this
15 chapter.

16 (12) "Research and development" means the development, refinement,
17 testing, marketing, and commercialization of a product, service, or
18 process before commercial sales have begun. As used in this
19 subsection, "commercial sales" excludes sales of prototypes or sales
20 for market testing if the total gross receipts from such sales of the
21 product, service, or process do not exceed one million dollars.

22 **Sec. 26.** RCW 82.62.010 and 1988 c 42 s 17 are each amended to read
23 as follows:

24 Unless the context clearly requires otherwise, the definitions in
25 this section apply throughout this chapter.

26 (1) "Applicant" means a person applying for a tax credit under this
27 chapter.

28 (2) "Department" means the department of revenue.

1 (3) "Eligible area" means: (a) A county in which the average level
2 of unemployment for the three years before the year in which an
3 application is filed under this chapter exceeds the average state
4 unemployment for those years by twenty percent; or (b) a metropolitan
5 statistical area, as defined by the office of federal statistical
6 policy and standards, United States department of commerce, in which
7 the average level of unemployment for the calendar year immediately
8 preceding the year in which an application is filed under this chapter
9 exceeds the average state unemployment for such calendar year by twenty
10 percent. Applications under this subsection (3)(b) shall be filed by
11 (~~April 30, 1989~~) July 1, 1993.

12 (4)(a) "Eligible business project" means manufacturing or research
13 and development activities which are conducted by an applicant in an
14 eligible area at a specific facility: PROVIDED, That the applicant's
15 average full-time qualified employment positions at the specific
16 facility will be at least fifteen percent greater in the year for which
17 the credit is being sought than the applicant's average full-time
18 qualified employment positions at the same facility in the immediately
19 preceding year.

20 (b) "Eligible business project" does not include any portion of a
21 business project undertaken by a light and power business as defined in
22 RCW 82.16.010(5) or that portion of a business project creating
23 qualified full-time employment positions outside an eligible area or
24 those recipients of a sales tax deferral under chapter 82.61 RCW.

25 (5) "Manufacturing" means all activities of a commercial or
26 industrial nature wherein labor or skill is applied, by hand or
27 machinery, to materials so that as a result thereof a new, different,
28 or useful substance or article of tangible personal property is
29 produced for sale or commercial or industrial use and shall include the
30 production or fabrication of specially made or custom made articles.

1 "Manufacturing" also includes computer programming, the production of
2 computer software, and other computer-related services, and the
3 activities performed by research and development laboratories and
4 commercial testing laboratories.

5 (6) "Person" has the meaning given in RCW 82.04.030.

6 (7) "Qualified employment position" means a permanent full-time
7 employee employed in the eligible business project during the entire
8 tax year.

9 (8) "Tax year" means the calendar year in which taxes are due.

10 (9) "Recipient" means a person receiving tax credits under this
11 chapter.

12 (10) "Research and development" means the development, refinement,
13 testing, marketing, and commercialization of a product, service, or
14 process before commercial sales have begun. As used in this
15 subsection, "commercial sales" excludes sales of prototypes or sales
16 for market testing if the total gross receipts from such sales of the
17 product, service, or process do not exceed one million dollars.

18 **Sec. 27.** RCW 43.168.020 and 1988 c 42 s 18 are each amended to
19 read as follows:

20 Unless the context clearly requires otherwise, the definitions in
21 this section apply throughout this chapter.

22 (1) "Committee" means the Washington state development loan fund
23 committee.

24 (2) "Department" means the department of community development.

25 (3) "Director" means the director of the department of community
26 development.

27 (4) "Distressed area" means: (a) A county which has an
28 unemployment rate which is twenty percent above the state average for
29 the immediately previous three years; (b) a metropolitan statistical

1 area, as defined by the office of federal statistical policy and
2 standards, United States department of commerce, in which the average
3 level of unemployment for the calendar year immediately preceding the
4 year in which an application is filed under this chapter exceeds the
5 average state unemployment for such calendar year by twenty percent.
6 Applications under this subsection (4)(b) shall be filed by (~~April 30,~~
7 ~~1989~~) July 1, 1993; or (c) an area within a county, which area: (i)
8 Is composed of contiguous census tracts; (ii) has a minimum population
9 of five thousand persons; (iii) has at least seventy percent of its
10 families and unrelated individuals with incomes below eighty percent of
11 the county's median income for families and unrelated individuals; and
12 (iv) has an unemployment rate which is at least forty percent higher
13 than the county's unemployment rate. For purposes of this definition,
14 "families and unrelated individuals" has the same meaning that is
15 ascribed to that term by the federal department of housing and urban
16 development in its regulations authorizing action grants for economic
17 development and neighborhood revitalization projects.

18 (5) "Fund" means the Washington state development loan fund.

19 (6) "Local development organization" means a nonprofit organization
20 which is organized to operate within an area, demonstrates a commitment
21 to a long-standing effort for an economic development program, and
22 makes a demonstrable effort to assist in the employment of unemployed
23 or underemployed residents in an area.

24 (7) "Project" means the establishment of a new or expanded business
25 in an area which when completed will provide employment opportunities.
26 "Project" also means the retention of an existing business in an area
27 which when completed will provide employment opportunities.

1 NEW SECTION. **Sec. 28.** Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout sections 28
3 through 32 of this act.

4 (1) "Timber-dependent community" means a community in which thirty
5 percent or more of the work force is employed in the timber industry.

6 (2) "Permanent residence" means the residence in which an
7 individual currently resides on a full-time basis, including detached,
8 semi-detached, or townhouse units; modular homes; condominium units or
9 manufactured housing units which meet the program standards.

10 (3) "Program" means the emergency mortgage assistance program.

11 NEW SECTION. **Sec. 29.** The department shall establish and
12 administer the program under the following general guidelines:

13 (1) A loan provided under the program shall not exceed an amount
14 equal to twenty-four months of mortgage payments.

15 (2) The maximum loan amount allowed under the program shall not
16 exceed twenty-thousand dollars.

17 (3) Loans shall be made to applicants who meet specific income
18 guidelines established by the department.

19 (4) Loan payments shall be made directly to the mortgage lender by
20 the department.

21 (5) Repayment of loans provided under the program must not take
22 more than twenty years.

23 NEW SECTION. **Sec. 30.** The goals of the program are to:

24 (1) Provide up to twenty-four months of emergency assistance loans
25 to households who, because of their temporary loss of employment in the
26 timber industry, are unable to make current mortgage payments on their
27 homes and are likely to face imminent home mortgage or other home loan
28 foreclosure proceedings;

1 (2) Prevent the dislocation of individuals and families from their
2 permanent residences and their communities; and

3 (3) Maintain the economic and social stability of timber-dependent
4 communities.

5 NEW SECTION. **Sec. 31.** To become eligible to receive emergency
6 mortgage assistance loans provided for under sections 28 through 32 of
7 this act, an applicant must:

8 (1) Be unable to keep payments on his or her home mortgage current,
9 due to a temporary loss of employment in the timber industry, and shall
10 be at significant risk of forfeiting the title to his or her home;

11 (2) Have his or her permanent residence located in a timber-
12 dependent community and be the owner of an equitable interest in such
13 residence;

14 (3) Intend to reside in the home being financed;

15 (4) Be actively seeking new employment or be enrolled in a training
16 program approved by the director; and

17 (5) With the assistance of the applicant's lender or other
18 financial adviser, submit an application to the department requesting
19 assistance from the program.

20 NEW SECTION. **Sec. 32.** The department shall carry out the
21 following duties:

22 (1) Administer and implement the program;

23 (2) Develop and adopt the necessary rules for implementation of the
24 program;

25 (3) Establish the interest rate for repayment of loans at two
26 percent below the market rate;

27 (4) Work with lending institutions in timber-dependent communities
28 to assure that all eligible homeowners are informed about the program;

1 (5) Utilize federal and state programs that complement or
2 facilitate carrying out the program;

3 (6) Evaluate the program effectiveness;

4 (7) Submit a report to the senate commerce and labor committee by
5 January 31, 1992.

6 NEW SECTION. **Sec. 33.** The sum of one million dollars, or as
7 much thereof as may be necessary, is appropriated for the biennium
8 ending June 30, 1993, from the general fund to the department of
9 community development for the purposes of sections 28 through 32 of
10 this act.

11 NEW SECTION. **Sec. 34.** (1) The sum of one million dollars, or
12 as much thereof as may be necessary, is appropriated for the biennium
13 ending June 30, 1993, from the administrative contingency fund to the
14 employment security department for the purposes of sections 1 through
15 10 of this act. This appropriation shall be transferred to the
16 department of trade and economic development for the purposes of
17 sections 1 through 10 of this act.

18 (2) The sum of twelve million dollars, or as much thereof as may be
19 necessary, is appropriated for the biennium ending June 30, 1993, from
20 the general fund to the department of trade and economic development
21 for the purposes of sections 1 through 10 of this act.

22 NEW SECTION. **Sec. 35.** The sum of two million four hundred
23 thousand dollars, or as much thereof as may be necessary, is
24 appropriated for the biennium ending June 30, 1993, from the general
25 fund to the department of labor and industries to be deposited in the
26 basic health plan trust account for the purposes of providing basic

1 health care services under chapter 70.47 RCW to persons who have been
2 dislocated from jobs as a result of changes in the local economy.

3 NEW SECTION. **Sec. 36.** The sum of five hundred thousand
4 dollars, or as much thereof as may be necessary, is appropriated from
5 the general fund for the biennium ending June 30, 1993, to the
6 community colleges designated in subsection (1) of this section for the
7 following purposes:

8 (1) Seventy-five thousand dollars shall be used per faculty member
9 at Grays Harbor Community College in Aberdeen, Peninsula Community
10 College in Port Angeles, Skagit Valley College in Mount Vernon, Olympic
11 College in Bremerton, Lower Columbia Community College in Longview, and
12 South Puget Sound Community College in Olympia to research and teach in
13 the field of business development, new enterprise development, and the
14 transfer of new technologies to commercial applications.

15 (2) Seventy-five thousand dollars shall be used for one faculty
16 member to research and teach at each of the named community colleges in
17 the field of agribusiness and agricultural services development.

18 (3) One hundred thousand dollars shall be used for personnel and
19 equipment for cranberry industry research.

20 (4) For the purpose of this section enrollment restrictions shall
21 not apply in the community colleges listed in subsection (1) of this
22 section.

23 (5) Grays Harbor Community College shall establish a program to
24 train displaced timber workers to fill positions as safety training and
25 vessel inspectors. They shall contract with those organizations deemed
26 appropriate to carry out this program.

27 NEW SECTION. **Sec. 37.** The department of community development
28 shall develop a community assistance program to enable communities to

1 build local capacity for sustainable economic development efforts. The
2 focus of this effort is to provide resources and technical assistance
3 to local community leaders to carry out locally determined economic
4 development projects.

5 NEW SECTION. **Sec. 38.** The sum of two million nine hundred
6 seventy thousand dollars, or as much thereof as may be necessary, is
7 appropriated for the biennium ending June 30, 1993, from the general
8 fund to the department of community development for staff support,
9 feasibility studies, and loan packaging assistance to carry out the
10 purposes of section 37 of this act.

11 NEW SECTION. **Sec. 39.** The timber task force through employment
12 security shall establish and maintain a job service message center for
13 displaced workers without phone service. The voice-mail service shall
14 allow twenty-four hour access to phone messages from employers for job
15 prospects and from case managers who provide essential employment and
16 support services.

17 NEW SECTION. **Sec. 40.** The sum of twenty-three thousand one
18 hundred seventy-five dollars, or as much thereof as may be necessary,
19 is appropriated for the biennium ending June 30, 1993, from the general
20 fund to the employment security department for the purposes of section
21 39 of this act.

22 NEW SECTION. **Sec. 41.** The sum of nine million dollars, or as
23 much thereof as may be necessary, is appropriated for the biennium
24 ending June 30, 1993, from the general fund to the department of
25 community development for the purposes of providing low-interest loans

1 and grants targeted to timber communities and ports for infrastructure
2 to support economic development projects.

3 NEW SECTION. **Sec. 42.** The sum of ten million dollars, or as
4 much thereof as may be necessary, is appropriated for the biennium
5 ending June 30, 1993, from the general fund to the department of trade
6 and economic development for the purposes of creating the forest
7 products development center under section 7 of this act.

8 NEW SECTION. **Sec. 43.** The sum of two hundred thousand dollars,
9 or as much thereof as may be necessary, is appropriated for the
10 biennium ending June 30, 1993, from the general fund to the department
11 of trade and economic development to enhance employment opportunities
12 in Pacific county by making a grant to the port of Willapa Harbor for
13 the purpose of developing and constructing facilities to increase trade
14 and commercial activities.

15 NEW SECTION. **Sec. 44.** The sum of six hundred thousand dollars,
16 or as much thereof as may be necessary, is appropriated for the
17 biennium ending June 30, 1993, from the general fund to the department
18 of trade and economic development to make a grant to the city of
19 Westport for the purpose of redirecting its economic dependence from
20 fishing and timber to fixed-base industries, tourism, and year-round
21 job opportunities by bringing the city's airport up to one hundred
22 percent effectiveness.

23 NEW SECTION. **Sec. 45.** The sum of five hundred thousand
24 dollars, or as much thereof as may be necessary, is appropriated for
25 the biennium ending June 30, 1993, from the general fund to the
26 employment security department for the purposes of training dislocated

1 workers in timber-impacted communities through the self-employment and
2 enterprise development program (SEED).

3 NEW SECTION. **Sec. 46.** The sum of seventy thousand dollars, or
4 as much thereof as may be necessary, is appropriated for the biennium
5 ending June 30, 1993, from the general fund to the department of
6 community development for the purposes of enhancing the two
7 reemployment centers in timber-dependent communities in order to
8 continue providing referral services, counseling, and support.

9 NEW SECTION. **Sec. 47.** The sum of five million nine hundred
10 sixty-three thousand dollars, or as much thereof as may be necessary,
11 is appropriated for the biennium ending June 30, 1993, from the general
12 fund to the department of natural resources for the purposes of
13 creating a research center for natural resources on the Olympic
14 peninsula. The center shall conduct research in both forest resources
15 and marine resources.

16 **Sec. 48.** RCW 43.155.010 and 1985 c 446 s 7 are each amended to
17 read as follows:

18 The legislature finds that there exists in the state of Washington
19 over four billion dollars worth of critical projects for the planning,
20 acquisition, construction, repair, replacement, rehabilitation, or
21 improvement of streets and roads, bridges, water systems, and storm and
22 sanitary sewage systems. The December, 1983 Washington state public
23 works report prepared by the planning and community affairs agency
24 documented that local governments expect to be capable of financing
25 over two billion dollars worth of the costs of those critical projects
26 but will not be able to fund nearly half of the documented needs. It
27 is the policy of the state of Washington to encourage self-reliance by

1 local governments in meeting their public works needs and to assist in
2 the financing of critical public works projects by making loans,
3 grants, financing guarantees, and technical assistance available to
4 local governments for these projects.

5 **Sec. 49.** RCW 43.155.020 and 1985 c 446 s 8 are each amended to
6 read as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section shall apply throughout this chapter.

9 (1) "Board" means the public works board created in RCW 43.155.030.

10 (2) "Department" means the department of community development.

11 (3) "Financing guarantees" means the pledge of money in the public
12 works assistance account, or money to be received by the public works
13 assistance account, to the repayment of all or a portion of the
14 principal of or interest on obligations issued by local governments to
15 finance public works projects.

16 (4) "Local governments" means cities, towns, counties, special
17 purpose districts, and any other municipal corporations or quasi-
18 municipal corporations in the state excluding school districts (~~and~~
19 ~~port districts~~)).

20 (5) "Public works project" means a project of a local government
21 for the planning, acquisition, construction, repair, reconstruction,
22 replacement, rehabilitation, or improvement of streets and roads,
23 bridges, water systems, cargo storage and warehouse facilities, or
24 storm and sanitary sewage systems.

25 (6) "Technical assistance" means training and other services
26 provided to local governments to: (a) Help such local governments
27 plan, apply, and qualify for loans and financing guarantees from the
28 board, and (b) help local governments improve their ability to plan

1 for, finance, acquire, construct, repair, replace, rehabilitate, and
2 maintain public facilities.

3 **Sec. 50.** RCW 43.155.050 and 1985 c 471 s 8 are each amended to
4 read as follows:

5 The public works assistance account is hereby established in the
6 state treasury. Money may be placed in the public works assistance
7 account from the proceeds of bonds when authorized by the legislature
8 or from any other lawful source. Money in the public works assistance
9 account shall be used to make loans and grants and to give financial
10 guarantees to local governments for public works projects.

11 **Sec. 51.** RCW 43.155.060 and 1988 c 93 s 2 are each amended to read
12 as follows:

13 In order to aid the financing of public works projects, the board
14 may:

15 (1) Make low-interest or interest-free loans or grants to local
16 governments from the public works assistance account or other funds and
17 accounts for the purpose of assisting local governments in financing
18 public works projects. The board may require such terms and conditions
19 and may charge such rates of interest on its loans or grants as it
20 deems necessary or convenient to carry out the purposes of this
21 chapter. Money received from local governments in repayment of loans
22 or grants made under this section shall be paid into the public works
23 assistance account for uses consistent with this chapter.

24 (2) Pledge money in the public works assistance account, or money
25 to be received by the public works assistance account, to the repayment
26 of all or a portion of the principal of or interest on obligations
27 issued by local governments to finance public works projects. The
28 board shall not pledge any amount greater than the sum of money in the

1 public works assistance account plus money to be received from the
2 payment of the debt service on loans made from that account, nor shall
3 the board pledge the faith and credit or the taxing power of the state
4 or any agency or subdivision thereof to the repayment of obligations
5 issued by any local government.

6 (3) Create such subaccounts in the public works assistance account
7 as the board deems necessary to carry out the purposes of this chapter.

8 (4) Provide a method for the allocation of loans and financing
9 guarantees and the provision of technical assistance under this
10 chapter.

11 All local public works projects aided in whole or in part under the
12 provisions of this chapter shall be put out for competitive bids,
13 except for emergency public works under RCW 43.155.065 for which the
14 recipient jurisdiction shall comply with this requirement to the extent
15 feasible and practicable. The competitive bids called for shall be
16 administered in the same manner as all other public works projects put
17 out for competitive bidding by the local governmental entity aided
18 under this chapter.

19 **Sec. 52.** RCW 43.155.070 and 1990 1st ex.s. c 17 s 82 are each
20 amended to read as follows:

21 (1) To qualify for loans, grants, or pledges under this chapter the
22 board must determine that a local government meets all of the following
23 conditions:

24 (a) The city or county must be imposing a tax under chapter 82.46
25 RCW at a rate of at least one-quarter of one percent;

26 (b) The local government must have developed a long-term plan for
27 financing public works needs; and

1 (c) The local government must be using all local revenue sources
2 which are reasonably available for funding public works, taking into
3 consideration local employment and economic factors.

4 (2) The board shall develop a priority process for public works
5 projects as provided in this section. The intent of the priority
6 process is to maximize the value of public works projects accomplished
7 with assistance under this chapter. The board shall attempt to assure
8 a geographical balance in assigning priorities to projects. The board
9 shall consider at least the following factors in assigning a priority
10 to a project:

11 (a) Whether the local government receiving assistance has
12 experienced severe fiscal distress resulting from natural disaster or
13 emergency public works needs;

14 (b) Whether the project is critical in nature and would affect the
15 health and safety of a great number of citizens;

16 (c) The cost of the project compared to the size of the local
17 government and amount of loan money available;

18 (d) The number of communities served by or funding the project;

19 (e) Whether the project is located in an area of high unemployment,
20 compared to the average state unemployment;

21 (f) Whether the project is the acquisition, expansion, improvement,
22 or renovation by a local government of a public water system that is in
23 violation of health and safety standards, including the cost of
24 extending existing service to such a system;

25 (g) The relative benefit of the project to the community,
26 considering the present level of economic activity in the community and
27 the existing local capacity to increase local economic activity in
28 communities that have low economic growth; and

29 (h) Other criteria that the board considers advisable.

1 (3) Existing debt or financial obligations of local governments
2 shall not be refinanced under this chapter. Each local government
3 applicant shall provide documentation of attempts to secure additional
4 local or other sources of funding for each public works project for
5 which financial assistance is sought under this chapter.

6 (4) Before November 1 of each year, the board shall develop and
7 submit to the chairs of the ways and means committees of the senate and
8 house of representatives a description of the emergency loans made
9 under RCW 43.155.065 during the preceding fiscal year and a prioritized
10 list of projects which are recommended for funding by the legislature,
11 including one copy to the staff of each of the committees. The list
12 shall include, but not be limited to, a description of each project and
13 recommended financing, the terms and conditions of the loan, grant, or
14 financial guarantee, the local government jurisdiction and unemployment
15 rate, demonstration of the jurisdiction's critical need for the project
16 and documentation of local funds being used to finance the public works
17 project. The list shall also include measures of fiscal capacity for
18 each jurisdiction recommended for financial assistance, compared to
19 authorized limits and state averages, including local government sales
20 taxes; real estate excise taxes; property taxes; and charges for or
21 taxes on sewerage, water, garbage, and other utilities.

22 (5) The board shall not sign contracts or otherwise financially
23 obligate funds from the public works assistance account before the
24 legislature has appropriated funds for a specific list of public works
25 projects. The legislature may remove projects from the list
26 recommended by the board. The legislature shall not change the order
27 of the priorities recommended for funding by the board.

28 (6) Subsections (4) and (5) of this section do not apply to loans
29 made for emergency public works projects under RCW 43.155.065.

1 NEW SECTION. **Sec. 53.** The sum of ten million dollars, or as
2 much thereof as may be necessary, is transferred from the general fund
3 to the public works assistance account for the purposes of making
4 grants to local governments for public works projects pursuant to
5 chapter 43.155 RCW.

6 NEW SECTION. **Sec. 54.** The following acts or parts of acts are
7 each repealed:

8 (1) RCW 43.131.325 and 1985 c 231 s 10;

9 (2) RCW 43.131.326 and 1985 c 231 s 11;

10 (3) RCW 43.131.355 and 1987 1st ex.s. c 5 s 24; and

11 (4) RCW 43.131.356 and 1987 1st ex.s. c 5 s 25.

12 NEW SECTION. **Sec. 55.** (1) Sections 1 through 10 of this act
13 are each added to chapter 43.31 RCW.

14 (2) Sections 18 through 21 of this act shall constitute a new
15 chapter in Title 43 RCW.

16 (3) Sections 28 through 32 of this act are each added to chapter
17 43.63A RCW.