

HOUSE BILL REPORT

SSB 5387

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

Title: An act relating to the Washington economic development finance authority.

Brief Description: Expanding the definition of economic development activities.

Sponsors: Senate Committee on Commerce, Trade, Housing & Financial Institutions (originally sponsored by Senators B. Sheldon, Roach, Kline, Bauer, Snyder and McAuliffe).

Brief History:

Committee Activity:

Economic Development, Housing & Trade: 3/23/99, 4/2/99 [DPA];
Capital Budget: 4/5/99 [DPA(EDHT)].

**Brief Summary of Substitute Bill
(As Amended by House Committee)**

- Expands the economic development activities for which the Washington Economic Development Finance Authority (WEDFA) can provide nonrecourse revenue bond financing.
- Prohibits WEDFA from providing nonrecourse revenue bond financing for a parking facility unless it is part of an otherwise eligible overall project financed through WEDFA.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING & TRADE

Majority Report: Do pass as amended. Signed by 12 members: Representatives Van Luven, Republican Co-Chair; Voloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic Vice Chair; Ballasiotes; Gombosky; Miloscia; Morris; Radcliff; Skinner; D. Sommers and Wolfe.

Staff: Jean Ann Quinn (786-7310).

Background:

The Washington Economic Development Finance Authority was created by the Legislature in 1989 to help meet the capital needs of small and medium-sized businesses, in particular businesses located in distressed counties. WEDFA is authorized to provide nonrecourse revenue bond financing for the eligible project costs of economic development activities. Economic development activities means activities related to: manufacturing, processing, research, production, assembly, tooling, warehousing, pollution control, energy generating, conservation, transmission, and sports facilities and industrial parks. The bonds may be issued on either a tax-exempt or taxable basis. Bonds issued by WEDFA are not obligations of the state.

Summary of Amended Bill:

The definition of "economic development activities," for which WEDFA is authorized to provide nonrecourse revenue bond financing, is expanded to include:

- (1) Airports;
- (2) Docks and wharves;
- (3) Mass commuting facilities;
- (4) High-speed intercity rail facilities;
- (5) Public broadcasting;
- (6) Solid waste;
- (7) Federally qualified hazardous waste facilities; and
- (8) Activities conducted within a federally designated enterprise or empowerment zone or geographic area of similar nature.

Tax exempt status under federal law may be available for bonds issued for t h e s e additional activities. WEDFA may not conduct programs to provide nonrecourse revenue bond financing for parking facilities unless the parking facility is a component of an otherwise eligible economic development activity financed through WEDFA.

Amended Bill Compared to Substitute Bill: The amended bill removes the provision contained in the substitute Senate bill that prohibited WEDFA from financing projects for public/private partnerships. It also adds a provision prohibiting WEDFA from financing a parking facility unless the facility is a component of an otherwise eligible project, and clarifies that eligibility for WEDFA bond financing for solid waste activities includes activities other than disposal (e.g., recycling centers).

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: The Washington Economic Development Finance Authority has been doing extremely well and has become self-supporting. As they expand every year we find the need to tinker with their authority. This is a good bill that will clarify what their overall mission is. The bill should also include international tourism facilities as an eligible activity so that international port cities could take advantage of WEDFA financing if needed.

Testimony Against: None.

Testified: Senator B. Sheldon, Prime sponsor); Jonathan Hayes, WEDFA; and Mike Ryhard, city of Anacortes.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended by Committee on Economic Development, Housing & Trade. Signed by 17 members: Representatives Mitchell, Republican Co-Chair; Murray, Democratic Co-Chair; Edmonds, Democratic Vice Chair; Esser, Republican Vice Chair; Alexander; Anderson; Barlean; Constantine; Dunshee; Hankins; Koster; Lantz; Mastin; Miloscia; O'Brien; Ogden and Schoesler.

Staff: Bill Robinson (786-7140).

Summary of Recommendation of Committee on Capital Budget Compared to Recommendation of Committee on Economic Development, Housing & Trade: No changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: WEDFA has issued over \$80 million in bonds and has created or saved 1,600 jobs. The expansion of the type of projects funded by WEDFA would benefit new

businesses and help pay some of the authority's costs. The immediate need is to finance a new airline maintenance facility at SeaTac airport.

Testimony Against: None.

Testified: Jonathan Hayes, Washington Economic Development Finance Authority.