

HOUSE BILL REPORT

HB 2556

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to economic development.

Brief Description: Financing economic development.

Sponsors: Representatives Veloria and Kessler.

Brief History:

Committee Activity:

Trade & Economic Development: 1/25/96, 2/1/96 [DP].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 13 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Ballasiotes; Hatfield; Hickel; Mason; Sherstad; Skinner and Valle.

Staff: Kenny Pittman (786-7392).

Background: The Washington Economic Development Finance Authority (WEDFA) was created to help meet the capital needs of small and medium-sized businesses. WEDFA may issue nonrecourse revenue bonds, which may be issued on either a tax-exempt or taxable basis, to provide financing for the project costs of not more than five economic development activities per year. These bonds are not obligations of the state of Washington. WEDFA is also prohibited from lending the state's credit. WEDFA may not issue bonds after June 30, 2000.

Summary of Bill: WEDFA's limitation on the financing of five economic development activities per year does not apply to tax-exempt bonds issued to finance manufacturing or processing projects where the individual total project cost is less than \$10 million.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill has an emergency clause and takes effect immediately.

Testimony For: There is an interest in providing financing for small projects. This program makes it cost-effective for small equipment purchases by small businesses. The financing can be used with the state's other financing tools to lower the costs of equipment acquisitions.

Testimony Against: None.

Testified: Representative Veloria, sponsor (Pro); Jonathan Hayes, Washington Department of Community, Trade, and Economic Development (Pro); Tamsend Hyatt, Ater Wynne Law Firm (Pro); and Miriam Sevy, Smith Mitchell Investment Group (Pro).