

SENATE BILL REPORT

SB 6302

As Reported by Senate Committee On:
Transportation, February 5, 2024

Title: An act relating to creating a Washington state supply chain competitiveness infrastructure program.

Brief Description: Creating a Washington state supply chain competitiveness infrastructure program.

Sponsors: Senators Liias, King, Boehnke and Nobles.

Brief History:

Committee Activity: Transportation: 2/01/24, 2/05/24 [DPS].

Brief Summary of First Substitute Bill

- Directs the Department of Transportation to collaborate with stakeholders to set priorities for a supply chain competitiveness grant and loan program for public ports.
- Creates the supply chain infrastructure account for the Department of Transportation to administer revolving loans and adds intent for grant programs to be appropriated by the Legislature using existing accounts.
- Requires a stakeholder process establish criteria by which supply chain infrastructure program grants and loans may be evaluated and performance metrics.
- Authorizes the supply chain infrastructure account to keep its own interest.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 6302 be substituted therefor, and the

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substitute bill do pass.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Shewmake, Vice Chair; King, Ranking Member; Holy, Assistant Ranking Member; Cleveland, Fortunato, Hansen, Hawkins, Kauffman, Lovelett, MacEwen, Nobles, Padden, Valdez, Wilson, C. and Wilson, J..

Staff: Jenna Forty (786-7755)

Background: There are 75 port districts across the state of Washington. According to the Office of Financial Management, Washington has consistently ranked in the top five states in exports during the last decade, and in 2022 ranked eighth in total value of exports behind Texas, California, Louisiana, New York, Illinois, and Michigan. Total exports in Washington across industries are estimated to be \$61 billion across industries in 2022. Ports handle import and export freight via road, rail, water and air. Washington has 11 deep draft ports, and 31 port owned or operated airports.

Existing Grant and Loan Programs. *Freight Rail Investment Bank/Freight Rail Assistance Program.* The Department of Transportation administers the Freight Rail Investment Bank Loan Program (FRIB) and Freight Rail Assistance Grant Program (FRAP) to aid rail facilities. In the 2023-25 biennium \$8.73 million was available for FRIB loans and \$7.57 million for FRAP grants.

Community Economic Revitalization Board. The Community Economic Revitalization Board (CERB) is administered by the Department of Commerce to support public infrastructure and private business growth and expansion. The program offers low interest loans and grants for planning and infrastructure improvements. In 2023-25 approximately \$39.9 million is available for loans and grants.

Freight Mobility Strategic Investment Board. The Washington State Freight Mobility Strategic Investment Board (FMSIB) is responsible for creating a comprehensive and coordinated state program to facilitate freight movement between and among local, national and international markets which enhances trade opportunities. FMSIB projects appropriations for 2023-25 biennium totaled approximately \$43.8 million.

Summary of Bill (First Substitute): The Department of Transportation is directed to collaborate with the Department of Commerce, public ports, individual ports and other critical supply chain stakeholders to set priorities, criteria and performance metrics for a supply chain competitiveness grant and loan program for public ports. The supply chain infrastructure account is created as a nonappropriated account for the Department of Transportation to administer revolving loans, and set terms for loans with interest rates not to exceed the cost to administer the loan program. Supply chain infrastructure grants are intended to be appropriated via existing transportation accounts. Program goals and project eligibility requirements are established. The supply chain infrastructure account is authorized to keep its own interest.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (First Substitute):

- Moves the supply chain competitiveness infrastructure program to WSDOT, and defines additional critical supply chain stakeholders for the engagement process.
- The account name is updated to “*supply chain competitiveness infrastructure program account*” and WSDOT is authorized for expenditure.
- Specifies that WSDOT must set the loan terms, with interest rates not to exceed administrative costs of the loan program.
- Relabels program criteria as programmatic goals.
- Requires the stakeholder process to establish performance metrics and evaluation criteria for projects, as well as establishing eligible project types.
- Specifies eligible projects must be included in a port’s freight development plan as defined in RCW 53.20.055.

Appropriation: None.

Fiscal Note: Requested on January 26, 2024

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Ports are vital to the Washington State economy. Port projects are complex and don't always fit within current state programs. The programs outlined in the bill would be highly beneficial for projects and to use as federal match. Ports support jobs around the state and not just at the immediate gateway, and an investment in infrastructure would support that.

OTHER: Departments of Commerce and Transportation support the intent of the bill, but would request some modifications and clarifications, among them, setting some performance metrics for the programs to ensure that objectives are being achieved. Department of Commerce may not be best positioned to provide the expertise needed to oversee some of these projects

Persons Testifying: PRO: Senator Marko Liias, Prime Sponsor; Morgan Irwin, Association of Washington Business; Chris Herman, Washington Public Ports Association; Lisa Lefeber, Port of Everett; Rob Fix, Port of Bellingham; Sean Eagan, Northwest Seaport Alliance; Cassie Hammond, Port of Benton; Amber Carter, Port of Vancouver.

OTHER: Dave Pringle, WA department of commerce; Jason Beloso, Washington Department of Transportation.

Persons Signed In To Testify But Not Testifying: No one.