

HOUSE BILL REPORT

HB 1295

As Reported by House Committee On:
Trade & Economic Development

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

Brief Description: Modifying revenue bond provisions of the economic development finance authority.

Sponsors: Representatives Dunn (co-prime sponsor), Dunshee (co-prime sponsor), Mielke, Fromhold, Hunt, Miloscia, Roach and Benson.

Brief History:

Committee Activity:

Trade & Economic Development: 2/8/01, 2/15/01 [DPS].

Brief Summary of Substitute Bill

- Revises the Washington Economic Development Finance Authority (WEDFA) marketing plan, that is designed to target WEDFA financing programs, from distressed counties to rural counties.
- Extends the WEDFA statutory limitation on the amount of total outstanding debt it can have at any time from \$500 million to \$750 million.
- Extends the WEDFA statutory provision that prohibits the issuance of bonds after a specified date from June 30, 2004 to June 30, 2006.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic 1st Vice Chair; Fromhold, Democratic 2nd Vice Chair; Ahern, Gombosky, O'Brien, Pflug and Woods.

Staff: Kenny Pittman (786-7392).

Background:

The Washington Economic Development Finance Authority (WEDFA) was created in 1989 to help meet the capital needs of small and medium-sized businesses, in particular businesses located in distressed areas of the state. The WEDFA is authorized to provide financing to businesses, for eligible project costs, through the issuance of tax-exempt or taxable nonrecourse revenue bonds. The bonds issued by the WEDFA are not obligations of the state. The WEDFA is authorized to provide financing for activities related to manufacturing, processing, research and development, production, assembly, tooling, warehousing, pollution control, and energy generation, conservation and transmission.

The Washington Economic Development Finance Authority (WEDFA) is required to develop an annual finance plan that outlines its financing objectives. As part of the financing plan, the WEDFA is required to develop an outreach and marketing plan that is designed to increase its financial services to distressed counties. The WEDFA is limited to having no more than \$500 million in total outstanding indebtedness at any time. After June 30, 2004, the WEDFA may not issue any bonds for its financing programs.

Summary of Substitute Bill:

The Washington Economic Development Finance Authority's (WEDFA) required outreach and marketing plan, that is part of the WEDFA financing plan, is revised by removing reference to distressed counties and replacing it with rural counties. A rural county is defined as a county with a population density of less than 100 people per square mile.

The WEDFA statutory limitation on the amount of its outstanding indebtedness limit is increased from \$500 million to \$750 million. The WEDFA prohibition against issuing any bonds for the purpose of its programs is extended from June 30, 2004 to June 30, 2006.

Substitute Bill Compared to Original Bill:

The substitute bill revises the WEDFA's required outreach and marketing plan by removing reference to distressed counties and replacing it with rural counties. The removal of the limitation on the amount of the WEDFA's statutory outstanding debt it can have at any time, is replace with a \$750 million limit. The removal of the June 30, 2004 sunset date on the issuance of bonds, through the WEDFA, is replaced with a June 30, 2006 sunset date. An emergency clause is attached.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The program has been a success. The projects that have been funded create good quality jobs without the use of state funds. We cannot continue to fund projects because we are at our statutory debt limit. Without the removal of the statutory debt limit we cannot issue additional bonds to finance projects.

Testimony Against: None.

Testified: (In support) Representative Dunn, co-prime sponsor; and Jonathan Hayes, Executive Director, Washington Economic Development Finance Authority.