

HOUSE BILL REPORT

HB 2612

As Passed House:

February 13, 2004

Title: An act relating to the Hanford area economic investment fund.

Brief Description: Modifying provisions concerning the Hanford Area Economic Investment Fund.

Sponsors: By Representatives Grant, Hankins, Delvin and Veloria; by request of Department of Community, Trade, and Economic Development.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 1/23/04, 2/6/04 [DPS];

Appropriations: 2/9/04 [DPS(TTE)].

Floor Activity:

Passed House: 2/13/04, 95-0.

Brief Summary of Bill

- Allows the Hanford Area Economic Investment Fund Committee (Committee) to adopt: (1) rules for the administration of the Hanford Area Economic Investment Fund, and (2) a spending strategy; and eliminates the requirement that the committee recommend those rules and its spending strategy to the Director of the Department of Community, Trade, and Economic Development.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Morris, Chair; Ruderman, Vice Chair; Sullivan, Vice Chair; Crouse, Ranking Minority Member; Nixon, Assistant Ranking Minority Member; Anderson, Blake, Bush, Delvin, Hudgins, Kirby, McMahan, McMorris, Romero, Tom, Wallace and Wood.

Staff: Kiki Keizer (786-7109).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Technology, Telecommunications & Energy be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Chandler, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Staff: David Pringle (786-7310).

Background:

In 1991, the Legislature established the Hanford Area Economic Investment Fund in the custody of the State Treasurer. By law, the fund was to be used for revolving loan funds, infrastructure projects, or other economic development and diversification projects, all in Benton and Franklin Counties. The law was later amended to allow a portion of the fund to be used for reasonable Assistant Attorney General costs in support of the committee that was formed to make recommendations with respect to the use of the fund, as described in more detail below.

Along with establishing the Hanford Area Economic Investment Fund in 1991, the Legislature created a committee to make recommendations to the Director of the Department of Trade and Economic Development (now the Department of Community, Trade and Economic Development, also known as CTED) regarding projects eligible to receive funding from the Hanford Area Economic Investment Fund. The Committee comprises 11 members, appointed by the Governor, representing the elected leadership of Benton and Franklin counties and the cities of Richland, Kennewick, and Pasco; a Hanford area port district; the labor community; and the Hanford area business and financial community. Each member of the Committee resides or must be employed in Benton or Franklin County.

Specifically, under current law, the business that the committee may conduct is to:

- Adopt its own bylaws;
- Use the services of other governmental agencies;
- Accept federal or state agency loans or grants for purposes of funding qualify revolving loan funds or other projects under the Hanford Area Economic Investment Fund;
- Recommend to the Director of CTED rules for administration of the program, including terms and rates pertaining to its loans and criteria for awarding grants, loans, and financial guarantees;
- Recommend to the Director of CTED a spending strategy for the moneys in the Hanford Area Economic Investment Fund, including five- and 10-year goals for economic development and diversification for use of the funds in Benton and Franklin

Counties;

- Recommend to the Director of CTED no more than two allocations eligible for funding per calendar year, subject to certain priorities;
- Establish and administer a revolving fund; and
- Make grants from the Hanford Area Economic Investment Fund.

The Hanford Area Economic Investment Fund is funded by a fee paid by generators of radioactive waste that is disposed of in Washington. Current law, enacted in 1991, provides that generators of such waste pay a fee of \$6.50 per cubic foot of waste. For every \$6.50 in fees, Benton County receives \$2.00, and the Hanford Area Economic Investment Fund receives the remaining \$4.50.

Summary of Bill:

Existing law is modified to allow the Hanford Area Economic Investment Fund Committee: (1) to adopt rules for the administration of the Hanford Area Economic Investment Fund, including terms and rates pertaining to its loans and criteria for awarding grants, loans, and financial guarantees; and (2) to adopt a spending strategy for the moneys in the Hanford Area Economic Investment Fund, including five- and 10-year goals for economic development and diversification for use of the moneys in Franklin and Benton Counties. The requirement that the Hanford Area Economic Investment Fund Committee recommend rules and spending strategies to the Director of the Department of Community, Trade and Economic Development is eliminated.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (Technology, Telecommunications & Energy) The Hanford Area Economic Investment Fund's goal has been to diversify the economy in the Hanford area. Over a period of 11 years, the fund has made 22 loans. The average amount of the loan is approximately \$300,000. The fund has been an important source of economic development.

While CTED's role with respect to the fund's administration and strategic planning made sense when the fund originated, local control of those matters is more appropriate now.

Testimony For: (Appropriations) This is request legislation from the Department of Community, Trade, and Economic Development. It allows the Committee to make its own decisions about how the local economy is developed. The purpose of the bill is to extract the Department from the decision-making process. The fee escalator to generate

additional funds was only recently added to the bill, so is not currently reflected in the costs.

Testimony Against: (Technology, Telecommunications & Energy) None.

Testimony Against: (Appropriations) None.

Persons Testifying: (Technology, Telecommunications & Energy) Tom McBride and Jim Keogh, Community Trade and Economic Development.

Persons Testifying: (Appropriations) Tom McBride, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: (Technology, Telecommunications & Energy) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.