

SENATE BILL REPORT

SB 6322

**AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY &
ECONOMIC DEVELOPMENT, FEBRUARY 2, 1994**

Brief Description: Creating a program to stimulate the development of products in Washington.

SPONSORS: Senators Skratek, Bluechel, Sheldon, Williams, M. Rasmussen, Snyder 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: Traci Ratzliff (786-7452)

Hearing Dates: January 27, 1994: February 2, 1994

BACKGROUND:

The Washington Economic Development Finance Authority (WEDFA) was established in 1989 to help small and medium-sized businesses meet their capital needs. WEDFA is administered by an 18 member board. The Department of Trade and Economic Development provides the staff for WEDFA. WEDFA is authorized: to develop programs to fund export transactions for small business that cannot get commercial loans from private lenders; to provide advance or up front financing for economic development to farmers based on their subsidy from the federal government for not growing crops; to pool loans guaranteed by the federal government; and to access federal development finance programs. WEDFA is authorized to issue nonrecourse bonds to conduct these programs. Nonrecourse bonds are backed by income from the project or purpose the bonds are used for. These bonds are not obligations of the state.

Persons seeking to develop new products, processes or techniques for commercial purposes continue to experience significant difficulty in acquiring capital financing to conduct such activities.

SUMMARY:

WEDFA is authorized to develop and conduct a program that will provide capital financing for the development of new products, processes or techniques for commercial purposes.

For the purposes of this program, WEDFA may: enter into venture agreements with persons acquiring financing through WEDFA; own, possess and take license in patents, copyrights

and proprietary processes and negotiate and enter into contracts for the use of patents, copyrights, and proprietary processes developed as a result of WEDFA financing; negotiate royalty payments on patents and licenses; negotiate and enter into other types of contracts which assure a return on an investment made by WEDFA; provide technical assistance to those seeking to develop new products; refer individuals to appropriate laboratories for testing and evaluating new products, processes, or innovations; terminate, modify or forgive a term of a contractual right, payment, royalty, contract or agreement.

Persons seeking financial aid under this program must forward an application and application fee to WEDFA. The authority staff will conduct an investigation of each application and provide a report to the board. The board will approve or deny applications. In approving or denying applications, priority must be given to persons operating or planning to operate businesses of special importance to this state's economy, including: existing resource-based industries of agriculture, forestry and fisheries; existing advanced technology industries of electronics, computer and instrument manufacturing, and computer software; emerging industries of environmental technology, biotechnology, biomedical sciences, materials sciences and optics.

The Director of the Department of Community, Trade and Economic Development may create an advisory committee to assist in the evaluation and selection of projects seeking financing under this program.

WEDFA is authorized to utilize state funds to support the administrative functions of this program.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

The state of Oregon has operated a program that is similar to the one proposed in this bill. The program has met the business community's significant need for capital financing that can be used to develop new products, processes or techniques with commercial potential.

TESTIMONY AGAINST: None

TESTIFIED: Wayne Embree, Oregon Resource Technology Development Corporation (pro)