

# SENATE BILL REPORT

## SB 5770

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As of January 18, 2022

**Title:** An act relating to providing Washington state convention economy grants.

**Brief Description:** Providing Washington state convention economy grants.

**Sponsors:** Senators Mullet and Frockt; by request of Secretary of State.

**Brief History:**

**Committee Activity:** Business, Financial Services & Trade: 1/20/22.

**Brief Summary of Bill**

- Creates a \$5 million COVID-19 grant program to assist Washington State businesses dependent on economic activity created through conventions for businesses that have gross annual receipts of \$100 million or less.
- Sets the maximum award per grant at \$500,000.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

**Staff:** Clinton McCarthy (786-7319)

**Background:** In response to the pandemic, the federal government created the \$953 billion Paycheck Protection Program (PPP) loans, which was a Small Business Administration-backed loan intended to help businesses keep their workforce employed during the COVID-19 crisis. The PPP allowed entities to apply for low-interest private loans to pay for their payroll and certain other costs. The amount of a PPP loan was approximately equal to 2.5 times the applicant's average monthly payroll costs. In some cases, an applicant may have received a second draw equal to the first. The loan proceeds could be used to cover payroll costs, rent, interest, and utilities.

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The American Rescue plan extended a number of tax benefits, such as the Employee Retention Credit and the Paid Leave credit to small businesses. The emergency capital investment program supports the efforts of low and moderate-income community financial institutions.

In Washington State, the Legislature passed ESHB 1368, which appropriated \$240 million for business assistance grants. There was \$150 million provided to assist businesses maintain their business operations, and \$90 million was provided to assist the reopening of businesses. Eligible businesses had to have reported annual gross receipts of \$5 million or less, and the maximum award was for \$75,000.

The U.S. convention industry lost billions of dollars in revenue as businesses restricted employee travel and governmental entities banned large gatherings during the pandemic. According to the Center for Exhibition Industry Research, the industry lost an estimated \$22 billion when including direct spending by exhibitors and attendees.

The Seattle Convention Center canceled 77 events between 2020 and 2022 according to the Washington State Convention Center Public Facilities District 2020 Annual Report. The estimated impact from these canceled events include:

- 323,045 less attendees;
- 482,636 fewer hotel rooms booked; and
- \$528.6 million lost in economic impact to the region.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** The Department of Commerce (Commerce) is directed to create a COVID-19 grant program to assist Washington State businesses dependent on the economic activity created through conventions hosted in-state in order to maintain operations.

Eligibility. To receive a grant, a business or non-profit must:

- apply for a grant;
- have gross receipts of less than \$100 million in revenue for calendar year 2019;
- have expenses that are necessary to conduct business operations;
- self-attest the expense is not funded by any other entity; and
- have experienced a loss in income due to COVID-19.

Businesses must have either hosted a convention in Washington or provided support services to conventions in Washington.

Awards. Eligible businesses may receive a maximum of \$500,000 grant for revenue lost due to a cancellation or a reduction of participants in a convention hosted in Washington State in 2020 or 2021. Businesses must provide Commerce with financial records that can provide a basis for lost revenue. The grant shall equal the lost revenue between 2019 and

2020, less grants or loans from federal and state government programs and is not to exceed \$500,000.

Appropriation. Five million dollars are appropriated from the Coronavirus State Recovery Fund —state appropriation, to Commerce to fund the grant program.

**Appropriation:** The bill contains an appropriation totaling \$5,000,000 from coronavirus state fiscal recovery fund-state appropriation.

**Fiscal Note:** Requested on January 11, 2022.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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