

# SENATE BILL REPORT

## HB 2425

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As Reported By Senate Committee On:  
Economic Development & Telecommunications, February 26, 2002  
Ways & Means, March 12, 2002

**Title:** An act relating to the community economic revitalization board.

**Brief Description:** Funding the community economic revitalization board.

**Sponsors:** Representatives Doumit, Dunn, Hatfield, Veloria, Conway, Ogden, Rockefeller, Linville, Lantz, Kagi, McIntire, Haigh, Wood, Kessler, Kenney, Simpson, Jackley and Fromhold; by request of Governor Locke.

**Brief History:**

**Committee Activity:** Economic Development & Telecommunications: 2/26/02 [DP-WM].  
Ways & Means: 3/12/02 [DPA].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

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

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

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### SENATE COMMITTEE ON WAYS & MEANS

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

Signed by Senators Brown, Chair; Regala, Vice Chair; Fraser, Kline, Kohl-Welles, Parlette, Poulsen, Rasmussen, B. Sheldon, Snyder, Spanel and Thibaudeau.

**Staff:** David Schumacher (786-7474)

**Background:** Community Economic Revitalization Board. Created in 1982, the Community Economic Revitalization Board (CERB) is a 19-member body representing private and public sectors, including legislators. Its primary purpose is to provide low-interest loans and grants to finance local public infrastructure improvements that will attract specific businesses to a community, or that will expand or retain an existing business that is already in a community. Counties, cities, port districts, and special purpose districts are eligible for CERB funding.

Before the passage of Initiative 695 in 1999, the motor vehicle excise tax funded CERB. For the 2001-03 biennium, CERB is funded by loan repayments and a \$3 million appropriation from the capital budget.

Public Works Trust Fund. Created in 1985, the Public Works Trust Fund (PWTF) provides low-interest loans to improve local public infrastructure. It is administered by the Public Works Board, a 13-member body representing private and public sectors, including elected officials. Every year, the board issues a list of recommended projects that is subject to legislative review and approval.

Counties, cities, and special purpose districts, except school and port districts, are eligible for PWTF loans. In addition, from 1991 to 1997, the Legislature authorized PWTF monies for timber-dependent communities and rural natural resource impact areas. All eligible local governments that receive a PWTF loan must impose a special real estate excise tax.

PWTF is financed by loan repayments, utility and sales taxes on local water, sewer, and garbage collection, and a portion of the real estate excise tax.

CERB and PWTF Accounts. The repayments of loan principal and interest for both CERB and PWTF loans are placed into separate accounts in the state treasury: the CERB account (also called the public facilities construction loan revolving account), and the PWTF account (also called the public works assistance account). The interest earned on these accounts is deposited into the state general fund.

**Summary of Amended Bill:** CERB Account (Public Facilities Construction Loan Revolving Account). The CERB program is authorized to retain 100 percent of its interest earnings on the repayment of principal and interest on its loan beginning July 1, 2004.

Until June 30, 2007, the State Treasurer must also annually transfer the principal and interest payments on loans made under the timber-dependent communities program and the rural natural resources impact area program into the CERB account (public facilities construction loan revolving account). The transfer cannot exceed \$4.5 million per year.

The board is required provide at least 10 percent of all financial assistance as grants to political subdivisions.

**Amended Bill Compared to Original Bill:** The striking amendment added the provisions requiring at least 10 percent grants, it delayed until FY 2005 the time at which CERB would keep its own interest, and it accelerated the payments from the Public Works Trust Fund for timber community program to five years rather than 10 years.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For (Economic Development & Telecommunications):** None.

**Testimony Against (Economic Development & Telecommunications):** None.

**Testified (Economic Development & Telecommunications):** No one.

**Testimony For (Ways & Means):** This bill is a good compromise temporary solution to the CERB funding problem. CERB has been a tremendously successful program for the past 18 years. It has leveraged over \$1.6 B on investment.

**Testimony Against (Ways & Means):** None.

**Testified (Ways & Means):** PRO: Sheila Martin, Governor's Policy Office; Sung Yang, Office of Trade & Economic Development; Bryan Wahl, Realtors.