

SENATE BILL REPORT

SB 6543

As Reported By Senate Committee On:
Economic Development & Telecommunications, February 1, 2002

Title: An act relating to the community economic revitalization board.

Brief Description: Funding the community economic revitalization board.

Sponsors: Senators B. Sheldon, Snyder, T. Sheldon, Stevens, McCaslin, McAuliffe, Hale and Rasmussen; by request of Governor Locke.

Brief History:

Committee Activity: Economic Development & Telecommunications: 1/29/02, 2/1/02 [DP].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Finkbeiner, McCaslin, Rossi and Stevens.

Staff: William Bridges (786-7424)

Background: Community Economic Revitalization Board. Created in 1982, the Community Economic Revitalization Board (CERB) is a 19-member body representing private and public sectors, including legislators. Its primary purpose is to provide low-interest loans and grants to finance local public infrastructure improvements that will attract specific businesses to a community, or that will expand or retain an existing business that is already in a community. Counties, cities, port districts, and special purpose districts are eligible for CERB funding.

Before the passage of Initiative 695 in 1999, the Motor Vehicle Excise Tax funded CERB. For the 2001-03 biennium, CERB is funded by loan repayments and a \$3 million appropriation from the capital budget.

Public Works Trust Fund. Created in 1985, the Public Works Trust Fund (PWTF) provides low-interest loans to improve local public infrastructure. It is administered by the Public Works Board, a 13-member body representing private and public sectors, including elected officials. Every year, the board issues a list of recommended projects that is subject to legislative review and approval.

Counties, cities, and special purpose districts, except school and port districts, are eligible for PWTF loans. In addition, from 1991 to 1997, the Legislature authorized PWTF monies for timber-dependent communities and rural natural resource impact areas. All eligible local governments that receive a PWTF loan must impose a special real estate excise tax.

The PWTF is financed by loan repayments, utility and sales taxes on local water, sewer, and garbage collection, and a portion of the real estate excise tax.

CERB and PWTF Accounts. The repayments of loan principal and interest for both CERB and PWTF loans are placed into separate accounts in the state treasury: the CERB account (also called the Public Facilities Construction Loan Revolving Account), and the PWTF account (also called the Public Works Assistance Account). The interest earned on these accounts is deposited into the state general fund.

Summary of Bill: An ongoing source for CERB funding is established by allowing CERB to keep 100 percent of its interest earnings and by redirecting the interest from the PWTF account into the CERB account.

CERB Account (Public Facilities Construction Loan Revolving Account). The CERB program is authorized to retain 100 percent of its interest earnings on the repayment of principal and interest on its loans.

PWTF Account (Public Works Assistance Account). The PWTF program is authorized to retain 100 percent of its interest earnings on the repayment of principal and interest on its loans. The State Treasurer must deposit these interest earnings into the CERB account (Public Facilities Construction Loan Revolving Account).

Until June 30, 2013, the State Treasurer must also annually transfer the principal and interest payments on loans made under the timber-dependent communities program and the rural natural resources impact area program into the CERB account (Public Facilities Construction Loan Revolving Account). The transfer cannot exceed \$1.9 million per year.

Appropriation: None.

Fiscal Note: Requested on January 18, 2002.

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

Testimony For: CERB is a unique organization that is designed to quickly respond to siting needs. It is a critical factor in filling financing gaps. Since 1982, it has invested in 165 projects in 35 counties, creating and retaining over 18,000 jobs. Every CERB dollar is matched by \$20 in private funds. Every CERB dollar creates \$4.80 in construction activity. The Competitiveness Council recommended long-term funding for CERB. Since 1991, CERB has invested over 90 percent of its funds in rural counties. CERB helped to fund water, sewer, and road projects in the City of Toppenish that allowed Del Monte Foods and Siligan Containers Corp. to expand their operations. In Lincoln County, CERB helped to finance the Odessa Business Park. In Grays Harbor County, CERB helped the county finance a rail spur that is used by Sierra Pacific Industries.

Testimony Against: None.

Testified: Peter Antolin, OFM (pro); Judith Boekholder, City of Toppenish, CERB Chair (pro); Pam Kelley, Lincoln County Associate Dev. Org. (pro); John LaRocque, Public Works Board (pro); Ron Rosenbloom, Assn. of Wash. Cities (pro); Mike Shelton, Wash. State Assn.

of Counties (pro); Rick Slunaker, Associated Gen. Contractors of Wash. (pro); Scott Taylor, Wash. Public Ports Assn. (pro); Michael Tracy, Grays Harbor EDC (pro); Brian Wahl, Wash. Assn. of Realtors (pro); Sung Yang (OTED) (pro).