

HOUSE BILL REPORT

SHB 2556

As Passed House:
February 13, 1996

Title: An act relating to economic development.

Brief Description: Financing economic development.

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Veloria and Kessler).

Brief History:

Committee Activity:

Trade & Economic Development: 1/25/96, 2/1/96 [DP];
Capital Budget: 2/6/96 [DPS].

Floor Activity:

Passed House: 2/13/96, 96-0.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 13 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Ballasiotes; Hatfield; Hickel; Mason; Sherstad; Skinner and Valle.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Chopp, Assistant Ranking Minority Member; Costa; Hankins; Mitchell; Pennington; Regala; Romero; Silver; D. Sommers; L. Thomas and Valle.

Staff: Bill Robinson (786-7140).

Staff: Kenny Pittman (786-7392).

Background: The Washington Economic Development Finance Authority (WEDFA) was created to help meet the capital needs of small and medium-sized businesses.

WEDFA may issue nonrecourse revenue bonds, which may be issued on either a tax-exempt or taxable basis, to provide financing for the project costs of not more than five economic development activities per year. These bonds are not obligations of the state of Washington. WEDFA is also prohibited from lending the state's credit. WEDFA may not issue bonds after June 30, 2000.

Summary of Bill: WEDFA's limitation on the financing of five economic development activities per year does is expanded to include an additional five manufacturing or processing projects where the individual total project cost is less than \$1 million.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill has an emergency clause and takes effect immediately.

Testimony For: (Trade & Economic Development) There is an interest in providing financing for small projects. This program makes it cost-effective for small equipment purchases by small businesses. The financing can be used with the state's other financing tools to lower the costs of equipment acquisitions.

(Capital Budget) Same as the testimony presented to the Committee on Trade & Economic Development.

Testimony Against: (Trade & Economic Development) None.

(Capital Budget) None.

Testified: (Trade & Economic Development) Representative Veloria, sponsor (Pro); Jonathan Hayes, Washington Department of Community, Trade, and Economic Development (Pro); Tamsend Hyatt, Ater Wynne Law Firm (Pro); and Miriam Sevy, Smith Mitchell Investment Group (Pro).

(Capital Budget) Jonathan Hayes, Washington Department of Community, Trade and Economic Development (pro).