

SENATE BILL REPORT

HB 2577

As of February 20, 1998

Title: An act relating to the Hanford area economic investment fund.

Brief Description: Using and administering the Hanford area economic investment fund.

Sponsors: Representatives Hankins and Delvin.

Brief History:

Committee Activity: Energy & Utilities: 2/23/98.

SENATE COMMITTEE ON ENERGY & UTILITIES

Staff: Andrea McNamara (786-7483)

Background: In 1991, the Legislature established the Hanford Area Economic Investment Fund (HAEIF) and required generators of low-level radioactive waste to pay a surcharge of \$6.50 on each cubic foot of waste they disposed at the commercial disposal site located on the Hanford Reservation. The site operator collects the surcharges and forwards them to the state Department of Ecology, which remits \$4.50 of that surcharge to the HAEIF, and sends the remaining \$2.00 to Benton County where the disposal site is located. The fund balance as of December 31, 1997 was \$2,117,976.57.

Moneys in the fund can only be spent pursuant to recommendations of the HAEIF Committee, which was established by the Legislature to oversee the fund. Expenditures must also be approved by the director of the Department of Community, Trade, and Economic Development (CTED).

Specifically, the funds can be used for Hanford area revolving loan funds, infrastructure projects, and other economic development and diversification projects. "Hanford area" is defined as Benton and Franklin counties. In addition, while up to 5 percent of the moneys in the fund may be used for program administration, current law does not explicitly authorize the use of HAEIF funds to reimburse the office of the Attorney General for costs incurred on behalf of the committee. State boards and committees are required to use the services of the Attorney General's office.

Among its other authorities, the committee may make recommendations to CTED on the following issues: (1) Administration of the program, including the terms and rates of loans, and criteria for awarding grants, loans, and financial guarantees; (2) a strategy for spending the funds; and (3) up to two projects for funding each calendar year.

While the director of CTED must approve projects prior to the actual expenditure of funds, current law is silent as to which entity (the committee or CTED) may establish and administer a revolving fund or make grants using HAEIF moneys. Both CTED and the

committee have expressed a desire for the committee to be explicitly authorized to establish and administer a revolving fund and to make grants.

At the time the committee was created, it was assumed the local associate development organization would provide the staffing. This has turned out not to be the case, and the committee has contracted with a local businesswoman for administrative support services.

Summary of Bill: The Hanford Area Economic Investment Fund (HAEIF) Committee is authorized to establish and administer a revolving fund, and may make grants from the fund. This authority remains subject to the requirement that the director of Community, Trade, and Economic Development give prior approval of fund expenditures for projects, and projects must continue to meet existing statutory criteria.

HAEIF moneys may be used for reasonable costs incurred by an assistant Attorney General in support of the committee. Such expenditures are not subject to the 5 percent cap for program administration.

Statements that the local associate development organization will staff the committee and be consulted by the Governor when making appointments to the committee are removed from existing statutes.

Appropriation: None.

Fiscal Note: Not requested.

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