

SENATE BILL REPORT

SB 6247

As Passed Senate, February 8, 1996

Title: An act relating to economic development.

Brief Description: Revising economic development activities.

Sponsors: Senators Sheldon, Roach, Long, Quigley, Owen, Hale, Fairley, Swecker and Drew.

Brief History:

Committee Activity: Ways & Means: 1/24/96, 1/25/96 [DP].
Passed Senate, 2/8/96, 46-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Hargrove, Kohl, Long, McDonald, Pelz, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Cathy Baker (786-7708)

Background: In 1989 the Legislature created the Washington Economic Development Finance Authority (WEDFA) to help meet the capital needs of small and medium-sized businesses.

WEDFA consists of 17 members appointed by the Governor. The membership includes the State Treasurer, the director of the Department of Community, Trade, and Economic Development, the director of the Department of Agriculture, a member from each of the four major legislative caucuses, and 10 citizen members. The members serve without compensation.

WEDFA is authorized to issue nonrecourse revenue bonds to carry out its programs. The bonds may be issued on either a tax-exempt or taxable basis. These bonds are not obligations of the state of Washington. WEDFA is also prohibited from lending the state's credit. Under current law, WEDFA may not issue bonds for more than five economic development projects per year.

In 1995, WEDFA initiated a program to help businesses finance manufacturing and processing equipment. Through this program, WEDFA will issue small industrial revenue bonds to businesses for the purchase of new equipment. Participation in the program is expected from businesses that need between \$250,000 and \$1 million in financing per project. It is suggested that the limit of five projects per year should not apply to the small bond issuances anticipated under this new program.

Summary of Bill: WEDFA may provide nonrecourse revenue bond financing for more than five economic development projects per year if: 1) the bonds finance manufacturing or processing activities; and 2) the total project cost is less than \$10 million.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The bill will help WEDFA implement a new bond financing program for manufacturing and processing equipment. The five project limit restricts the usefulness of this program. Lifting the limit will enable WEDFA to respond to a greater number of companies.

Testimony Against: None.

Testified: Jonathan Hayes, DCTED (pro); Miriam Sevy, Smith Mitchell Investment Group (pro); Townsend Hyatt, Ater Wynne Law Firm (pro).

House Amendment(s): WEDFA's limitation on the financing of five economic development activities per fiscal year is expanded to include an additional ten manufacturing or processing projects where the individual total project cost is less than \$1 million.