

SENATE BILL REPORT

HB 1032

As Reported By Senate Committee On:
Economic Development, March 28, 2003

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

Brief Description: Providing an ongoing funding source for the community economic revitalization board's financial assistance programs.

Sponsors: Representatives Veloria, Eickmeyer, Linville, Chase, Hatfield, Fromhold, McCoy, Conway, Kessler, Cody, Jarrett, Murray, Kenney, Schual-Berke, Clibborn, Lovick, Upthegrove and McIntire; by request of Governor Locke.

Brief History:

Committee Activity: Economic Development: 3/21/03, 3/28/03 [DP-WM].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators T. Sheldon, Chair; Zarelli, Vice Chair; Hale, Kohl-Welles, Schmidt and Shin.

Staff: Jack Brummel (786-7428)

Background: The Community Economic Revitalization Board (CERB) was created in 1982 to provide funding for publicly owned economic development infrastructure. Through CERB, direct loans and grants are available to counties, cities, and special purpose districts for feasibility studies and for public improvements such as the acquisition, construction, or repair of water and sewer systems, bridges, railroad spurs, telecommunication systems, roads, structures, and port facilities. CERB funds are only made available if a specific private development or expansion is ready to occur and will occur only if the public improvements are made.

CERB financing had traditionally come from general funds but since 1995 has come from a variety of accounts. Legislation passed in 2002 provides that, beginning July 1, 2004, interest earnings on the CERB account (the Public Facilities Construction Loan Revolving Account) are to be retained in the account rather than in the general fund. This amounts to approximately \$200,000. per year. The 2002 legislation also provides for the CERB account to receive for five years, starting in 2003, the repayment of principal and interest on loans from the Public Works Trust Fund's timber and rural natural resources impact area programs, up to \$4.5 million per year.

Summary of Bill: The interest earnings attributable to the Public Works Trust Fund's treasury account (the Public Works Assistance Account) is placed in the CERB account. This will amount to approximately \$900,000 per year.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed, except for sections 2 and 3 which take effect July 1, 2005.

Testimony For: CERB helps local governments build industrial sites. It has been highly successful in rural areas. It has created and retained over 18,000 jobs. The Public Works Board and CERB work well together. The bill will help make a permanent funding source for CERB. This is the most important economic development program for small ports. This will allow CERB to keep the interest of the Public Works Trust Fund. The bill will have no fiscal impact in the '03-'05 biennium.

Testimony Against: None.

Testified: PRO: Representative Velma Veloria, prime sponsor; John La Rock, Public Works Board; Rick Slunaker, Associated General Contractors; Scott Taylor, Washington Public Ports Association; Ron Newbry, Washington Economic Development Association; Robin Pollard, CTED; Sheila Martin, Governor's Executive Policy Office.