

# SENATE BILL REPORT

## SB 5040

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As Reported By Senate Committee On:  
International Trade & Economic Development, January 27, 2005

**Title:** An act relating to providing additional funding for the community economic revitalization board's programs.

**Brief Description:** Providing additional funding for the community economic revitalization board's programs.

**Sponsors:** Senators Shin, Hewitt, Mulliken and Sheldon; by request of Department of Community, Trade, and Economic Development.

**Brief History:**

**Committee Activity:** International Trade & Economic Development: 1/18/05, 1/27/05 [DPS-WM].

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### SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5040 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Doumit, Eide, Pflug and Roach.

**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 has come from a variety of accounts, including the general fund, since 1995. Legislation passed in 2002 provides that 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, through 2008, 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. In 2003, legislation passed providing that 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 is expected to provide approximately \$900,000 per year.

The federal government is looking for ways to cut expenses through military base closures. Providing that CERB funds can be used to retain businesses that are military-related may help assure federal officials that Washington has a strong interest in retaining troops at Washington's military bases.

The legislature passed legislation in 2004 creating a small business incubator program in the Department of Community, Trade, and Economic Development (CTED) and a small business incubator account in the state treasury.

**Summary of Substitute Bill:** \$2,250,000 in FY 2006 and \$2,250,000 in FY 2007 is transferred from the general fund to the CERB account.

CERB financial assistance may be provided for projects that help retain businesses that are military-related.

**Substitute Bill Compared to Original Bill:** A section of the bill was removed which would have allowed CTED to enter into an agreement with CERB to implement the small business incubator program and make expenditures from the small business incubator account.

**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:** The bill will provide needed infrastructure funds. CERB targets key high wage industries and is the most important economic development program in the state.

**Testimony Against:** None.

**Who Testified:** PRO: Victor Vasquez, CTED; Dennis Townsend, CERB Bd. member; Scott Talyor, WA Public Port Assoc.; Dave Ripp, Port of Woodland; Ron Newbry, WA economic Development Assn.; Kevin Varness, Grays Harbor County; Rick Slunacker, Assoc. General Contractors.