

HOUSE BILL REPORT

HB 2577

As Passed Legislature

Title: An act relating to the Hanford area economic investment fund.

Brief Description: Using and administering the Hanford area economic investment fund.

Sponsors: Representatives Hankins and Delvin.

Brief History:

Committee Activity:

Energy & Utilities: 1/27/98, 2/3/98 [DP].

Floor Activity:

Passed House: 2/10/98, 96-0.

Passed Legislature.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass. Signed by 13 members: Representatives Crouse, Chairman; DeBolt, Vice Chairman; Mastin, Vice Chairman; Poulsen, Ranking Minority Member; Morris, Assistant Ranking Minority Member; Bush; Cooper; Delvin; Honeyford; Kastama; Kessler; Mielke and B. Thomas.

Staff: Margaret Allen (786-7110).

Background: In 1991, the Legislature established the Hanford Area Economic Investment Fund (HAEIF) and required generators of low level radioactive waste to pay a surcharge of \$6.50 on each cubic foot of waste they disposed at the commercial disposal site located on the Hanford Reservation. The site operator collects the surcharges and forwards them to the state Department of Ecology, which remits \$4.50 of that surcharge to the HAEIF, and sends the remaining \$2.00 to Benton County where the disposal site is located. The fund balance as of December 31, 1997, was \$2,117,976.57.

Moneys in the fund can only be spent pursuant to recommendations of the Hanford Area Economic Investment Fund Committee (established by the Legislature to oversee the fund), and with the approval of the director of the Department of Community, Trade, and Economic Development (CTED).

Specifically, the funds can be used for the Hanford area revolving loan funds, infrastructure projects, and other economic development and diversification projects. "Hanford area" is defined as Benton and Franklin counties. In addition, while up to 5 percent of the moneys in the fund may be used for program administration, current law does not explicitly authorize the use of HAEIF funds to reimburse the Office of the Attorney General for costs incurred on behalf of the Committee. State boards and committees are required to use the services of the Attorney General's Office.

Among its other authorities, the committee may make the following recommendations to CTED: (1) Recommendations for administering the program, including the terms and rates of loans, and criteria for awarding grants, loans, and financial guarantees; (2) a strategy for spending the funds; and (3) up to two projects for funding each calendar year.

While the director of CTED must approve projects prior to the actual expenditure of funds, current law is silent as to which entity (the committee or CTED) may actually establish and administer a revolving fund or make grants using HAEIF moneys. Both CTED and the Committee have expressed a desire for the committee to be explicitly authorized to establish and administer a revolving fund and to make grants.

At the time the committee was created, it was assumed the local associate development organization would provide the staffing. This turned out not to be the case, and the committee has contracted with a local businesswoman for administrative support services.

Summary of Bill: The committee may establish and administer a revolving fund, and may make grants from the HAEIF. The director of CTED still must approve the funding of projects prior to the expenditure of HAEIF funds, and projects must continue to meet existing statutory criteria.

Hanford Area Economic Investment Fund moneys may be used for reasonable costs incurred by an assistant attorney general in support of the committee, and such expenditures are not subject to the 5 percent cap for program administration.

Statements that the local associate development organization will staff the committee are removed from existing statutes.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This technical clean-up bill removes ambiguities in existing law, removes incorrect references to staffing in current law, and allows the committee use

moneys in the fund to reimburse the attorney general for costs in representing the committee. This bill explicitly authorizes the Hanford Area Economic Investment Development Fund Committee to make loans and grants. Loans and grants from the fund enable people to start new businesses in the Tri-Cities.

Testimony Against: None.

Testified: Barry Bede, U. S. Ecology Inc. (pro); and Sandra Benbrook, Washington State Trade & Economic Development (pro).