

SENATE BILL REPORT

SB 6679

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 1, 2010
Ways & Means, February 8, 2010

Title: An act relating to the small business export finance assistance center.

Brief Description: Concerning the small business export finance assistance center.

Sponsors: Senators Kauffman, Kastama and Shin.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/28/10, 2/01/10 [DPS].
Ways & Means: 2/05/10, 2/08/10 [DP2S].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 6679 be substituted therefor, and the substitute bill do pass.

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

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6679 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore, Regala, Rockefeller and Schoesler.

Staff: Richard Ramsey (786-7412)

Background: The Small Business Export Finance Assistance Center was created by the Legislature in 1983 as a nonprofit corporation to provide financial and technical assistance to small and medium-sized businesses in exporting their goods and services. For businesses

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with annual sales of \$200 million or less, the center may provide assistance in obtaining loans and guarantees of loans made by financial institutions, and provide export finance and risk mitigation counseling. The center may also provide assistance in obtaining export credit insurance and provide educational and informational resources.

In 2008 the center was provided one-year funding to provide outreach services to rural manufacturers in conjunction with Washington Manufacturing Services, now known as Washington Impact.

The Washington Economic Development Finance Authority (WEDFA) was created in 1989 to meet the capital needs of small and medium-sized businesses. WEDFA is authorized to provide for the funding of export transactions for small businesses in cooperation with the center.

Summary of Bill (Recommended Second Substitute): The center is authorized to make loans or provide loan guarantees to finance exports or business growth to accommodate increased export sales. Such loans may only be made upon a financial institution's assurance that the financing would not otherwise be available. The center must develop a rural export outreach program in conjunction with Washington Impact and develop export loan or loan guarantee programs in conjunction with WEDFA.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): The appropriation is removed. Additional requirements of the Department of Commerce are made subject to appropriation. Technical corrections are made.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended First Substitute): The center may make loans for business growth due to exporting. A technical correction is made.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Economic Development, Trade & Innovation): PRO: Small businesses are having trouble accessing capital. This bill will help businesses export their goods and services. This also creates an outreach program. Working with the export-import bank has allowed export growth but local banks have been reluctant to provide working capital based on foreign receivables. Foreign markets are on fire. Investment of capital is necessary to move products. Large banks are not supplying funds. The center can assist with every phase of growth in exports.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Senator Kauffman, prime sponsor; Tim Schipke, Export Finance Center of WA; Richard McGee,

Global Remote Sensing, LLC; Roger Nance, Westerlund Log Handlers; Vidya Shankar, Usha Shankar, North Star Aerospace.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): PRO: This bill can assist small export-focused businesses access capital.

Persons Testifying (Ways & Means): PRO: Senator Kauffman, prime sponsor.