

HOUSE BILL REPORT

ESB 5330

As Reported by House Committee On:
Economic Development, Agriculture & Trade
Appropriations

Title: An act relating to economic development grants and assistance.

Brief Description: Creating the economic development grants program.

Sponsors: Senators Shin, Rasmussen, Berkey, McAuliffe and Kohl-Welles.

Brief History:

Committee Activity:

Economic Development, Agriculture & Trade: 2/17/06, 2/22/06 [DPA];
Appropriations: 2/27/06 [DPA(EDAT)].

Brief Summary of Engrossed Bill
(As Amended by House Committee)

- Directs the Department of Community, Trade and Economic Development to create an inventory of grant opportunities for state agencies, local governments, and other community organizations engaged in economic development activities.
- The Department of Community, Trade and Economic Development shall make available an inventory of grant opportunities for state agencies, local governments, and other community organizations engaged in economic development activities.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, AGRICULTURE & TRADE

Majority Report: Do pass as amended. Signed by 23 members: Representatives Linville, Chair; Pettigrew, Vice Chair; Kristiansen, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Appleton, Bailey, Blake, Buri, Chase, Clibborn, Dunn, Grant, Haler, Holmquist, Kilmer, Kretz, McCoy, Morrell, Newhouse, Quall, Strow, P. Sullivan and Wallace.

Staff: Tracey Taylor (786-7196).

Background:

As the state's lead agency on economic development, the Department of Community, Trade and Economic Development (DCTED) delivers a range of economic development-related

services from assisting with complex permit processes to infrastructure and business financing to marketing the state as a desirable place to live, work and/or visit. Its clients range from local municipalities looking for assistance with planning and pre-development to economic development organizations and businesses needing help in business retention or expansion efforts.

There are numerous federal and private economic development assistance programs for which state agencies and local governments and organizations are eligible to apply. Examples include the federal Rural Business Enterprise Grant, Economic Development Administration Grants, and Kellogg Foundation Economic Development Grants, etc.

Currently, the DCTED does not have a systematic process for identifying and applying for economic development grants.

Summary of Amended Bill:

The Department of Community, Trade and Economic Development (DCTED) must create, within existing resources, an inventory of grant opportunities for state agencies, local governments, and other community organizations engaged in economic development activities.

In developing the inventory of economic development grants, the DCTED may regularly review the Federal Register for grant opportunities, research projects, and demonstration projects. In addition, the DCTED may maintain an inventory of private grant opportunities from foundations and businesses. The DCTED may consult with federal officials as well as private foundations and businesses on the prospects of obtaining federal and private funds for economic development activities in Washington. The DCTED may also facilitate joint efforts between agencies and between agencies and local organizations that will increase the likelihood of success.

Amended Bill Compared to Original Bill:

The primary focus of the grant program is changed from grant writing to the creation of an inventory of grant opportunities. The staffing requirement is eliminated and the inventory must be created within existing DCTED resources. Most of specific duties, other than the inventory creation, are eliminated and the remaining duties are made permissive. The assistance to local entities in attracting regional, national, and international business, tourism, and sporting events is eliminated. The null and void clause is removed.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: During the last two years, Washington has been in a budget crisis. As Paul Getty said, we "need to use the other guy's money to make us rich." There are a lot of private foundations that give grants. The DCTED is overwhelmed with responsibility and cannot look for those grants. Perhaps Washington is leaving money on the table by not seeking grants or matching funds and these are lost opportunities. This bill gives the DCTED the flexibility to have staff dedicated to seek grants.

(Neutral with fiscal concerns) When the DCTED tried grant writing in the past, the challenge was that many of the grants required state matching moneys. This bill does not provide for the necessary matching funds. In addition to the grant writer, this bill as it passed out of the Senate also requires the person to assist in attracting regional, international, and national events. These are two distinct talents. In addition, the amount of centralization this bill creates may not be in sync with the other economic development policy goal of local communities driving their own activities.

Testimony Against: None.

Persons Testifying: (In support) Senator Shin, prime sponsor; and Ron Newbry, Washington Economic Development Association and Washington Manufacturing Services.

(Neutral with fiscal concerns) Marie Sullivan, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Economic Development, Agriculture & Trade. Signed by 21 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Bailey, Buri, Cody, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Priest, Schual-Berke, P. Sullivan and Walsh.

Minority Report: Do not pass. Signed by 9 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Chandler, Clements, Hinkle, Pearson and Talcott.

Staff: Owen Rowe (786-7391).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Economic Development, Agriculture & Trade:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (In support) There are many foundations that offer grants for economic development or community projects. The Senate version of this bill sets up a full-time grant writer at the Department of Community, Trade and Economic Development (DCTED) to take advantage of the opportunity to assist state agencies, local governments, and other community organizations in benefitting from grant opportunities from the federal government and other funding sources. It is important to have a full-time staff person at the DCTED to research and assist public entities in securing grant funding opportunities.

(Concerns) The bill requires the DCTED to create a grant inventory within existing resources. To maintain inventory and to make the available grant list public will take at least a half-time staff person. If the bill does not get funding, internal staff time will need to be shifted away from other existing programs in order to keep up with the responsibilities in this bill.

Testimony Against: None.

Persons Testifying: (In support) Senator Shin, prime sponsor.

(Concerns) Marie Sullivan, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.