

HOUSE BILL REPORT

SSB 5639

*As Reported By House Committee on:
Trade & Economic Development*

Title: An act relating to the small business export finance assistance center.

Brief Description: Creating the Pacific Northwest export assistance project.

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators Cantu, Snyder, Anderson, Bluechel, Madsen, Barr, Sutherland, Johnson, Bauer, Bailey, Roach, A. Smith, Thorsness and Conner).

Brief History:

Reported by House Committee on:
Trade & Economic Development, April 5, 1991, DPA.

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *Do pass as amended.* Signed by 10 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; Kremen; Ludwig; Moyer; Rasmussen; Riley; and Roland.

Minority Report: *Without recommendation.* Signed by 1 member: Representative Ferguson.

Staff: Bill Watterson (786-7349).

Background: Washington State provides export assistance through the Department of Agriculture and the Department of Trade and Economic Development (DTED). Both departments are engaged in market development activities that include research and market identification programs and specific information about potential buyers and export markets.

The Small Business Export Finance Assistance Center (EAC) is a nonprofit corporation created to provide export counseling. The Small Business Export Assistance Center guides potential exporters through the procedures and documentation that exporting requires. The Small Business Export Assistance Center also provides information about export opportunities and financing alternatives. The Small

Business Export Assistance Center may not use state funds to make or guarantee loans.

The Market and Targeted Industry Development Group of DTED targets geographic regions and industry sectors for special export assistance. Current targets are Canada, Western Europe, and Asia, as well as biotechnology, software, food processing, forest products, and air cargo.

The International Marketing Program for Agricultural Commodities and Trade (IMPACT), at Washington State University, and the Center for International Trade in Forest Products (CINTRAFOR), at the University of Washington, conducts research and provides information about current and potential markets for Washington's agricultural and forest products.

Summary of Amended Bill: The Pacific Northwest Export Assistance Project (PNEAP) is established. The project will be located within the Department of Trade and Economic Development (DTED). The department is to consult with the Small Business Export Finance Assistance Center (EAC) in managing the project.

The Pacific Northwest Export Assistance Project will provide export assistance to:

- (1) obtain debt or equity financing;
- (2) draft business proposals;
- (3) secure export guarantees and insurance;
- (4) develop marketing materials;
- (5) assess and target export markets;
- (6) negotiate with foreign distributors; and
- (7) plan trade shows.

The Pacific Northwest Export Assistance Project will also:

- (8) advise on product quality, guarantees, and after sales service requirements;
- (9) counsel how to minimize commercial and political risk;
- (10) contract with other export service providers to deliver services the project is unable to provide; and
- (11) provide information about organizing cooperative export networks.

The Pacific Northwest Export Assistance Project is to assist Pacific Northwest manufacturers and food or agricultural processors with gross annual revenues of less than \$25 million. Permanent services to clients outside Washington may not be provided by PNEAP without approval. Assistance is provided in order to increase the clients' ability to export. The Pacific Northwest Export Assistance Projects's

performance will be assessed biennially by tracking clients and a report will be prepared for the Legislature.

The Department of Trade and Economic Development will enter into a three-year counseling agreement with each client. A counseling agreement may only be renewed once for a period of two years. A client will be released from its counseling agreement upon request if the client has arranged to receive export assistance from a private provider.

Amended Bill Compared to Substitute Bill: The Pacific Northwest Export Assistance Project is established within the Department of Trade and Economic Development rather than as an independent program administered by the Small Business Export Finance Assistance Center. The Department of Trade and Economic Development is to consult with the Small Business Export Finance Assistance Center in managing the project. References to administration of PNEAP are changed to reflect DTED's administrative authority. Several provisions relating to the EAC are removed, as are sunset provisions for the project.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately. However, the bill is null and void if not funded in the budget.

Testimony For: In order for Washington to remain economically vital, efforts need to be made to expand Washington's participation in international markets. Small businesses have the potential to expand their exports, but they require assistance. The Pacific Northwest Export Assistance Project will provide the comprehensive export assistance necessary to increase the number of small business exporters in Washington.

Testimony Against: None.

Witnesses: Senator Emilio Cantu, prime sponsor; Jeanne Cobb, DTED (no position); Mike Schwisow, Department of Agriculture (no position); Patrick Booth, TRADEC (supports bill with amendments to allow PNEAP to service and contract with industry trade associations and associate development organizations); Art Yoshioka, Pacific County Economic Development Council (in favor of bill); Jim Zimmerman, Troutlodge Incorporated, (in favor of bill); Don White, Washington Public Ports Association (in favor of bill); Tim Henson, World Trade Center of Tacoma (in favor of bill); Ken Keach, Export Assistance Center (in favor of bill); and Ron Newbry, Pacific Power and Light (in favor of bill).