

SENATE BILL REPORT

SB 6122

AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY &  
ECONOMIC DEVELOPMENT, FEBRUARY 3, 1994

**Brief Description:** Prioritizing loans and grants for public facilities.

**SPONSORS:** Senators Skratek, Bluechel, Sheldon, Cantu and Winsley

**SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT**

**Majority Report:** Do pass.

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

**Staff:** Jeff Baird (786-7444)

**Hearing Dates:** January 25, 1994; February 3, 1994

**BACKGROUND:**

The Community Economic Revitalization Board (CERB) was created by the Legislature in 1982 as a financial incentive program to assist business expansion, recruitment and retention efforts. By providing low-cost financing to help offset infrastructure costs, CERB serves as a catalyst to help diversify and strengthen local economies. Job creation and retention are the primary goals of the program.

The authorizing statute contains an inconsistency: the board may not fund a project which would result in existing jobs being displaced in any community in the state, but the board may make grants or loans for projects that support the relocation of businesses from nondistressed urban areas to distressed rural areas. Thus, nondistressed urban areas could lose jobs, defeating the program goal of job retention.

**SUMMARY:**

The Community Economic Revitalization Board may make loans or grants to projects that support the expansion, rather than relocation, of existing businesses from nondistressed urban areas into distressed rural areas. The board shall give highest priority to projects that support value added manufacturing and high performance work organizations and that, therefore, presumably, lead to the creation of high skill, high wage jobs. The board shall also consider the relative benefits provided to a community by the jobs a project would create, not just the total number of jobs.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

There may be implementation problems regarding expansion, as opposed to relocation, of businesses and regarding the meaning of the term "high performance work organization", particularly as it might apply to the tourism industry in timer communities. Tourism is traditionally not a source of high skill, high wage jobs. As the bill is written, tourism in timber areas would not receive highest priority funding.

**TESTIMONY AGAINST:** None

**TESTIFIED:** PRO: Roz Bowen, HORSE; Bill Bunchfield; Bob Cowan,  
CERB