

# SENATE BILL REPORT

## SHB 1295

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As Reported By Senate Committee On:  
Economic Development & Telecommunications, March 26, 2001

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

**Brief Description:** Modifying revenue bond provisions of the economic development finance authority.

**Sponsors:** By House Committee on Trade & Economic Development (originally sponsored by Representatives Dunn (co-prime sponsor), Dunshee (co-prime sponsor), Mielke, Fromhold, Hunt, Miloscia, Roach and Benson).

**Brief History:**

**Committee Activity:** Economic Development & Telecommunications: 3/20/01, 3/26/01 [DPA].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

**Majority Report:** Do pass as amended.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Fairley, Finkbeiner, Haugen, McCaslin and Rossi.

**Staff:** William Bridges (786-7424)

**Background:** The Washington Economic Development Finance Authority (WEDFA) is a 17-member body appointed by the Governor. It consists of the State Treasurer; the director of the Department of Community, Trade, and Economic Development; the director of the Department of Agriculture; a member from each of the four legislative caucuses; and 10 citizen members. The members serve without compensation but receive reimbursement for expenses.

The Legislature created WEDFA in 1989 to help meet the capital needs of small and medium-sized businesses, particularly in distressed areas. Every year, WEDFA is required to design an outreach and marketing plan to increase its financial services in distressed counties. WEDFA's financial services include the issuance of tax-exempt nonrecourse revenue bonds, the repayment of which are made solely from the revenue derived from the projects being funded or other private sources. Eligible projects can include manufacturing and research and development, as well as other economic development activities.

WEDFA is limited to \$500 million in total outstanding indebtedness at any time. After June 30, 2004, WEDFA may not issue any bonds.

**Summary of Amended Bill:** The requirement that WEDFA design an outreach and marketing plan to distressed counties is revised by removing the reference to distressed

counties and replacing it with rural counties. A rural county is defined as a county that is smaller than 225 square miles or a county with a population density of less than 100 people per square mile.

The WEDFA debt limitation is increased from \$500 million to \$750 million. In addition, WEDFA's authority to issue bonds is extended from June 30, 2004, to June 30, 2006.

**Amended Bill Compared to Original Bill:** The definition of rural counties is expanded to include counties smaller than 225 square miles.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** WEDFA is a good program that has legislative oversight. It does not use state funds; bonds are usually backed by private letters of credit. The current bond debt issued by WEDFA is \$463 million. The bill increases the indebtedness limit from \$500 million to \$750 million because WEDFA has almost reached the current limit. An emergency clause is necessary because WEDFA may reach the current limit soon. If the debt limit is not increased, projects in Douglas Yakima, Grant, Cowlitz, and Grays Harbor counties may be delayed.

**Testimony Against:** None.

**Testified:** Representative Jim Dunn, prime sponsor (pro); Jonathan Hayes, WEDFA (pro).