
**Community & Economic
Development & Trade Committee**

HB 3266

Brief Description: Regarding state economic development programs.

Sponsors: Representatives Lias, Ormsby and Wood.

Brief Summary of Bill

- Requires that the Community Economic Revitalization Board provide financial assistance only to projects consistent with Economic Development Commission goals and objectives, when adopted, and with the Workforce Training and Education Coordinating Board's Strategic Plan for Workforce Development.
- Eliminates the Job Development Fund Program and the authorized transfer of up to \$50 million from the Public Works Assistance account each biennium into the Job Development Fund.

Hearing Date: 2/4/08

Staff: Meg Van Schoorl (786-7105).

Background:

Community Economic Revitalization Board Program

The Community Economic Revitalization Board (CERB) is a statutorily authorized state board charged with financing publicly owned economic development infrastructure improvements to encourage new business development and expansion in areas where growth is desired. Staffing for CERB is provided by the Department of Community, Trade and Economic Development (DCTED). The CERB program provides local governments low-interest loans and, from time to time, grants, to help finance public facility projects. Assistance in the traditional CERB program is primarily targeted to rural communities. Counties, cities, towns, port districts, federally recognized Indian tribes, special purpose districts, municipal corporation and quasi-municipal corporations with economic development purposes are eligible to apply. CERB financing can be

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used for public facilities including, but not limited to, bridges, roads, domestic and industrial water, sanitary and storm sewers, and railroad spurs. In recent years, the Legislature has also given CERB responsibility for implementing the Job Development Fund and Local Infrastructure Financing Tool programs.

Public Infrastructure Study Committee

A proviso in the 2007-09 Capital Budget established the Study Committee on Public Infrastructure Programs and Funding Structures (Committee). The joint House-Senate bipartisan Committee was charged with making "recommendations for a comprehensive funding structure and a systematic approach to support the integration, consolidation and standardization of processes and procedures for community and economic development infrastructure programs." Among the recommendations contained in its January 1, 2008 Final Report, the Committee proposed that the Job Development Fund statute and the planned 2009-11 \$50 million Public Works Assistance Account Fund transfer be eliminated. The Committee also recommended: that the Legislature identify a permanent funding source for CERB and re-evaluate the rural/urban mix of projects and maximum dollar amount allowed for each project; that CERB funding criteria prioritize projects compatible with statewide policy goals and that performance measures should be required that indicate whether the projects are meeting the policy goals; that, if CERB is expanded, adequate funding would be necessary for diligent application review and monitoring.

Job Development Fund

The Job Development Fund (JDF) program was created in 2005 to provide grants for public infrastructure projects that directly stimulate community and economic development by supporting the creation of new jobs or the retention of existing jobs. The JDF program is administered by the CERB. The maximum grant available from the JDF for any single project is \$10 million and may not exceed 33 percent of the total cost of the project. The statute allows for a transfer of up to \$50 million each biennium from the Public Works Assistance Account into the Job Development Fund through June 30, 2011, when the Act expires. A list of 18 projects totaling \$50 million was included in the 2005-07 Capital Budget. As required by statute, the CERB submitted a prioritized list of recommended projects totaling \$49.93 million for the 2007-09 biennium. The CERB also provided an alternate prioritized list of projects for an additional \$10 million in funds.

Summary of Bill:

The CERB must only provide financial assistance to projects that are consistent with goals and objectives adopted by the Economic Development Commission (Commission), when adopted, and with the Workforce Training and Education Coordinating Board Strategic Plan for Workforce Development. The CERB must prioritize each proposed project according to statewide priorities identified by the Commission and countywide priorities identified in plans consistent with elements required by the Commission.

The requirement that the CERB prioritize each project according to the rate of return of the State's investment, including the expected increase in state and local tax revenues, is eliminated.

The Job Development Fund Program is eliminated as is the authorized transfer of up to \$50 million from the Public Works Assistance Account each biennium into the Job Development Fund.

The required reports by the Joint Legislative Audit and Review Committee on State Public Infrastructure Programs and Funds (completed) and on the Job Development Fund (due 2010) are eliminated.

Appropriation: None.

Fiscal Note: Requested on January 31, 2008.

Effective Date: The bill takes effect on July 1, 2009.