

# SENATE BILL REPORT

## SSB 5723

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As Amended by House, April 14, 2009

**Title:** An act relating to providing support for small business assistance.

**Brief Description:** Providing support for small business assistance.

**Sponsors:** Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Kastama, Shin and Swecker).

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 2/04/09, 2/11/09 [DPS].

Passed Senate: 3/07/09, 39-3.

Passed House: 4/14/09, 95-2.

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** That Substitute Senate Bill No. 5723 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide and Kilmer.

**Staff:** Jack Brummel (786-7428)

**Background:** The Washington Small Business Development Center (SBDC) provides assistance, training, and support services to small businesses and entrepreneurs. The SBDC currently operates with federal funds and some state funds. The SBDC charges a nominal fee for a few training services.

Washington's Community Credit Needs Act, patterned after the federal Community Reinvestment Act (CRA), is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate. Under both laws, a depository institution's record in helping meet the credit needs of its entire community is evaluated periodically based on the institution's filed statements. CRA examinations are conducted by the federal agencies that are responsible for supervising depository institutions. For state chartered banks, state law sets forth 11 specific criteria, independent of any federal determination, for the Director of the Department of Financial Institutions to use in assessing a bank's record of performance in meeting community credit needs.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Most businesses subject to state excise taxes must apply for and obtain a registration certificate. About 80,000 new businesses obtain a registration certificate each year.

**Summary of Substitute Bill:** The SBDC will work with other state organizations to integrate small business development centers with other state economic development and work force development programs. The SBDC will also encourage the development of inter-institutional entrepreneurial education, training, and assistance programs.

For state chartered banks, sponsorship of SBDC offices and small business assistance services must be considered in assessing the bank's performance in meeting community credit needs.

The Business Assistance Account is created in the state treasury to be used for the expansion of business assistance services delivered by the SBDC.

**Appropriation:** None.

**Fiscal Note:** Requested on February 2, 2009.  
[OFM requested ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: Banks have found that new businesses attempting to get loans are not ready and need more technical assistance. This would really help with small business development and job creation. The Renton SBDC has a heavy emphasis on helping minority and women-owned businesses but operates without state funding of any kind. SBDCs matching funds are decreasing and this would allow them to avoid cut-backs and even expand services.

**Persons Testifying:** PRO: Senator Kastama, prime sponsor; Brett Rogers, SBDC, WSU; Bill Lotto, Lewis County Economic Development Council; Doug Levy, City of Renton.

**House Amendment(s):** Directs the SBDC to work with specified state and local economic and workforce development organizations to integrate, target, coordinate, and tailor its services and to establish and expand satellite offices when financially feasible. The SBDC is directed to request approval from the U.S. Small Business Administration of a special emphasis initiative to target assistance to the state's smaller businesses. The SBDC is required to submit a written final report on December 1, 2010, on accomplishments and outcomes of the act's directives.

For state chartered banks, contributions to local or statewide business assistance organizations, rather than sponsorship of SBDC offices, must be considered in assessing the bank's performance in meeting community credit needs.

Requires state agency solicitations of purchased goods and services, personal services, information services, and printing services be posted on the state's common vendor registration

and bid notification system. Requires the state's central services agencies to develop procurement policies and procedures which encourage and facilitate state agency purchases of products and services from small businesses in Washington.