

SENATE BILL REPORT

SB 6714

As Reported By Senate Committee On:
International Trade & Economic Development, January 31, 2006

Title: An act relating to microenterprise development.

Brief Description: Establishing the microenterprise development program.

Sponsors: Senators Brown, Fairley, Eide, Keiser, McAuliffe, Franklin and Kohl-Welles.

Brief History:

Committee Activity: International Trade & Economic Development: 1/26/06, 1/31/06 [DP-WM, w/oRec].

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Shin, Chair; Sheldon, Vice Chair; Doumit and Eide.

Minority Report: That it be referred without recommendation.
Signed by Senators Pflug, Ranking Minority Member; Roach and Zarelli.

Staff: Jack Brummel (786-7428)

Background: A microenterprise is commonly understood to be a business with five or fewer employees, with start-up capital needs of \$35,000 or less, and without access to traditional commercial loans. Most microenterprises are sole-proprietorships, creating employment for the owner and often other family members. Some grow large enough to employ other members of the community.

Microenterprise development refers to the process by which entrepreneurs start and grow their businesses. Microenterprise development programs provide business development services to individuals currently operating or interested in starting a microenterprise.

Approximately 20 organizations operate microenterprise development programs in Washington; they offer a variety of microenterprise services and are at various stages of sophistication and organizational development. Governmental funding for microenterprise development programs is available in most states.

Summary of Bill: The Microenterprise Development Program is established in the Department of Community, Trade and Economic Development. The department is to provide organizational support to a statewide microenterprise association and contract with it for the delivery of capacity building services to microenterprise development organizations as well as grants for technical assistance and training to microentrepreneurs. The department is also to identify other sources of funds for microenterprise development and develop criteria for the

distribution of grants. The department may provide loans to local microenterprise loan funds and to a loan guarantee fund.

The statewide microenterprise assistance association and microenterprise development organizations receiving funds must garner matching funds from foundations, financial institutions, or other sources. The statewide microenterprise assistance association may use no greater than ten percent of state funds to cover administrative expenses and must provide the department with an annual accounting and report on outcomes.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: This creates the opportunity for the state to facilitate the spread of microenterprise assistance throughout the state. This will help microentrepreneurs keep going against long odds to attain self-sufficiency. Establishing this effort through CTED will make a difference in the economy.

Testimony Against: None.

Who Testified: PRO: Senator Brown, prime sponsor; Carolyn Prouty, Lisa Smith, Enterprise for Equity; Ray Gleason, Cascade Tree Experts; Andrea Dimond, WA State Microenterprise Assoc., Washington Assistive Technology Foundation; Suzanne Garland, Washington Cash; Teresa Lemmons, Metropolitan Development Council; Laura Matson.