

SENATE BILL REPORT

ESHB 2737

AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY &
ECONOMIC DEVELOPMENT, FEBRUARY 25, 1994

Brief Description: Modifying provisions regarding the Washington economic development finance authority.

SPONSORS: House Committee on Capital Budget (originally sponsored by Representatives Wineberry, Sheldon, Schoesler, Shin and Springer; by request of Department of Trade and Economic Development)

HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

HOUSE COMMITTEE ON CAPITAL BUDGET

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Erwin, M. Rasmussen and Williams.

Staff: Traci Ratzliff (786-7452)

Hearing Dates: February 22, 1994; February 25, 1994

BACKGROUND:

The Legislature created the Washington Economic Development Finance Authority (WEDFA) to help meet the capital needs of small and medium-sized businesses. WEDFA may issue nonrecourse revenue bonds to carry out its programs, which may be issued on either a tax-exempt or taxable basis. These bonds are not obligations of the state of Washington.

WEDFA is authorized to: (1) develop programs to fund export transactions for small businesses that cannot get commercial loans from private lenders at competitive rates and terms; (2) provide advance or up-front financing for economic development to farmers based on their subsidy from the federal government for not growing crops; and (3) pool loans guaranteed by the federal government.

SUMMARY:

The Washington Economic Development Finance Authority is authorized to develop and conduct a pilot program or programs to provide nonrecourse revenue bond financing for the project costs of not more than five economic development facilities until July 1, 1999. The authority for WEDFA to conduct access to capital programs for exporters, farmers, and through pooled loan agreements is repealed.

"Economic development facilities" means manufacturing, processing, research, production, assembly, tooling, energy generation, energy conversation, energy transmission, sports facilities, and industrial parks.

"Project costs" include: predevelopment, development, project financing and startup costs.

WEDFA is directed to study the possibility of merging the powers and duties of WEDFA with the Community Economic Revitalization Board (CERB). WEDFA must consult with CERB and the Department of Community, Trade, and Economic Development in conducting this study. The results and recommendations of the study must be reported to the Legislature by January 15, 1995.

WEDFA must make annual reports until 1999, and must send these reports to the appropriate fiscal committees of the Legislature.

SUMMARY OF PROPOSED COMMITTEE AMENDMENT:

Modifications are made to the definition section of the bill.

WEDFA is authorized to utilize state funds to support the administrative and technical assistance functions of its programs.

WEDFA is authorized to implement three new financing programs: a program or programs to provide nonrecourse revenue bond financing for the project costs of no more than five economic development finance objectives; a program that provides nonrecourse revenue bond financing for the development of new products, processes or techniques with commercial potential; and other economic development financing programs adopted by WEDFA in future general plans of economic development finance objectives.

The July 1, 1999 deadline for the funding of economic development activities is deleted. The study by WEDFA regarding the possibility of merging the powers and duties of WEDFA with the Community Economic Revitalization Board is deleted. The provisions repealing the three existing programs of WEDFA are deleted.

Appropriation: none

Revenue: none

Fiscal Note: none requested

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

TESTIMONY FOR:

This bill will allow the issuance of nonrecourse revenue bonds for new economic development activities and will therefore provide a valuable financing tool for Washington businesses.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Robin Pollard, Jonathan Hayes, Department of Trade and Economic Development; Dan Gottlieb, Riddell, Williams, Bullitt, and Walkinshaw