
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-2814.1/91

ATTY/TYPIST: BR:sj

BRIEF TITLE:

2 SSB 5639 - H COMM AMD

3 By Committee on Trade & Economic Development

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds:

8 (1) The exporting of value-added manufactured goods, which for the
9 purposes of sections 1 through 5 of this act shall include processed
10 food and agricultural products, from Washington state and the Pacific
11 Northwest region to international markets is vitally important for the
12 public good, for maintaining our high standard of living, keeping our
13 business community competitive in global markets, and in providing
14 secure family-supporting jobs for our citizens.

15 (2) Comprehensive export assistance programs should be managed in
16 a proactive, aggressive, and consistent manner to provide small
17 manufacturers with easily accessible contacts, information, and
18 services.

19 (3) Washington state must improve the coordination of various
20 export promotion programs and develop new, targeted, trade promotion
21 services.

22 (4) International marketing education, language training, and
23 cultural awareness are vitally important for the success of
24 international export initiatives.

25 (5) Impediments to the entry of many small and medium-sized
26 manufacturers into export markets have restricted growth in exports
27 from Washington state and the Pacific Northwest region.

1 (6) Small and medium-sized manufacturers relatively new to
2 exporting with gross annual revenues less than twenty-five million
3 dollars require a comprehensive public export assistance program
4 designed specifically to devise and manage complete introductory export
5 strategies and secure export financing and credit guarantees. This
6 comprehensive program for small and medium-sized manufacturers shall
7 complement existing export assistance services offered by the
8 department of trade and economic development and the Washington state
9 department of agriculture by working with them in a close, cooperative,
10 and strategic manner to promote the sale of Washington state products
11 abroad.

12 (7) There is a need for a Pacific Northwest export assistance
13 project which will specialize in providing comprehensive export
14 assistance to small and medium-sized manufacturers relatively new to
15 exporting throughout the state in acquiring international business
16 information, designing and managing introductory export strategies, and
17 in securing company specific financing and credit guarantees for
18 exporting.

19 (8) It is the intent of the legislature to establish the Pacific
20 Northwest export assistance project as a comprehensive export program
21 within the department of trade and economic development. The
22 department shall work with the small business export finance assistance
23 center to insure that the project complements the center's efforts to
24 assist businesses in securing financing and credit guarantees for
25 export transactions. The department shall consult with the center
26 about the project, and may contract with the center, in order to take
27 full advantage of the center's expertise and experience in providing
28 export finance assistance.

29 (9) The economic health of our neighboring states and provinces has
30 a direct impact on commercial activity in Washington state.

1 Washington's ports, private export management firms, commercial banking
2 institutions, business community at large, and consumers rely on strong
3 exporting sectors in our neighboring states and provinces to stimulate
4 business activity in Washington state. It is in the best interest of
5 Washington state, and each state and province in the Pacific Northwest
6 region, to work cooperatively in building a strong and competitive
7 exporting base of value-added manufacturing businesses."

8 "NEW SECTION. **Sec. 2.** The Pacific Northwest export assistance
9 project is hereby created within the department of trade and economic
10 development for the following purposes:

11 (1) To assist small to medium-sized manufacturers relatively new to
12 exporting with gross annual revenues less than twenty-five million
13 dollars with comprehensive services for designing and managing
14 introductory export strategies and in securing financing and credit
15 guarantees for export transactions;

16 (2) To provide, in cooperation with the export promotion services
17 offered by the small business export finance assistance center and the
18 Washington state department of agriculture, information and assistance
19 to businesses with gross annual revenues less than twenty-five million
20 dollars about the methods and procedures of structuring company
21 specific export financing and credit guarantee alternatives; or

22 (3) To provide information to their clients about opportunities in
23 organizing cooperative export networks, foreign sales corporations, or
24 export trading companies under the United States export trading company
25 act of 1982, for the purpose of increasing their comparative sales
26 volume and ability to export their products to foreign markets."

1 transactions for its clients, and in doing so, provide such technical
2 services as are appropriate to accomplish its mission either with staff
3 or outside consultants;

4 (c) Sign three-year counseling agreements with its clients that
5 provide for termination if adequate funding for the Pacific Northwest
6 export assistance project is not provided in future appropriations.
7 Counseling agreements shall not be renewed unless there are compelling
8 reasons to do so, and under no circumstances shall they be renewed for
9 more than two additional years. A counseling agreement may not be
10 renewed more than once. The counseling agreements shall have mutual
11 performance clauses, that if not met, will be grounds for releasing
12 each party, without penalty, from the provisions of the agreement.
13 Clients shall be immediately released from a counseling agreement with
14 the Pacific Northwest export assistance project, without penalty, if a
15 client wishes to switch to a private export management service and
16 produces a valid contract signed with a private export management
17 service, or if the director of the department of trade and economic
18 development determines there are compelling reasons to release a client
19 from the provisions of the counseling agreement;

20 (d) May contract with private or public international trade
21 education services to provide Pacific Northwest export assistance
22 project clients with training in international business. The director
23 of the department of trade and economic development shall decide the
24 amount of funding allocated for educational services based on the
25 availability of resources in the operating budget of the budget of the
26 Pacific Northwest export assistance project;

27 (e) May contract with the Washington state international trade fair
28 to provide services for Pacific Northwest export assistance project
29 clients to participate in one trade show annually. The director of the
30 department of trade and economic development shall decide the amount of

1 funding allocated for trade fair assistance based on the availability
2 of resources in the operating budget of the Pacific Northwest export
3 assistance project;

4 (f) Provide biennial assessments of the Pacific Northwest export
5 assistance project's performance. The Pacific Northwest export
6 assistance project is an innovative program for the promotion of
7 international trade. As such, the project personnel shall work with
8 the department of revenue and employment security department to
9 confidentially track the performance of the project's clients in
10 increasing tax revenues to the state, increasing gross sales revenues
11 and volume of products destined to foreign clients, and in creating new
12 jobs for Washington citizens. A biennial report shall be prepared for
13 the governor and legislature to assess the costs and benefits to the
14 state from creating the project. The director of the department of
15 trade and economic development shall design an appropriate methodology
16 for biennial assessments in consultation with the director of the
17 Washington state department of agriculture. The department of revenue
18 and the employment security department shall provide data necessary to
19 complete this biennial evaluation, if the data being requested is
20 available from existing data bases. Client-specific information
21 generated from the files of the department of revenue and the
22 employment security department for the purposes of this evaluation
23 shall be kept strictly confidential by each department;

24 (g) Take whatever action may be necessary to accomplish the
25 purposes set forth in sections 1 through 5 of this act; and

26 (h) Limit its assistance to promoting the exportation of value-
27 added manufactured goods. The project shall not provide counseling or
28 assistance, under any circumstances, for the importation of foreign
29 made goods into the United States.

1 (2) The Pacific Northwest export assistance project shall not,
2 under any circumstances, assume ownership or take title to the goods of
3 its clients.

4 (3) The Pacific Northwest export assistance project may not use any
5 Washington state funds which come from the public treasury of the state
6 of Washington to make loans or to make any payment under a loan
7 guarantee agreement.

8 (4) The Pacific Northwest export assistance project shall make
9 every effort to seek nonstate funds to supplement its operations.

10 (5) The Pacific Northwest export assistance project shall take
11 whatever steps are necessary to provide its services, if requested, to
12 the states of Oregon, Idaho, Montana, Alaska, and the Canadian
13 provinces of British Columbia and Alberta. Interstate services shall
14 not be provided by the Pacific Northwest export assistance project
15 during its first biennium of operation. The provision of services may
16 be temporary and subject to the payment of fees, or each state may
17 request permanent services contingent upon a level of permanent funding
18 adequate for services provided. Temporary services and fees may be
19 negotiated by the director of the department of trade and economic
20 development. The director of the department of trade and economic
21 development may enter into negotiations with neighboring states to
22 contract for delivery of the project's services. Final contracts for
23 providing the project's counseling and services outside of the state of
24 Washington on a permanent basis shall be subject to approval of the
25 governor and appropriate legislative oversight committees.

26 (6) The department of trade and economic development may receive
27 such gifts, grants, and endowments from public or private sources as
28 may be made from time to time, in trust or otherwise, for the use and
29 benefit of the purposes of the Pacific Northwest export assistance

1 project and expend the same or any income therefrom according to the
2 terms of the gifts, grants, or endowments.

3 (7) The department of trade and economic development may use the
4 following formula in determining the number of clients that can be
5 reasonably served by the Pacific Northwest export assistance project
6 relative to its appropriation. Divide the amount appropriated for
7 administration of the Pacific Northwest export assistance project by
8 the marginal cost of adding each additional Pacific Northwest export
9 assistance project client. For the purposes of this calculation, and
10 only for the first biennium of operation, the biennial marginal cost of
11 adding each additional Pacific Northwest export assistance project
12 client shall be fifty-seven thousand ninety-five dollars. The biennial
13 marginal cost of adding each additional client after the first biennium
14 of operation shall be established from the actual operating experience
15 of the Pacific Northwest export assistance project.

16 (8) All receipts from the Pacific Northwest export assistance
17 project shall be deposited into the general fund."

18 "NEW SECTION. **Sec. 4.** The department of trade and economic
19 development shall adopt rules under chapter 34.05 RCW as necessary to
20 carry out the purposes of sections 1 through 5 of this act."

21 "NEW SECTION. **Sec. 5.** The Pacific Northwest export assistance
22 project fund is created in the custody of the state treasurer.
23 Expenditures from the fund may be used only for the purposes of funding
24 the services of the Pacific Northwest export assistance project under
25 this chapter. Only the director of the department of trade and
26 economic development or the director's designee may authorize
27 expenditures from the fund. Funding appropriated by the state of
28 Washington shall not be used to provide services to other states or

1 provinces. The fund is subject to allotment procedures under chapter
2 43.88 RCW, but no appropriation is required for expenditures."

3 "NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act are
4 each added to chapter 43.31 RCW."

5 "NEW SECTION. **Sec. 7.** This act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of the
7 state government and its existing public institutions, and shall take
8 effect immediately."

9 "NEW SECTION. **Sec. 8.** If specific funding for the Pacific
10 Northwest export assistance project, referencing this act by bill
11 number, is not provided by June 30, 1991, in the omnibus appropriations
12 act, this act shall be null and void."

13 "NEW SECTION. **Sec. 9.** If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 remainder of the act or the application of the provision to other
16 persons or circumstances is not affected."

17 **SSB 5639** - H COMM AMD
18 By Committee on Trade & Economic Development

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20 On page 1, line 2 of the title, after "center;" strike the
21 remainder of the title and insert "adding new sections to chapter 43.31
22 RCW; creating a new section; and declaring an emergency."