

SENATE BILL REPORT

SB 5639

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 11, 1991

**Brief Description:** Creating the Pacific Northwest export assistance project.

**SPONSORS:** Senators Cantu, Snyder, Anderson, Bluechel, Madsen, Barr, Sutherland, Johnson, Bauer, Bailey, Roach, A. Smith, Thorsness and Conner.

**SENATE COMMITTEE ON COMMERCE & LABOR**

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

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McCaslin, McDonald, Moore, Murray, and Skratek.

**Staff:** Forrest Bathurst (786-7429)

**Hearing Dates:** February 20, 1991; February 26, 1991

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** That Substitute Senate Bill No. 5639 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, Johnson, L. Kreidler, Matson, Metcalf, Murray, Newhouse, Niemi, Owen, Rinehart, Saling, L. Smith, Talmadge, Williams, and Wojahn.

**Staff:** Mary Poole (786-7715)

**Hearing Dates:** March 11, 1991

**BACKGROUND:**

The small and medium sized business community asserts that gaining access to comprehensive export assistance is becoming more difficult over time. This difficulty in securing export services makes many small businesses avoid exporting due to the high risk associated with trying to do it alone.

Washington State does not currently have a one-stop-shop export program that provides comprehensive assistance to the small business community. Small businesses must coordinate with numerous federal, state, and local export programs to acquire a complete package of services.

The proposed Pacific Northwest Export Assistance Project is modeled on the New York/New Jersey Port Authority program, X-PORT. X-PORT recently won the Innovations in State and Local Government Award given by Harvard University for the Ford

Foundation. It also holds the President's "E" award for exporting excellence.

**SUMMARY:**

The Pacific Northwest Export Assistance Project is administered by the Small Business Export Finance Assistance Center and is a separate branch for accounting and auditing purposes.

The project is created to provide comprehensive export services to small and medium sized manufacturers and food processors. Its services include: 1) assisting clients in obtaining debt or equity financing; 2) helping draft competent business proposals; 3) securing export guarantees and insurance to underwrite risk; 4) developing marketing materials; 5) assessing and targeting foreign markets; 6) conducting market research; 7) identifying and negotiating with foreign agents or distributors; 8) trade show planning; 9) advising on product quality, guarantees, and after sales service requirements; 10) counseling on methods of minimizing commercial and political risk; and 11) contracting with other public or private export service providers to deliver services outside the project's areas of expertise.

Sunset provisions are repealed for the Small Business Export Finance Center.

Sunset requirements for the Pacific Northwest Export Assistance Project are established for June 30, 1997.

The bill contains an emergency clause and a severability clause. It also contains the customary null and void clause.

**EFFECT OF PROPOSED SUBSTITUTE:**

The appropriation language is eliminated.

**Appropriation:** none

**Revenue:** yes

**Fiscal Note:** none requested

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**TESTIMONY FOR (Commerce & Labor):**

The proposed Pacific Northwest Export Assistance Center provides services to small businesses that are not currently available in one location. Its services will fill a niche that presently is not being filled by public or private export service providers.

**TESTIMONY AGAINST (Commerce & Labor):**

Export marketing services are offered by private sector firms and should not be offered by the proposed Pacific Northwest Export Assistance Center. The proposed project will directly compete with private sector export services, and government should not offer services in competition with the private sector.

**TESTIFIED (Commerce & Labor):** Randy Ray, Puget Sound Steamship Operators Assn. (pro); Jim Zimmerman, Trout Lodge (pro); Professor Patrick Fleenor, Seattle University (pro); Ken Keach, Small Business Export Finance Center (pro); Gary Smith, Independent Business Association (pro); Scott Taylor, Washington Public Ports Association (pro); Beverly Woods, Assn. of Washington Business (pro); K. Harper, Ballantrae International, Ltd. (con)

**TESTIMONY FOR (Ways & Means):** None

**TESTIMONY AGAINST (Ways & Means):** None

**TESTIFIED (Ways & Means):** No one