

HOUSE BILL REPORT

HB 1957

As Reported by House Committee On:
Appropriations

Title: An act relating to establishing a small business disaster recovery financial assistance program.

Brief Description: Establishing a small business disaster recovery financial assistance program.

Sponsors: Representatives Rule, Walen, Chapman, Santos, Simmons, Ramel, Johnson, J., Riccelli, Frame, Ormsby and Harris-Talley.

Brief History:

Committee Activity:

Appropriations: 1/24/22, 1/27/22 [DPS].

Brief Summary of Substitute Bill

- Establishes a Small Business Disaster Recovery Financial Assistance Program at the Department of Commerce to provide financial assistance to small businesses that have sustained physical damage or economic loss due to a natural or other comparable disaster.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 30 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Caldier, Chandler, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: Jessica Van Horne (786-7288).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

The Department of Commerce (Commerce) serves as the state agency responsible for supporting and promoting economic development throughout the state. Among its economic development programs, Commerce offers technical assistance to small businesses in areas such as business start-up processes, business operations, retirement benefits, and trade and exports. Commerce also administers several capital assistance programs for small businesses, including the federally funded State Small Business Credit Initiative.

Commerce has also administered several small business financial assistance programs authorized in early action legislation adopted during the 2021 Legislative Session and the 2021-2023 Operating Budget. The largest of these programs is the Working Washington Grant program, which provides grants to small businesses that experienced a loss in revenue or had to temporarily cease operations due to the COVID-19 pandemic or state or local actions in response to the pandemic. Grant funds can support costs such as rent and utilities, payroll, workplace upgrades to adhere to new safety or sanitation standards, securing inventory and supplies, and other operational costs.

Summary of Substitute Bill:

The Small Business Disaster Recovery Financial Assistance Program (Program) is created in Commerce to aid small businesses that have sustained physical damage or economic loss due to a natural disaster or other comparable disaster, subject to appropriation. Examples of natural disasters include floods, earthquakes, and wildfires. Examples of comparable disasters include major utility disruptions resulting in property damage or prolonged outages. Financial assistance may be used for rent and utilities, payroll, building improvements or repairs, marketing and advertising, replacing damaged inventory or equipment, and other operational and business expenses.

To receive assistance through the Program, a business must provide documentation that they have annual gross receipts of \$5 million or less and have experienced a reduction in business income or activity due to a natural disaster. Commerce must make assistance available for an eligible business within three months of receiving their application.

Commerce must consult with local economic development entities to conduct program outreach to small businesses. Commerce may conduct rulemaking to implement the Program.

Substitute Bill Compared to Original Bill:

The substitute bill provides that Commerce may provide financial assistance to small businesses that have experienced a reduction in business income or activity due to a disaster

comparable to a natural disaster, such as a major utility disruption resulting in property damage or prolonged outage, in addition to a natural disaster.

Appropriation: None.

Fiscal Note: Requested on January 12, 2022.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The recent floods in Whatcom County are the most expensive natural disaster to hit the county. Many small businesses in Whatcom County have been forced to close due to flooding. The county lacks local funding to assist these businesses, which is causing economic harm. Many businesses that close due to a natural disaster never reopen. Small businesses are especially vulnerable because they are less able to take on the necessary debt to reopen. Currently, there is little to no federal or state assistance available to help these businesses recover. The small business assistance program proposed in this bill would help speed economic recovery after a natural disaster and ensure that local character is not lost. The Working Washington Grant Program was very effective at ensuring businesses remained open during the pandemic. The proposed Program in this bill would be similarly effective at serving small businesses impacted by natural disasters.

(Opposed) None.

Persons Testifying: CJ Seitz, Western Washington University Small Business Development Center; Don Goldberg, Port of Bellingham; and Guy Occhiogrosso, Bellingham Regional Chamber of Commerce.

Persons Signed In To Testify But Not Testifying: None.