

# SENATE BILL REPORT

## SB 5370

---

---

As Reported By Senate Committee On:  
International Trade & Economic Development, February 17, 2005  
Ways & Means, March 7, 2005

**Title:** An act relating to the economic development strategic reserve account.

**Brief Description:** Creating the economic development strategic reserve account.

**Sponsors:** Senators Brown, Benson, Shin, Sheldon, Eide, Kohl-Welles and McAuliffe.

**Brief History:**

**Committee Activity:** International Trade & Economic Development: 2/15/05, 2/17/05 [DPS-WM]. Ways & Means: 3/2/05, 3/7/05 [DP2S].

---

### SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5370 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide, Roach and Zarelli.

**Staff:** Jack Brummel (786-7428)

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5370 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Rockefeller, Schoesler and Thibaudeau.

**Staff:** Dean Carlson (786-7305)

**Background:** The legislature established the Economic Development Commission in 2003 to develop the state's economic development strategy, provide advice on policy and programs, and make recommendations. The commission is directed to provide advice about strategies to make funds available for economic development purposes more flexible to meet emergent needs and maximize opportunities.

**Summary of Second Substitute Bill:** The Economic Development Strategic Reserve Account is created. The Governor may authorize expenditures from the account in consultation with the Director of Community Trade and Economic Development and the Economic Development Commission.

Funds are to be used to support the Economic Development Commission. Funds may also be used to attract businesses and prevent business closure or relocation. Authorized uses include funding workforce development, public infrastructure, and other assistance provided contractually with an assurance of job creation or retention.

Funds may not be expended unless the timely procurement of funding from other state sources is not possible and funding is accompanied by, and will not supplant, private investment. Any businesses assisted must produce significant economic benefits, including jobs or higher income, and may not require a continuing state subsidy.

If this bill is not funded in the omnibus appropriations act by June 30, 2005, then this act is null and void.

**Second Substitute Bill Compared to Substitute Bill:** Clarifies that the account is subject to legislative appropriation. Removes the transfer of the lottery money. Adds a null and void clause subject to appropriation in the budget.

**Substitute Bill Compared to Original Bill:** The original bill was not considered.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For (International Trade & Economic Development):** Washington is disadvantaged in the economic development tool box we have. The executive branch needs to be able to act when necessary to recruit a business. This will help communities across the state that are competing for jobs.

**Testimony Against (International Trade & Economic Development):** None.

**Who Testified: (International Trade & Economic Development)** PRO: Senator Brown, prime sponsor; Scott Morris, WA Economic Development Commission and Avista Corp.; Collins Sprague, Avista Corp.; Bart Phillips, Columbia River EDC.

**Testimony For (Ways & Means):** None.

**Testimony Against (Ways & Means):** None.

Other: The funding source for this bill will reduce the amount transferred to the education construction account.

**Who Testified (Ways & Means):** OTHER: Jacque Coe, Washington State Lottery.