

HOUSE BILL REPORT

SSB 5341

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

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

Brief Description: Revising authority of the Washington economic development authority to finance projects.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Roach, Sheldon and Rasmussen).

Brief History:

Committee Activity:

Trade & Economic Development: 3/20/97, 4/2/97 [DPA].

Capital Budget: 4/7/97 [DPA (TED)].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Sheldon, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

Background: The Washington Economic Development Finance Authority (WEDFA) was created by the Legislature in 1989 to help meet the capital needs of small- and medium-sized businesses.

The WEDFA is authorized to issue non-recourse revenue bonds to carry out its programs. The bonds may be issued on either a tax-exempt or taxable basis. The bonds issued by the WEDFA are not obligations of the state of Washington. The WEDFA, under existing statutes, may not issue bonds to finance more than five economic development projects in a fiscal year.

In 1995, the Legislature authorized the WEDFA to initiate a program to help businesses finance manufacturing and processing equipment. The WEDFA may issue small industrial revenue bonds to finance the purchase of new equipment. These bond

issuances are limited to manufacturing or processing projects with individual total project costs of less than \$1 million, and are limited to 10 per fiscal year.

Summary of Amended Bill: The limitation on the Washington Economic Development Finance Authority's (WEDFA) issuance of bonds to finance five economic development projects per fiscal year and 10 small manufacturing or processing activities per fiscal year is removed.

The WEDFA, as part of its finance plan, is required to develop an outreach and marketing plan to increase the use of its bond financing programs in distressed counties.

Amended Bill Compared to Substitute Bill: The WEDFA is required to develop an outreach and marketing plan to increase the use of its bond financing programs in distressed counties.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The limitations on the number of projects that can be financed is no longer needed. The program has a successful track record. We are able to help small- and medium-sized Washington businesses with their financing needs.

Testimony Against: None.

Testified: Senator Sheldon, sponsor (pro); and Jonathan Hayes, Washington Economic Development Finance Authority (pro).

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended by the Committee on Trade and Economic Development. Signed by 7 members: Representatives Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Costa; Koster; Lantz; Mitchell and D. Sommers.

Staff: Karl Herzog (786-7271).

Summary of Recommendation of Committee on Capital Budget Compared to Recommendation of Committee on Trade and Economic Development: No new changes were recommended.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The WEDFA is up and running, and has issued four bond packages to date valued at \$17.5 million. These projects have retained 404 jobs and have the possibility of creating 170 more jobs. These bonds have no recourse against the state. WEDFA has received applications for eight more financings.

Testimony Against: None.

Testified: Jonathan Hayes, Washington Economic Development Finance Authority (pro).