

SENATE BILL REPORT

HB 1473

As Reported By Senate Committee On:
Ways & Means, April 3, 1997

Title: An act relating to providing supplemental appropriation authority for the development loan fund.

Brief Description: Providing supplemental appropriation authority for the development loan fund.

Sponsors: Representatives Sheldon, Buck, Veloria, Morris, Kessler, Scott and Dickerson.

Brief History:

Committee Activity: Ways & Means: 4/3/97 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Hochstatter, Kohl, Long, Loveland, McDonald, Rossi, Schow, Sheldon, Snyder, Spanel, Swecker, Thibaudeau and Winsley.

Staff: Cathy Baker (786-7708)

Background: The Development Loan Fund Program (DLFP), administered by the Department of Community, Trade, and Economic Development (CTED), provides low-interest loans to minority and women-owned businesses and businesses located in areas experiencing high unemployment. DLFP loans provide gap financing— to businesses by making up the difference between the cost of a project and the amount that businesses are able to obtain from conventional lenders. Loans are limited to a maximum of \$350,000 per project, or up to \$700,000 per project with the approval of the CTED director.

The 1995-97 capital budget appropriated \$3.5 million from the development loan account to CTED for the DLFP. CTED has issued 18 loans totaling \$3.4 million since the beginning of the biennium. Due to higher than anticipated loan repayments over the biennium, approximately \$2.3 million is available in the account for additional loans. CTED cannot expend these funds without additional appropriation authority. CTED has provided preliminary approval for four additional loans totaling \$653,000 contingent on receiving additional appropriation authority from the Legislature.

Summary of Bill: The 1995-97 capital budget appropriation to CTED from the development loan account is increased by \$700,000, from \$3.5 million to \$4.2 million.

Appropriation: The appropriation from the development loan account to the CTED is increased from \$3.5 million to \$4.2 million.

Fiscal Note: Not requested.

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

Testimony For: This bill makes a technical correction to the appropriation for the development loan fund. There is money in the fund, but CTED needs an increase in its appropriation in order to continue making loans.

Testimony Against: None.

Testified: Representative Tim Sheldon, prime sponsor.