

HOUSE BILL REPORT

HB 2755

As Reported By House Committee On:
Trade & Economic Development
Capital Budget

Title: An act relating to economic development.

Brief Description: Promoting economic development.

Sponsors: Representatives Van Luven, Sheldon, Silver and Hatfield; by request of Department of Community, Trade, and Economic Development.

Brief History:

Committee Activity:

Trade & Economic Development: 1/29/96, 1/31/96 [DPS];

Capital Budget: 2/2/96 [DPS(TED)].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Hatfield; Hickel; Mason; Sherstad and Valle.

Staff: Kenny Pittman (786-7392).

Background: The Community Economic Revitalization Board (CERB) was created by the Legislature in 1982 to provide low-interest loans and grants to political subdivisions of the state (cities, towns, counties, port districts, and special purpose utility districts). The financial assistance is used to finance public infrastructure required for business and industry expansion or retention. Typical projects financed through CERB include sewer, water, roads, and industrial buildings.

CERB operates under policy guidelines and project selection developed by its board. The board consists of legislators and representatives of local governments, large and small businesses, port districts, and an economist. The non-legislative members are appointed by the Governor for three-year terms. The chair is selected by the Governor.

CERB is funded through legislative appropriations from the capital budget as well as a portion of the revenue stream from the repayment of loan principal and interest. The payments are deposited into the public facilities construction loan revolving account. The repayments are also re-appropriated for CERB use by the Legislature.

Summary of Substitute Bill: Revisions are made to the CERB regarding the amount of grant assistance to local governments, and program definitions.

Governor-appointed members that miss more than 50 percent of the scheduled meetings are considered withdrawn from the board and may be replaced by the Governor. The CERB board cannot award more than 20 percent of its biennial appropriation as grants to local governments.

"Local government" includes municipal corporations or quasi-municipal corporations that provide public facilities.

"Public facilities" are defined to mean bridges, roads, domestic and industrial water, sanitary sewer, storm sewer, railroad, electricity, natural gas, buildings or structures, and port facilities.

Technical corrections are made to (1) change the term "loan and grant" to "financial assistance"; and (2) change the term "timber impact areas" to "rural natural resource impact areas."

Substitute Bill Compared to Original Bill: The substitute bill (1) retains the current composition of the CERB board; (2) removes the repealer section; and (3) deletes the \$6 million appropriation.

Appropriation: None.

Fiscal Note: Requested on January 25, 1996.

Effective Date of Substitute Bill: Sections 1 through 9 and 11 and 13 take effect July 1, 1996, and section 10 takes effect July 30, 1997.

Testimony For: CERB has been an effective program at creating jobs. These measures will make the program more efficient.

Testimony Against: None.

Testified: (Pro) Pete Butkus, Washington Department of Community, Trade and Economic Development; and Scott Taylor, Washington Public Ports Association.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill by Committee on Trade & Economic Development be substituted therefor and the substitute do pass. Signed by 15 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Chopp, Assistant Ranking Minority Member; Costa; Hankins; Koster; Mitchell; Pennington; Regala; Romero; Silver; D. Sommers; L. Thomas and Valle.

Staff: Karl Herzog (786-7271)

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Sections 1 through 9 and 11 and 13 take effect July 1, 1996, and section 10 takes effect July 30, 1997.

Testimony For: This bill changes various terms and definitions in CERB statutes to make them more consistent with other financial assistance programs. The bill expands the number of municipal jurisdictions that will be eligible for CERB funding. However, the program's "job creation" eligibility criteria remains under this bill. The bill also restricts the amount of CERB grants that can be issued in any one biennium to 20 percent of the biennial appropriations for the program.

Testimony Against: None.

Testified: Pete Butkus, Department of Community, Trade and Economic Development (pro).