

SENATE BILL REPORT

SHB 2529

As Reported By Senate Committee On:
Commerce & Labor, February 23, 1998

Title: An act relating to the small business export finance assistance center.

Brief Description: Assisting small business exporters.

Sponsors: House Committee on Trade & Economic Development (originally sponsored by Representatives Van Luven, Veloria, McDonald, Kenney, Tokuda, Dickerson, Mason, Kessler, Constantine, Thompson and Ogden; by request of Department of Community, Trade, and Economic Development).

Brief History:

Committee Activity: Commerce & Labor: 2/20/98, 2/23/98 [DPA].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended.

Signed by Senators Schow, Chair; Horn, Vice Chair; Franklin, Fraser, Heavey and Newhouse.

Staff: Jack Brummel (786-7428)

Background: The Small Business Export Finance Assistance Center was created in 1983 as a nonprofit corporation to provide financial and technical assistance to assist small and medium-sized businesses export their goods and services. The center is governed and managed by a 19-member board of directors. Members are appointed by the Governor and confirmed by the Senate for six-year terms.

Although the center is authorized to make export loans and provide loan guarantees, federal funds to do so were never received.

The center is authorized to charge fees for counseling services and received about \$12,000 last year from the federal Small Business Administration for packaging loans. The center received \$362,000 from the state this biennium. The state of Washington is not responsible for debts of the center.

Summary of Amended Bill: The Small Business Export Finance Assistance Center's board of directors is reduced from 19 members to seven members. Members are appointed by the Governor, with advice from board members. The term of the board members is reduced from six-year terms to four-year terms.

The membership of the board of directors is revised to include: (1) the director of the Department of Community, Trade, and Economic Development, or the director's designee; (2) a representative of a large financial institution engaged in financing export transactions

in Washington; (3) a representative of a small financial institution engaged in financing export transactions in Washington; (4) a large exporting company located in Washington; (5) a small exporting company located in Washington; (6) a representative of organized labor in a trade involving international commerce; and (7) a representative at large.

Specific authorization for the center to make loans or provide loan guarantees is removed. The center may (1) provide assistance and counseling to businesses with annual sales of \$200 million or less; (2) provide assistance in obtaining export credit insurance or other forms of foreign risk mitigation to facilitate the export of goods and services from Washington; (3) be a teaching resource to both public and private sponsors of workshops/programs on financing and risk mitigation aspects of exporting from Washington; and (4) develop a comprehensive inventory of public and private export-financing resources, including information on country specific resources and payment terms.

Amended Bill Compared to Substitute Bill: The annual sales limit is increased to \$200 million from the \$150 million that was in the substitute bill.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This is an efficiency bill. The current \$100 million in sales limitation denies a lot of firms the assistance they need.

Testimony Against: None.

Testified: Steve Odom, CTED (pro).