

SENATE BILL REPORT

SB 6627

As Reported By Senate Committee On:
Economic Development, February 4, 2004

Title: An act relating to the small business incubator program.

Brief Description: Creating the small business incubator program.

Sponsors: Senators T. Sheldon, Esser, Kastama, Murray, Winsley, Schmidt, Poulsen, Haugen, Mulliken, Roach, Rasmussen and Oke.

Brief History:

Committee Activity: Economic Development: 2/4/04 [DP-WM, DNP].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators T. Sheldon, Chair; Hale, Murray, Schmidt and Shin.

Minority Report: Do not pass.
Signed by Senator Kohl-Welles.

Staff: Jack Brummel (786-7428)

Background: Most small businesses fail within their first five years of operation because they are undercapitalized and lack proper management. A small business incubator is a facility in which a number of businesses operate under one roof with affordable rents, sharing services and equipment. Typically, professional and technical assistance is offered to the business on site.

Small business incubators have an impressive track record. More than 80 percent of the nation's businesses participating in this type of environment survive beyond their first five years of existence.

Most incubator facilities in Washington provide an environment where public and private resources can combine to meet the needs of small businesses during their critical stages of development.

Summary of Bill: The Small Business Incubator Program is created in the Department of Community, Trade, and Economic Development. The department is to award up to \$125,000 per year to small business incubators for operations and support services. A recipient must be a non-profit incubator in a distressed or disadvantaged area complying with standards developed by the department.

All state agencies are to include small business incubators in their strategies for economic growth.

The small business incubator account is created in the treasurer's office. Moneys in the account may be used only for the Small Business Incubator Program.

Appropriation: None.

Fiscal Note: Requested on February 2, 2004.

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

Testimony For: Incubators provide support and assistance to businesses. They make a big difference in business success. There is a role for a variety of incubators. Public investment generates big payoffs in new tax dollars. There are about 17 locations where new incubators are being considered in the state. Clallam County and Puyallup could both use financial help getting their incubators off the ground.

Testimony Against: None.

Testified: PRO: Lincoln Ferris, Tim Strege, WA Assoc. of Small Business Incubators; Jim Haguewood, Clallam Co. EDC; Gary Cohn, Port Angeles School District; Mike Doherty, Clallam Co. Bd. of Co. Commissioners; Audrey Chase; John Bankston, HUB Cont. Assoc.; Doug Levy, City of Puyallup.