

SENATE BILL REPORT

SHB 1957

As Reported by Senate Committee On:
Business, Financial Services & Trade, February 24, 2022

Title: An act relating to establishing a small business disaster recovery financial assistance program.

Brief Description: Establishing a small business disaster recovery financial assistance program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Rule, Walen, Chapman, Santos, Simmons, Ramel, Johnson, J., Riccelli, Frame, Ormsby and Harris-Talley).

Brief History: Passed House: 2/2/22, 96-0.

Committee Activity: Business, Financial Services & Trade: 2/17/22, 2/24/22 [DPA-WM, w/oRec].

Brief Summary of Amended Bill

- Creates a grant program for small businesses with gross receipts of \$5 million or less that have been subject to a reduction in business income or activity as a result of a natural disaster.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Frockt and Lovick.

Minority Report: That it be referred without recommendation.
Signed by Senators Dozier, Ranking Member; Brown and Wilson, L.

Staff: Clinton McCarthy (786-7319)

Background: The Department of Commerce (Commerce) serves as the state agency

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

responsible for supporting and promoting economic development throughout the state. Among its economic development programs, Commerce offers technical assistance to small businesses in areas such as business start-up processes, business operations, retirement benefits, and trade and exports. Commerce also administers several capital assistance programs for small businesses, including the federally funded State Small Business Credit Initiative.

Commerce has also administered several small business financial assistance programs authorized in early action legislation adopted during the 2021 legislative session and the 2021-2023 operating budget. The largest of these programs is the Working Washington Grant program, which provides grants to small businesses that experienced a loss in revenue or had to temporarily cease operations due to the COVID-19 pandemic, or state or local actions in response to the pandemic. Grant funds can support costs such as rent and utilities, payroll, workplace upgrades to adhere to new safety or sanitation standards, securing inventory and supplies, and other operational costs.

Summary of Amended Bill: The Department of Commerce is directed to develop and implement a small business disaster recovery financial assistance program to provide resources through grants to small businesses that have sustained physical damage or economic loss due to a natural disaster. Grant funds are permitted to be used for:

- payroll;
- utilities;
- rent;
- marketing and advertising;
- building improvements or repairs;
- replacing damaged inventory or equipment; and
- other operations and business expenses.

To be eligible to receive a grant, a business must provide documentation that it has annual gross receipts of \$5 million or less. Grants are limited to a maximum award of \$75,000. They must document that there has been a reduction in business income or activity due to a natural disaster. Commerce must make assistance available to eligible businesses within three months of receiving an application.

Commerce is also directed to coordinate with local economic development entities in conducting outreach to small businesses to increase awareness and understanding of this program.

EFFECT OF BUSINESS, FINANCIAL SERVICES & TRADE COMMITTEE AMENDMENT(S):

The grant award size is limited to \$75,000 for grants awarded through the small business disaster recovery financial assistance program administered by Commerce.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* **PRO:** This bill establishes a disaster recovery program for small businesses. The state has a role in disaster recovery, particularly in the area of small businesses.

OTHER: If no disaster is declared at the federal level, there is likely to be little money that can be provided to help small businesses deal with a natural disaster. Funding would only be used in a disaster and any excess funding would be allowed to lapse.

Persons Testifying: **PRO:** Representative Alicia Rule, Prime Sponsor.

OTHER: Marie Davis, Department of Commerce.

Persons Signed In To Testify But Not Testifying: No one.