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## Community & Economic Development & Housing Committee

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### SB 5404

**Brief Description:** Authorizing community economic revitalization board funding to benefit innovation partnership zones.

**Sponsors:** Senators Chase, Kastama, Hatfield, Shin, Prentice, McAuliffe, Kohl-Welles, Conway and Keiser.

#### Brief Summary of Bill

- Adds enhancing job and business growth through facility development and other improvements in Innovation Partnership Zones (IPZs) as a general objective of the Community Economic Revitalization Board (CERB).
- Includes research, testing, training, and incubation facilities in IPZs in the types of public facilities eligible for CERB financing.

**Hearing Date:** 2/16/12

**Staff:** Jennifer Thornton (786-7147).

#### Background:

##### Innovation Partnership Zones.

In 2007 the Legislature directed the Department of Community, Trade and Economic Development (now the Department of Commerce) to design and implement an Innovation Partnership Zone (IPZ) program through which the state would encourage and support research institutions, workforce training organizations, and globally competitive companies working cooperatively in close geographic proximity to create commercially viable products and jobs.

Using specified criteria, the Department of Commerce (Department) with the advice of the Washington Economic Development Commission designates the IPZs for a period of four years. An IPZ may renew its designation through a reapplication process, and may lose its designation

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for failure to meet performance standards. The IPZs are eligible for funds as provided by the Legislature or at the discretion of the Governor. There are currently 14 IPZs in Washington.

In the 2007-09 and 2009-11 state capital budgets, the Department received a total of \$6.5 million in state general obligation bond funding for IPZs. The Department awarded the funds on a competitive basis for use by IPZs on new research and development facilities, incubator space, shared laboratory space, public access broadband service, signage and road construction, and a training center.

#### Community Economic Revitalization Board.

The Community Economic Revitalization Board (CERB) is a 20-member statutory state board created in 1982 that is charged with funding public infrastructure improvements that encourage new business development and expansion in areas seeking economic growth. The CERB receives administrative support from the Department.

The CERB's focus is on creating and retaining jobs in partnership with local governments, with traditional assistance primarily targeted to rural communities. Through the CERB, local governments can apply for low-interest loans and, occasionally, grants, to help finance public facility projects. Counties, cities, towns, port districts, federally-recognized Indian tribes, special purpose districts, municipal corporations, and quasi-municipal corporations with economic development purposes are eligible to apply. Public facilities eligible for the CERB financing include: bridges, roads, domestic and industrial water, earth stabilization, sanitary sewer, storm sewer, railroad, telecommunications, electricity, transportation, natural gas, buildings or structures, and port facilities.

Funding for the CERB has been historically appropriated in the state capital budget from state general obligation bonds, the Public Works Assistance Account, and the Public Facility Construction Loan Revolving Account. For 2011-13, \$5 million is appropriated for the CERB.

#### **Summary of Bill:**

The general objectives of the CERB are expanded to include enhancing job and business growth through facility development and other improvements in IPZs.

For the purposes of the CERB financing, the definition of public facilities is expanded to include research, testing, training, and incubation facilities in IPZs.

**Appropriation:** None.

**Fiscal Note:** Available.

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