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**HOUSE BILL 2091**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representatives Pettigrew, Frame, Leavitt, and Macri

AN ACT Relating to the creation of the Washington community development authority; and adding a new chapter to Title 43 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that community organizations strongly rooted in poor communities of color and in poor rural communities have the cultural understanding, imagination, and vision to create capital assets and develop programs that will help reduce poverty and build stronger and more sustainable communities.

(2) The legislature finds that these organizations currently face structural barriers when seeking local, state, and federal capital funds. Those barriers have left many of these communities without the development capacity and capital assets other communities have been able to establish in recent years.

(3) The legislature further finds and acknowledges the need for a statewide authority to provide financing to foster development capacity and support capital projects within identified impacted communities.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Authority" means the Washington community development authority.

(2) "Community" means a group of people who reside or work within a geographic area and who currently or historically share a distinct cultural identity or local history.

(3) "Department" means the department of commerce.

(4) "Director" means the director of the department.

(5) "Impacted community" means a community of color or rural community that has been adversely impacted by poverty.

NEW SECTION. **Sec.**  (1) The Washington community development authority is hereby created as a statewide public corporation for the overall purpose of developing and coordinating public and private resources targeted to assist impacted communities with the financing of capital projects and related economic development activities. The department shall serve as the fiduciary agent for the authority's funds when appropriated by the state.

(2) The affairs of the authority are managed by a board of directors, consisting of representatives of organizations that provide services within impacted communities.

(3) A committee comprised of four legislative members must appoint the initial board of directors of the authority. The president of the senate shall appoint one member from each of the two largest caucuses of the senate to the committee and the speaker of the house of representatives shall appoint one member from each of the two largest caucuses of the house of representatives to the committee. The four legislative members of the committee must then jointly select the members of the initial board of directors of the authority. Members of subsequent boards of directors of the authority must be determined as defined in the authority's bylaws. The board of directors shall submit three recommendations to the governor for appointment as chair of the board. The governor shall appoint a chair of the board at least six months prior to the conclusion of the term of each chair.

(4) The authority, in addition to the purpose stated in subsection (1) of this section, has the following purposes:

(a) To revitalize, enhance, and preserve the unique character of impacted communities;

(b) To allow poor communities of color and poor rural communities to build the capacity to meet the needs of their communities;

(c) To restore a local area's sense of community;

(d) To reduce the displacement of community members and businesses;

(e) To stimulate the community's economic vitality;

(f) To enhance vital public services;

(g) To improve the standard of living of residents and the business environment in impacted communities by constructing and managing the types of self-determined assets that are essential to reducing poverty, such as affordable housing, business development, and community facilities; and

(h) To reduce poverty.

NEW SECTION. **Sec.**  (1) The authority has the power to:

(a) Accept gifts, grants, loans, or other aid from public and private entities;

(b) Employ and appoint such agents, attorneys, officers, and employees as may be necessary to implement the purposes and duties of an authority;

(c) Contract and enter into partnerships with individuals, associations, corporations, and local, state, and federal governments;

(d) Buy, own, lease, and sell real and personal property;

(e) Hold in trust, improve, and develop land;

(f) Invest, deposit, and reinvest its funds;

(g) Enter into agreements with public or private entities, including partnership agreements and limited liability company agreements to implement within the boundaries of impacted communities the federal new markets tax credit program established by the community renewal tax relief act of 2000, 26 U.S.C. Sec. 45D, or its successor statute or other federal tax credit programs such as the low-income housing tax credit program;

(h) Lend or grant its funds for any lawful purposes. For purposes of this section, "lawful purposes" includes without limitation, any use of funds, including loans thereof to public or private parties, authorized by agreements with the United States or any department or agency thereof under which federal or private funds are obtained, or authorized under federal laws and regulations pertinent to such agreements; and

(i) Exercise such additional powers as may be authorized by law.

(2) The authority has no power of eminent domain nor any power to levy taxes or special assessments.

(3) Except for federal funds, all public funds accepted under subsection (1)(a) of this section:

(a) Are subject in all respects to Article VIII, section 5 or 7, as appropriate, of the state Constitution, and RCW 42.17A.550; and

(b) May not be used to support or oppose a candidate, ballot proposition, political party, or political committee.

(4) The authority, using funds specifically appropriated for such purpose, through the department, shall finance in whole or in part the operations of the authority and its allocations to projects that assist with financing for technical assistance, capital projects, and community benefit projects in impacted communities.

NEW SECTION. **Sec.**  The authority has the duty to:

(1) Work with local organizations to create community growth plans;

(2) Identify and assist with the implementation of selected capital projects;

(3) Submit a list of projects recommended for funding as well as an annual operating budget for the authority to the department;

(4) Use gifts, grants, loans, and other aid from public or private entities to carry out selected projects;

(5) Maintain books and records as appropriate for the conduct of its affairs; and

(6) Demonstrate ongoing accountability for its actions by reporting to the governor and the legislature on the authority's activities and accomplishments.

NEW SECTION. **Sec.**  Organizations that receive assistance from the department under this chapter must be local community-based nonprofit organizations that serve impacted communities. Eligibility for assistance from the department under this chapter also requires compliance with revenue and taxation laws, as applicable to the recipient, at the time the funding is made.

NEW SECTION. **Sec.**  The Washington community development authority account is created in the custody of the state treasurer. The account shall include revenue from the sources established by this chapter, appropriations by the legislature, private contributions, repayment of loans, and all other sources. Expenditures from the account may be used only for authority operations and projects under this chapter. Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec.**  Sections 1 through 7 of this act constitute a new chapter in Title 43 RCW.

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