

SENATE BILL REPORT

2SSB 5370

As Passed Senate, March 15, 2005

Title: An act relating to the economic development strategic reserve account.

Brief Description: Creating the economic development strategic reserve account.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Benson, Shin, Sheldon, Eide, Kohl-Welles and McAuliffe).

Brief History:

Committee Activity: International Trade & Economic Development: 2/15/05, 2/17/05 [DPS-WM].

Ways & Means: 3/2/05, 3/7/05 [DP2S].

Passed Senate: 3/15/05, 47-0.

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5370 be substituted therefor, and the substitute bill 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

Majority Report: That Second Substitute Senate Bill No. 5370 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Rockefeller, Schoesler and Thibaudeau.

Staff: Dean Carlson (786-7305)

Background: The legislature established the Economic Development Commission in 2003 to develop the state's economic development strategy, provide advice on policy and programs, and make recommendations. The commission is directed to provide advice about strategies to make funds available for economic development purposes more flexible to meet emergent needs and maximize opportunities.

Summary of Bill: The Economic Development Strategic Reserve Account is created. The Governor may authorize expenditures from the account in consultation with the Director of Community Trade and Economic Development and the Economic Development Commission.

Funds are to be used to support the Economic Development Commission. Funds may also be used to attract businesses and prevent business closure or relocation. Authorized uses include funding workforce development, public infrastructure, and other assistance provided contractually with an assurance of job creation or retention.

Funds may not be expended unless the timely procurement of funding from other state sources is not possible and funding is accompanied by, and will not supplant, private investment. Any businesses assisted must produce significant economic benefits, including jobs or higher income, and may not require a continuing state subsidy.

If this bill is not funded in the omnibus appropriations act by June 30, 2005, then this act is null and void.

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 (International Trade & Economic Development): Washington is disadvantaged in the economic development tool box we have. The executive branch needs to be able to act when necessary to recruit a business. This will help communities across the state that are competing for jobs.

Testimony Against (International Trade & Economic Development): None.

Who Testified: (International Trade & Economic Development) PRO: Senator Brown, prime sponsor; Scott Morris, WA Economic Development Commission and Avista Corp.; Collins Sprague, Avista Corp.; Bart Phillips, Columbia River EDC.

Testimony For (Ways & Means): None.

Testimony Against (Ways & Means): None.

Other: The funding source for this bill will reduce the amount transferred to the education construction account.

Who Testified (Ways & Means): OTHER: Jacque Coe, Washington State Lottery.

House Amendment(s): The requirement that the Governor consult with the Economic Development Commission and the Director of the Department of Community, Trade and Economic Development prior to authorizing expenditures from the account, is replaced with a requirement that the Governor receive the approval of the Public Works Board and the Washington Economic Development Finance Authority.

The expenditure of funds for staffing the Economic Development Commission is allowed, rather than required, however an operating appropriation to the account for this purpose is required.

No more than \$3 million per year may be expended to assist an individual business or facility.

From July 1, 2007 through June 30, 2011, ten million dollars per biennium from the Public Works Assistance Account will be appropriated to the strategic reserve account. If both SB 5370 and HB 1903 pass the legislature, no more than \$50 million in total per biennium may be appropriated from the Public Works Assistance Account for the purposes of both bills.

Passed House: 60-36.