

# HOUSE BILL REPORT

## HB 2662

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**As Reported by House Committee On:**  
Community & Economic Development & Housing  
Capital Budget

**Title:** An act relating to authorizing community economic revitalization board funding to benefit innovation partnership zones.

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

**Sponsors:** Representatives Ryu, Kenney, Santos, Ladenburg and Moscoso.

**Brief History:**

**Committee Activity:**

Community & Economic Development & Housing: 1/26/12, 1/30/12 [DP];  
Capital Budget: 2/2/12 [DP].

**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.

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### HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & HOUSING

**Majority Report:** Do pass. Signed by 5 members: Representatives Kenney, Chair; Finn, Vice Chair; Maxwell, Ryu and Santos.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Smith, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern and Walsh.

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

**Background:**

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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.*

### 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 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, Commerce received a total of \$6.5 million in state general obligation bond funding for IPZs. Commerce 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.

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### **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.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) Last year, through House Bill 1937, we expanded the list of projects eligible for Local Improvement District funding to include facilities in IPZ designated areas. This bill adds enhancing job and business growth through facility improvements in the IPZs as a general objective of CERB. It is aligned with HB 1937. The jobs crisis remains a central issue. New solutions are needed. Many IPZs are in areas severely impacted by the severe recession. Where will we get the best rate of return? The CERB funds are being used for export assistance and returns are phenomenal. So, a broader definition in the CERB will increase the capacity of IPZs and regions around the state to recruit, create, expand, and retain businesses.

(Opposed) None.

**Persons Testifying:** Representative Ryu, prime sponsor; and Egils Milbergs, Washington Economic Development Commission.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON CAPITAL BUDGET**

**Majority Report:** Do pass. Signed by 6 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Jinkins, Lytton, Tharinger and Wylie.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Warnick, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Asay, Pearson and Smith.

**Staff:** Meg Van Schoorl (786-7105).

**Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Community & Economic Development & Housing:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) None.

(Opposed) None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.