

HOUSE BILL REPORT

SB 6247

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to economic development.

Brief Description: Revising economic development activities.

Sponsors: Senators Sheldon, Roach, Long, Quigley, Owen, Hale, Fairley, Swecker and Drew.

Brief History:

Committee Activity:

Trade & Economic Development: 2/15/96, 2/22/96 [DPA].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 13 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Voloria, 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 either tax-exempt or taxable, to provide project financing. WEDFA bonds are not obligations of the state of Washington. WEDFA is also prohibited from lending the state's credit.

WEDFA is governed by a 18-member board that is appointed by the Governor. The membership includes the State Treasurer, state agency directors, legislative members, and citizen members. The members serve without compensation.

In 1994, the Legislature revised WEDFA so that the authority is limited to financing no more than five economic development activities per year. WEDFA may not issue bonds after June 30, 2000.

Summary of Amended Bill: WEDFA's limitation on the financing of five economic development activities per fiscal year is expanded to include an additional 10 manufacturing or processing projects where the individual total project cost is less than \$1 million.

Amended Bill Compared to Original Bill: The amended bill (1) deletes the exemption of projects under \$10 million from the annual five-project limit; (2) expands the current five-project limit by an additional 10 projects valued under \$1 million per project; and (3) clarifies that the number of projects financed is based on the fiscal year.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: There is an interest in providing financing to purchase machinery and equipment used by small manufacturing and processing businesses. This program will make it cost-effective for small businesses to make those purchases.

Testimony Against: None.

Testified: Jonathan Hayes, Washington Economic Development Finance Authority (pro).