

SENATE BILL REPORT

SHB 1555

AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS, MARCH 26, 1993

**Brief Description:** Concerning the use of funds by a public corporation formed by a municipality.

**SPONSORS:** House Committee on Local Government (originally sponsored by Representatives Springer, Riley, Edmondson, Zellinsky, Horn, Sheldon, Kremen, Bray, Ludwig and Quall)

**HOUSE COMMITTEE ON LOCAL GOVERNMENT**

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** Do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, Oke, von Reichbauer, and Winsley.

**Staff:** Katie Healy (786-7784)

**Hearing Dates:** March 25, 1993; March 26, 1993

**BACKGROUND:**

A city, town, county, or port district may create a public corporation to help finance the project costs of industrial development facilities. These public corporations may issue industrial development revenue bonds; construct, hold, lease, or sell industrial development facilities; and make loans for the purpose of providing financing for the project costs of an industrial development facility.

A public corporation is prohibited from commingling funds derived from the sale of revenue bonds, revenue derived from industrial development facilities, or interest on monies received with funds of the municipality. It is suggested that funds not needed by the public corporation for bond debt or for administrative costs be transferable to the municipality that created it for growth management, planning, or other economic development purposes.

**SUMMARY:**

A public corporation created by a municipality to help finance the cost of industrial development facilities may transfer nonencumbered funds to the municipality for bond payments or anticipated administrative expenses. Funds transferred to the municipality may be used for growth management, planning, or other economic development purposes.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

Over time, some public corporations have accumulated funds from assessments which have reached a level beyond that which is necessary for strictly administrative overhead. There is a desire to make use of these funds for economic development. This is a housekeeping measure not creating a windfall for jurisdictions but addresses an unanticipated consequence of operating public development corporations. This will add flexibility to permit monies to be spent on economic development purposes. Bond money will not be spent. This legislation was drafted by bond counsel.

**TESTIMONY AGAINST:** None

**TESTIFIED:** PRO: Pat Jones, WA Public Ports Assn.; Kenneth O'Hollaren, Executive Director, Port of Longview