

HOUSE BILL REPORT

2SSB 6679

As Reported by House Committee On:
Community & Economic Development & Trade
General Government Appropriations

Title: An act relating to the small business export finance assistance center.

Brief Description: Concerning the small business export finance assistance center.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kauffman, Kastama and Shin).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/18/10, 2/22/10 [DPA];
General Government Appropriations: 2/25/10 [DPA(APPG w/o CEDT)].

**Brief Summary of Second Substitute Bill
(As Amended by House)**

- Authorizes the Small Business Export Finance Assistance Center to make loans or provide loan guarantees to finance export activities for Washington businesses with \$200 million or less in annual sales.
- Requires the Small Business Export Finance Assistance Center to develop, if specific funding is provided, a rural manufacturer export outreach program, and to develop export loan or loan guarantee programs.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended. Signed by 9 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Liias, Moeller, Orcutt, Parker and Probst.

Staff: Chris Cordes (786-7103).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Small Business Export Finance Assistance Center (Center) is a nonprofit corporation formed under state law to assist small and medium-sized businesses, in both urban and rural areas, in financing exports and to provide information and assistance about export opportunities and financing. Among its specific powers, the Center may:

- provide assistance to businesses with annual sales of \$200 million or less in obtaining loans and loan guarantees made by financial institutions for financing exports from Washington, and provide financing and risk mitigation counseling;
- be available as a teaching resource to both public and private sponsors of programs relating to financing and risk mitigation to facilitate exporting businesses; and
- contract with federal agencies to be a program administrator for federally provided loan guarantee and export credit insurance programs.

The Center may not use any state funds to make loans or loan guarantees. It is directed to seek nonstate funds for its continued operation.

The Center contracts with the Department of Commerce for a two-year period. The contract requires the Center to seek nonstate funding and to report annually on its success in doing so. The contracting statute also refers to the Pacific Northwest Export Assistance Project, which was created in 1991 as a branch of the Center to assist certain manufacturers relatively new to exporting with comprehensive designing and financing services. The Pacific Northwest Export Assistance Project was repealed in 1997 after a sunset review.

Summary of Amended Bill:

The Small Business Export Finance Assistance Center is given additional authority to make loans or provide loan guarantees on loans from financial institutions to Washington businesses with \$200 million or less in annual sales. This new authority is to finance exports and business growth to accommodate increased export sales.

These new loans are available only when a financial institution makes assurances that a loan or loan guarantee is otherwise not available.

References to the repealed Pacific Northwest Export Assistance Project are deleted.

Amended Bill Compared to Second Substitute Bill:

The amended bill deletes the directive to the Small Business Export Finance Assistance Center to develop, if funding is provided, a rural manufacturer export outreach program and export loan or loan guarantee programs.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Small businesses have suffered a large impact because of several recent natural disasters, and they are struggling to stay open. This bill came about after receiving ideas from a small business forum. They strongly recommended increasing technical and financial assistance to small businesses. Expanding the Small Business Export Finance Assistance Center's authority will build on the program funded in the operating budget that generated new export business for Washington companies. The bill is intended to coordinate, not duplicate, services.

(Opposed) None.

Persons Testifying: Senator Kauffman, prime sponsor; and Ron Newbry, Impact Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS

Majority Report: Do pass as amended by Committee on General Government Appropriations and without amendment by Committee on Community & Economic Development & Trade. Signed by 14 members: Representatives Darneille, Chair; Takko, Vice Chair; McCune, Ranking Minority Member; Armstrong, Assistant Ranking Minority Member; Blake, Dunshee, Hudgins, Kenney, Klippert, Pedersen, Sells, Short, Van De Wege and Williams.

Staff: Steve Smith (786-7178).

Summary of Recommendation of Committee On General Government Appropriations Compared to Recommendation of Committee On Community & Economic Development & Trade:

The bill as amended by the General Government Appropriations Committee restores the section that requires the Small Business Export Finance Assistance Center to develop, if specific funding is provided, a rural manufacturer export outreach program, and to develop export loan or loan guarantee programs.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.