

HOUSE BILL REPORT

HB 1192

As Amended by the Senate

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

Brief Description: Adding to the definition of economic development activities.

Sponsors: Representatives Morris, Dunn, Miloscia, Veloria, Eickmeyer, DeBolt, Quall, Linville, Wolfe, Barlean, Kenney and Santos.

Brief History:

Committee Activity:

Economic Development, Housing & Trade: 1/26/99, 2/09/99 [DP].

Floor Activity:

Passed House: 2/24/99, 95-2.

Senate Amended.

Passed Senate: 4/16/99, 47-0.

Brief Summary of Bill

- Expands the economic development activities for which the Washington Economic Development Finance Authority can provide nonrecourse revenue bond financing.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING & TRADE

Majority Report: Do pass. Signed by 11 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic Vice Chair; Ballasiotes; Gombosky; Miloscia; Morris; Radcliff; Skinner and D. Sommers.

Staff: Jean Ann Quinn (786-7310).

Background:

The Washington Economic Development Finance Authority (WEDFA) was created by the Legislature in 1989 to help meet the capital needs of small and medium-sized

businesses, in particular businesses located in distressed counties. The WEDFA is authorized to provide nonrecourse revenue bond financing for the eligible project costs of economic development activities. Economic development activities means activities related to manufacturing, processing, research, production, assembly, tooling, warehousing, pollution control, energy generating, conservation, transmission, and sports facilities and industrial parks. The bonds may be issued on either a tax-exempt or taxable basis. The bonds issued by the WEDFA are not obligations of the state.

Summary of Bill:

The definition of "economic development activities," for which WEDFA is authorized to provide nonrecourse revenue bond financing, is expanded to include:

- (1) Airports;
- (2) Docks and wharves;
- (3) Mass commuting facilities;
- (4) High-speed intercity rail facilities;
- (5) Public broadcasting;
- (6) Solid waste disposal;
- (7) Federally qualified hazardous waste facilities; and
- (8) Activities conducted within a federally designated enterprise or empowerment zone or geographic area of similar nature.

EFFECT OF SENATE AMENDMENT(S): The Senate amendment prohibits WEDFA from providing nonrecourse revenue bond financing for parking garages operated for public use, sports stadiums or facilities, convention centers, or bridges primarily used for motor vehicles. It also allows WEDFA to provide financing for projects related to solid waste recycling, but not solid waste disposal.

The Senate amendment adds a provision allowing a city or town, with the agreement of three-fifths of the voters, to increase its total indebtedness above two and one-half percent of the value of the taxable property, but not more than an additional two and one-half percent, for the purpose of acquiring or developing capital facilities associated with economic development. The city or town must notify WEDFA at least thirty days before holding an election for the purpose of obtaining voter approval of the increase.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The Washington Economic Development Finance Authority, which receives no state funding, is authorized to issue bonds on a nonrecourse basis - meaning that the payment of principal and interest is solely the responsibility of the borrowing company. WEDFA can only issue bonds for certain categories of activities as authorized by state law. There are other activities that are tax exempt under the Internal Revenue Code, but WEDFA cannot currently assist with these projects because they are not among the authorized activities. One example is a project at SeaTac Airport proposed by Northwest Airlines. It makes sense to expand the authority to include all categories of activities that WEDFA may want to issue bonds for in the future, instead of making piecemeal amendments to the statute each time a new project arises. The bill will not change the way the private facility bond cap is allocated.

Testimony Against: None.

Testified: Jonathan Hayes, Washington Economic Development Finance Authority.