

SENATE BILL REPORT

SHB 1091

As Reported By Senate Committee On:
International Trade & Economic Development, March 29, 2005

Title: An act relating to providing additional funding for the community economic revitalization board's programs.

Brief Description: Providing additional funding for the community economic revitalization board's programs.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Linville, Newhouse, Flannigan, Grant, McCoy, Chase, Morrell and Kilmer; by request of Department of Community, Trade, and Economic Development).

Brief History: Passed House: 3/10/05, 95-0.

Committee Activity: International Trade & Economic Development: 3/22/05, 3/29/05 [DPA-WM].

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

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

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide, Roach, and Zarelli.

Staff: Jack Brummel (786-7428)

Background: The Community Economic Revitalization Board (CERB) was created in 1982 to provide funding for publicly owned economic development infrastructure. Through CERB, direct loans and grants are available to counties, cities, and special purpose districts for feasibility studies and for public improvements such as the acquisition, construction, or repair of water and sewer systems, bridges, railroad spurs, telecommunication systems, roads, structures, and port facilities. CERB funds are only made available if a specific private development or expansion is ready to occur and will occur only if the public improvements are made.

CERB financing has come from a variety of accounts, including the general fund, since 1995. Legislation passed in 2002 provides that interest earnings on the CERB account (the Public Facilities Construction Loan Revolving Account) are to be retained in the account rather than in the general fund. This amounts to approximately \$200,000 per year. The 2002 legislation also provides for the CERB account to receive, through 2008, the repayment of principal and interest on loans from the Public Works Trust Fund's timber and rural natural resources impact area programs, up to \$4.5 million per year. In 2003, legislation passed providing that the interest earnings attributable to the Public Works Trust Fund's treasury account (the Public

Works Assistance Account) is placed in the CERB account. This is expected to provide approximately \$900,000 per year.

The federal government is looking for ways to cut expenses through military base closures. Providing that CERB funds can be used to retain businesses that are military-related may help assure federal officials that Washington has a strong interest in retaining troops at Washington's military bases.

The legislature passed legislation in 2004 creating a small business incubator program in the Department of Community, Trade, and Economic Development (CTED) and a small business incubator account in the state treasury.

Summary of Amended Bill: \$2,250,000 in FY 2006 and \$2,250,000 in FY 2007 is transferred from the general fund to the CERB account.

CERB financial assistance may be provided for projects that help retain businesses that are military-related.

CTED may enter into an agreement with CERB to implement the small business incubator program and make expenditures from the small business incubator account.

Amended Bill Compared to Original Bill: The amendment added an appropriation

Appropriation: \$2,250,000 in FY 2006 and \$2,250,000 in FY 2007.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: CERB funding is important to economic development infrastructure, particularly in rural areas.

Testimony Against: The most important element, the funding, is no longer included in the bill.

Who Testified: PRO: Marie Sullivan, CTED; Scott Talor, WA Public Ports Assoc.; Ron Newbry, WA economic Dev. Assoc.