
**Trade & Economic Development
Committee**

HB 2784

Brief Description: Creating the small business incubator program.

Sponsors: Representatives Pettigrew, Skinner, O'Brien, Conway, Hunt, Cooper, Cairnes, Eickmeyer, Jarrett, Sullivan, Kirby, Simpson, G., Ruderman, Hatfield, Moeller, Chase, Kenney, Morrell, Hudgins and Murray.

Brief Summary of Bill

- Creates the Small Business Incubator Program to assist start-up and existing firms with viable products that are located in economically distressed or disadvantaged areas.

Hearing Date: 1/29/04

Staff: Tracey Taylor (786-7196).

Background:

Business incubation is a dynamic process of business enterprise development. Incubators provide hands-on management assistance, access to financing and orchestrated exposure to critical business or technical support services. Most also offer entrepreneurial firms shared office services, access to equipment, flexible leases, and expandable space.

An incubation program's main goal is to produce businesses that are financially viable and freestanding when they leave the incubator, usually after two or three years. Approximately 30 percent of incubator clients graduate each year.

Some incubators accept a mix of industries while others concentrate on industry niches. Forty-seven percent of incubation programs identify themselves as mixed use. Thirty-seven percent of the incubators focus solely on technology companies. Seven percent of incubation programs are dedicated to manufacturing.

Summary of Bill:

The Washington Small Business Incubator and Assistance Act of 2004 creates the Small Business Incubator (SBI) program which will be administered by the Department of Community, Trade and Economic Development (DCTED).

The DCTED will award grants to qualified SBI organizations for the construction and equipment needs of the SBI facility. In order to receive the grant, the qualified SBI must show that it has the resources to complete the project in a timely manner and that the state grant is not the sole source of funds. In addition to the facilities funds, the DCTED can provide operating assistance, up to a maximum of \$125,000 per year, to a qualified SBI for support services and the operation of the SBI facilities.

A SBI is defined as a physical location that offers:

- (1) space for start-up and expanding firms with viable products;
- (2) the shared use of equipment and work areas;
- (3) daily management support services essential to high-quality commercial operations; and
- (4) technical resources that enable entrepreneurs to transform private activities into successful business.

To qualify for money under the SBI Program, a SBI organization must be a nonprofit 501(c)(3) organization focused on developing small businesses in an economically distressed or disadvantaged area. They must also have a sound business plan and meet other standards set by DCTED.

All state agencies are to include SBI in their strategies for economic growth.

An SBI account is created in the custody of the State Treasurer.

Appropriation: None.

Fiscal Note: Requested on January 21, 2004.

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