

# FINAL BILL REPORT

## ESHB 2784

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Synopsis as Enacted

**Brief Description:** Creating the small business incubator program.

**Sponsors:** By House Committee on Trade & Economic Development (originally sponsored by Representatives Pettigrew, Skinner, O'Brien, Conway, Hunt, Cooper, Cairnes, Eickmeyer, Jarrett, Sullivan, Kirby, G. Simpson, Ruderman, Hatfield, Moeller, Chase, Kenney, Morrell, Hudgins and Murray).

**House Committee on Trade & Economic Development**

**House Committee on Appropriations**

**Senate Committee on Economic Development**

**Senate Committee on Ways & Means**

### **Background:**

Business incubation is a dynamic process of business enterprise development. Incubators provide hands-on management assistance, access to financing and orchestrated exposure to critical business or technical support services. Most business incubators also offer entrepreneurial firms shared office services, access to equipment, flexible leases, and expandable space.

An incubation program's main goal is to produce businesses that are financially viable and freestanding when they leave the incubator, usually after two or three years. Approximately 30 percent of incubator clients graduate each year.

Some business incubators accept a mix of industries while others concentrate on industry niches. According to the National Business Incubation Association, 47 percent of business incubation programs identify themselves as mixed use. Thirty-seven percent of the incubators focus solely on technology companies. Seven percent of business incubation programs are dedicated to manufacturing.

### **Summary:**

The Washington Small Business Incubator and Assistance Act of 2004 creates the Small Business Incubator (SBI) program which will be administered by the Department of Community, Trade and Economic Development (DCTED).

The DCTED will award grants of up to \$3 million to qualified SBI organizations for the construction and equipment needs of the SBI facility. In order to receive the grant, the qualified SBI must show that it has the resources to complete the project in a timely manner and that the state grant is not the sole source of funds. In addition to the facilities funds, the

DCTED may provide technical assistance, up to a maximum of \$125,000 per year, per facility, to a qualified SBI for support services and the operation of the SBI facilities.

A SBI is defined as a physical location that offers:

- space for start-up and expanding firms with viable products;
- the shared use of equipment and work areas;
- daily management support services essential to high-quality commercial operations; and
- technical assistance.

To qualify for money under the SBI Program, an SBI organization must be a nonprofit 501(c)(3) organization focused on developing small businesses in an economically distressed or disadvantaged area. It must also have a sound business plan and meet other standards developed by the DCTED, in conjunction with the Washington Association of Small Business Incubators.

An SBI Account is created in the custody of the State Treasurer. The DCTED will accept and receive grants, gifts, and pledges for the support of the SBI program.

**Votes on Final Passage:**

House	81	15	
Senate	46	0	(Senate amended)
House	89	7	(House concurred)

**Effective:** June 10, 2004