

SENATE BILL REPORT

SB 5341

As Reported By Senate Committee On:
Commerce & Labor, February 17, 1997

Title: An act relating to the Washington economic finance authority.

Brief Description: Revising authority of the Washington economic development authority to finance projects.

Sponsors: Senators Roach, Sheldon and Rasmussen.

Brief History:

Committee Activity: Commerce & Labor: 2/11/97, 2/17/97 [DPS, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5341 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson and Newhouse.

Minority Report: Do not pass.

Signed by Senator Heavey.

Staff: Jack Brummel (786-7428)

Background: In 1989 the Legislature created the Washington Economic Development Finance Authority (WEDFA) to help meet the capital needs of small and medium-sized businesses.

WEDFA is authorized to issue nonrecourse revenue bonds to carry out its programs. The bonds may be issued on either a tax-exempt or taxable basis. These bonds are not obligations of the state of Washington. Under current law, WEDFA may not issue bonds for more than five economic development projects per year.

In 1995, WEDFA initiated a program to help businesses finance manufacturing and processing equipment. Under this program, WEDFA may issue small industrial revenue bonds to businesses for the purchase of new equipment. These small bond issuances are for manufacturing or processing projects with individual total project costs of less than \$1 million, and are limited to ten per year.

Summary of Substitute Bill: The limitation on WEDFA's financing of five economic development activities per year is removed. The limitation on ten small issue bonds per year is removed.

Substitute Bill Compared to Original Bill: The express authority to provide nonrecourse revenue bond financing is retained.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: WEDFA helps small and medium-sized businesses grow. This bill would remove the limits on the number of projects. No state funds are used and bonds are issued at no cost to the state.

Testimony Against: None.

Testified: PRO: Senator Sheldon; Jonathan Hayes, WEDFA.