

SENATE BILL REPORT

3SHB 1815

As Reported By Senate Committee On:
International Trade & Economic Development, February 21, 2006

Title: An act relating to a small business incubator competitive grant program.

Brief Description: Creating a competitive grant program for organizations that assist small businesses.

Sponsors: House Committee on Economic Development, Agriculture & Trade (originally sponsored by Representatives Wallace, Skinner, Pettigrew, Rodne, Kilmer, Ahern, Blake, McCoy, Anderson, Walsh, Lovick, Hudgins, Appleton, Strow, Murray, B. Sullivan, Simpson, Kessler, Williams, O'Brien, Conway, Morris, Linville, Lantz and Moeller).

Brief History: Passed House: 2/10/06, 69-29.

Committee Activity: International Trade & Economic Development: 2/21/06 [DP-WM].
Ways & Means: 2/24/06.

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

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

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide, Roach and Zarelli.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Kirstan Arestad (786-7708)

Background: Most small businesses fail within their first five years of operation because they are undercapitalized or lack proper management. A small business incubator is a facility in which a number of businesses operate under one roof with affordable rents, sharing services and equipment. Typically, professional and technical assistance is offered to the business on site.

In 2004, the Small Business Incubator (SBI) program was created within the Department of Community, Trade, and Economic Development (CTED). CTED develops criteria and accepts donations for the SBI program, which promotes small business incubators as economic development tools.

The program awards grants to qualified SBI organizations for construction and equipment needs and technical assistance services. A grant recipient must show that the state grant is not the sole source of funds, and that it has the resources to complete the project in a timely manner.

Summary of Bill: A competitive grant program is established for small business incubators and entrepreneurial support programs providing business-related training and services as well as technical assistance to start-up or emerging businesses.

The grants are awarded to 501(c)(3) or 501(c)(6) nonprofit organizations or governmental organizations, including port districts, and are to be distributed equitably across the state.

Ninety percent of the grant funds must be used to provide direct services and training to businesses. Administration and overhead expenses are limited to 10 percent of the grant award. The grants are awarded for a two-year period and previous grantees are not prohibited from reapplying for new grants.

Grant recipients must submit annual reports to CTED and CTED must submit a report on the grant program to the appropriate committees of the Legislature.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: This will give money to provide support services to businesses. Incubators that received grant funds earlier are serving about 100 firms.

Testimony Against: This may result in grants that are too small. The current process will be disrupted if this passes.

Who Testified: PRO: Representative Wallace; Marie Sullivan, CTED.

CON: Lincoln Ferris, WA Assoc. of Small Business Incubators; Colleen Hall Barta; William Factory Small Business Incubator.