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**SUBSTITUTE HOUSE BILL 2755**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** House Committee on Trade & Economic Development (originally sponsored by Representatives Van Luven, Sheldon, Silver and Hatfield; by request of Department of Community, Trade, and Economic Development)

Read first time 02/02/96.

1 AN ACT Relating to economic development; amending RCW 43.160.010,  
2 43.160.020, 43.160.030, 43.160.050, 43.160.060, 43.160.070, 43.160.076,  
3 43.160.090, 43.160.200, and 43.160.210; and providing effective dates.

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

5 **Sec. 1.** RCW 43.160.010 and 1991 c 314 s 21 are each amended to  
6 read as follows:

7 (1) The legislature finds that it is the public policy of the state  
8 of Washington to direct financial resources toward the fostering of  
9 economic development through the stimulation of investment and job  
10 opportunities and the retention of sustainable existing employment for  
11 the general welfare of the inhabitants of the state. Reducing  
12 unemployment and reducing the time citizens remain jobless is important  
13 for the economic welfare of the state. A valuable means of fostering  
14 economic development is the construction of public facilities which  
15 contribute to the stability and growth of the state's economic base.  
16 Strengthening the economic base through issuance of industrial  
17 development bonds, whether single or umbrella, further serves to reduce  
18 unemployment. Consolidating issues of industrial development bonds  
19 when feasible to reduce costs additionally advances the state's purpose

1 to improve economic vitality. Expenditures made for these purposes as  
2 authorized in this chapter are declared to be in the public interest,  
3 and constitute a proper use of public funds. A community economic  
4 revitalization board is needed which shall aid the development of  
5 economic opportunities. The general objectives of the board should  
6 include:

7 (a) Strengthening the economies of areas of the state which have  
8 experienced or are expected to experience chronically high unemployment  
9 rates or below average growth in their economies;

10 (b) Encouraging the diversification of the economies of the state  
11 and regions within the state in order to provide greater seasonal and  
12 cyclical stability of income and employment;

13 (c) Encouraging wider access to financial resources for both large  
14 and small industrial development projects;

15 (d) Encouraging new economic development or expansions to maximize  
16 employment;

17 (e) Encouraging the retention of viable existing firms and  
18 employment; and

19 (f) Providing incentives for expansion of employment opportunities  
20 for groups of state residents that have been less successful relative  
21 to other groups in efforts to gain permanent employment.

22 (2) The legislature also finds that the state's economic  
23 development efforts can be enhanced by, in certain instances, providing  
24 funds to improve state highways in the vicinity of new industries  
25 considering locating in this state or existing industries that are  
26 considering significant expansion.

27 (a) The legislature finds it desirable to provide a process whereby  
28 the need for diverse public works improvements necessitated by planned  
29 economic development can be addressed in a timely fashion and with  
30 coordination among all responsible governmental entities.

31 (b) It is the intent of the legislature to create an economic  
32 development account within the motor vehicle fund from which  
33 expenditures can be made by the department of transportation for state  
34 highway improvements necessitated by planned economic development. All  
35 such improvements must first be approved by the state transportation  
36 commission and the community economic revitalization board in  
37 accordance with the procedures established by RCW 43.160.074 and  
38 47.01.280. It is further the intent of the legislature that such  
39 improvements not jeopardize any other planned highway construction

1 projects. The improvements are intended to be of limited size and  
2 cost, and to include such items as additional turn lanes,  
3 signalization, illumination, and safety improvements.

4 (3) The legislature also finds that the state's economic  
5 development efforts can be enhanced by providing funds to improve  
6 markets for those recyclable materials representing a large fraction of  
7 the waste stream. The legislature finds that public facilities which  
8 result in private construction of processing or remanufacturing  
9 facilities for recyclable materials are eligible for consideration from  
10 the board.

11 (4) The legislature finds that sharing economic growth state-wide  
12 is important to the welfare of the state. ((~~Timber~~)) Rural natural  
13 resource impact areas do not share in the economic vitality of the  
14 Puget Sound region. Infrastructure is one of several ingredients that  
15 are critical for economic development. ((~~Timber~~)) Rural natural  
16 resource impact areas generally lack the infrastructure necessary to  
17 diversify and revitalize their economies. It is, therefore, the intent  
18 of the legislature to increase the availability of funds to help  
19 provide infrastructure to ((~~timber~~)) rural natural resource impact  
20 areas.

21 **Sec. 2.** RCW 43.160.020 and 1995 c 226 s 14 are each amended to  
22 read as follows:

23 Unless the context clearly requires otherwise, the definitions in  
24 this section apply throughout this chapter.

25 (1) "Board" means the community economic revitalization board.

26 (2) "Bond" means any bond, note, debenture, interim certificate, or  
27 other evidence of financial indebtedness issued by the board pursuant  
28 to this chapter.

29 (3) "Department" means the department of community, trade, and  
30 economic development.

31 (4) "Financial institution" means any bank, savings and loan  
32 association, credit union, development credit corporation, insurance  
33 company, investment company, trust company, savings institution, or  
34 other financial institution approved by the board and maintaining an  
35 office in the state.

36 (5) "Industrial development facilities" means "industrial  
37 development facilities" as defined in RCW 39.84.020.

1 (6) "Industrial development revenue bonds" means tax-exempt revenue  
2 bonds used to fund industrial development facilities.

3 (7) "Local government" or "political subdivision" means any port  
4 district, county, city, town, ~~((or))~~ special ((utility)) purpose  
5 district, and any other municipal corporations or quasi-municipal  
6 corporations in the state providing for public facilities under this  
7 chapter.

8 (8) "Sponsor" means any of the following entities which customarily  
9 provide service or otherwise aid in industrial or other financing and  
10 are approved as a sponsor by the board: A bank, trust company, savings  
11 bank, investment bank, national banking association, savings and loan  
12 association, building and loan association, credit union, insurance  
13 company, or any other financial institution, governmental agency, or  
14 holding company of any entity specified in this subsection.

15 (9) "Umbrella bonds" means industrial development revenue bonds  
16 from which the proceeds are loaned, transferred, or otherwise made  
17 available to two or more users under this chapter.

18 (10) "User" means one or more persons acting as lessee, purchaser,  
19 mortgagor, or borrower under a financing document and receiving or  
20 applying to receive revenues from bonds issued under this chapter.

21 (11) "Public facilities" means bridges, roads, domestic and  
22 industrial water, sanitary sewer, storm sewer, railroad, electricity,  
23 natural gas, buildings or structures, and port facilities.

24 (12) "Rural natural resources impact area" means:

25 (a) A nonmetropolitan county, as defined by the 1990 decennial  
26 census, that meets two of the five criteria set forth in subsection  
27 ~~((+12))~~ (13) of this section; or

28 (b) A nonurbanized area, as defined by the 1990 decennial census,  
29 that is located in a metropolitan county that meets two of the five  
30 criteria set forth in subsection ~~((+12))~~ (13) of this section.

31 ~~((+12))~~ (13) For the purposes of designating rural natural  
32 resources impact areas, the following criteria shall be considered:

33 (a) A lumber and wood products employment location quotient at or  
34 above the state average;

35 (b) A commercial salmon fishing employment location quotient at or  
36 above the state average;

37 (c) Projected or actual direct lumber and wood products job losses  
38 of one hundred positions or more;

1 (d) Projected or actual direct commercial salmon fishing job losses  
2 of one hundred positions or more; and

3 (e) An unemployment rate twenty percent or more above the state  
4 average. The counties that meet these criteria shall be determined by  
5 the employment security department for the most recent year for which  
6 data is available. For the purposes of administration of programs  
7 under this chapter, the United States post office five-digit zip code  
8 delivery areas will be used to determine residence status for  
9 eligibility purposes. For the purpose of this definition, a zip code  
10 delivery area that is located wholly or partially in an urbanized area  
11 or within two miles of an urbanized area is considered urbanized. The  
12 office of financial management shall make available a zip code listing  
13 of the areas to all agencies and organizations providing services under  
14 this chapter.

15 **Sec. 3.** RCW 43.160.030 and 1995 c 399 s 86 are each amended to  
16 read as follows:

17 (1) The community economic revitalization board is hereby created  
18 to exercise the powers granted under this chapter.

19 (2) The board shall consist of the chairman of and one minority  
20 member appointed by the speaker of the house of representatives from  
21 the committee of the house of representatives that deals with issues of  
22 economic development, the chairman of and one minority member appointed  
23 by the president of the senate from the committee of the senate that  
24 deals with issues of economic development, and the following members  
25 appointed by the governor: A recognized private or public sector  
26 economist; one port district official; one county official; one city  
27 official; one representative of the public; one representative of small  
28 businesses each from: (a) The area west of Puget Sound, (b) the area  
29 east of Puget Sound and west of the Cascade range, (c) the area east of  
30 the Cascade range and west of the Columbia river, and (d) the area east  
31 of the Columbia river; one executive from large businesses each from  
32 the area west of the Cascades and the area east of the Cascades. The  
33 appointive members shall initially be appointed to terms as follows:  
34 Three members for one-year terms, three members for two-year terms, and  
35 three members for three-year terms which shall include the chair.  
36 Thereafter each succeeding term shall be for three years. The chair of  
37 the board shall be selected by the governor. The members of the board  
38 shall elect one of their members to serve as vice-chair. The director

1 of community, trade, and economic development, the director of revenue,  
2 the commissioner of employment security, and the secretary of  
3 transportation shall serve as nonvoting advisory members of the board.

4 (3) ~~((Staff support))~~ Management services, including fiscal and  
5 contract services, shall be provided by the department ~~((of community,~~  
6 ~~trade, and economic development))~~ to assist the board in implementing  
7 this chapter and the allocation of private activity bonds.

8 (4) ~~((All appointive))~~ Members of the board ~~((shall be compensated~~  
9 ~~in accordance with RCW 43.03.240 and))~~ shall be reimbursed for travel  
10 expenses as provided in RCW 43.03.050 and 43.03.060.

11 (5) If a vacancy occurs by death, resignation, or otherwise of  
12 appointive members of the board, the governor shall fill the same for  
13 the unexpired term. ~~((Any))~~ Members of the board~~((, appointive or~~  
14 ~~otherwise,))~~ may be removed for malfeasance or misfeasance in office,  
15 upon specific written charges by the governor, under chapter 34.05 RCW.

16 (6) A member appointed by the governor may not be absent from more  
17 than fifty percent of the regularly scheduled meetings in any one  
18 calendar year. Any member who exceeds this absence limitation is  
19 deemed to have withdrawn from the office and may be replaced by the  
20 governor.

21 **Sec. 4.** RCW 43.160.050 and 1987 c 422 s 4 are each amended to read  
22 as follows:

23 The board may:

24 (1) Adopt bylaws for the regulation of its affairs and the conduct  
25 of its business.

26 (2) Adopt an official seal and alter the seal at its pleasure.

27 (3) ~~((Contract with any consultants as may be necessary or~~  
28 ~~desirable for its purposes and to fix the compensation of the~~  
29 ~~consultants.~~

30 ~~(4))~~ Utilize the services of other governmental agencies.

31 ~~((5))~~ (4) Accept from any federal agency loans or grants for the  
32 planning or financing of any project and enter into an agreement with  
33 the agency respecting the loans or grants.

34 ~~((6))~~ (5) Conduct examinations and investigations and take  
35 testimony at public ~~((or private))~~ hearings of any matter material for  
36 its information that will assist in determinations related to the  
37 exercise of the board's lawful powers.

1       ~~((7))~~ (6) Accept any gifts, grants, or loans of funds, property,  
2 or financial or other aid in any form from any other source on any  
3 terms and conditions which are not in conflict with this chapter.

4       ~~((8))~~ (7) Exercise all the powers of a public corporation under  
5 chapter 39.84 RCW.

6       ~~((9))~~ (8) Invest any funds received in connection with industrial  
7 development revenue bond financing not required for immediate use, as  
8 the board considers appropriate, subject to any agreements with owners  
9 of bonds.

10       ~~((10))~~ (9) Arrange for lines of credit for industrial development  
11 revenue bonds from and enter into participation agreements with any  
12 financial institution.

13       ~~((11))~~ (10) Issue industrial development revenue bonds in one or  
14 more series for the purpose of defraying the cost of acquiring or  
15 improving any industrial development facility or facilities and  
16 securing the payment of the bonds as provided in this chapter.

17       ~~((12))~~ (11) Enter into agreements or other transactions with and  
18 accept grants and the cooperation of any governmental agency in  
19 furtherance of this chapter.

20       ~~((13))~~ (12) Sell, purchase, or insure loans to finance the costs  
21 of industrial development facilities.

22       ~~((14))~~ (13) Service, contract, and pay for the servicing of loans  
23 for industrial development facilities.

24       ~~((15))~~ (14) Provide financial analysis and technical assistance  
25 for industrial development facilities when the board reasonably  
26 considers it appropriate.

27       ~~((16))~~ (15) Collect, with respect to industrial development  
28 revenue bonds, reasonable interest, fees, and charges for making and  
29 servicing its lease agreements, loan agreements, mortgage loans, notes,  
30 bonds, commitments, and other evidences of indebtedness. Interest,  
31 fees, and charges are limited to the amounts required to pay the costs  
32 of the board, including operating and administrative expenses and  
33 reasonable allowances for losses that may be incurred.

34       ~~((17))~~ (16) Procure insurance or guarantees from any party as  
35 allowable under law, including a governmental agency, against any loss  
36 in connection with its lease agreements, loan agreements, mortgage  
37 loans, and other assets or property.

38       ~~((18))~~ (17) Adopt rules under chapter 34.05 RCW as necessary to  
39 carry out the purposes of this chapter.

1       (~~(19)~~) (18) Do all acts and things necessary or convenient to  
2 carry out the powers expressly granted or implied under this chapter.

3       **Sec. 5.** RCW 43.160.060 and 1993 c 320 s 4 are each amended to read  
4 as follows:

5       The board is authorized to make direct loans to political  
6 subdivisions of the state for the purposes of assisting the political  
7 subdivisions in financing the cost of public facilities, including  
8 development of land and improvements for public facilities, as well as  
9 the construction, rehabilitation, alteration, expansion, or improvement  
10 of the facilities. A grant may also be authorized for purposes  
11 designated in this chapter, but only when, and to the extent that, a  
12 loan is not reasonably possible, given the limited resources of the  
13 political subdivision and the finding by the board that unique  
14 circumstances exist. The board shall not obligate more than twenty  
15 percent of its biennial appropriation as grants.

16       Application for funds shall be made in the form and manner as the  
17 board may prescribe. In making grants or loans the board shall conform  
18 to the following requirements:

19       (1) The board shall not (~~make a grant or loan~~) provide financial  
20 assistance:

21       (a) For a project the primary purpose of which is to facilitate or  
22 promote a retail shopping development or expansion.

23       (b) For any project that evidence exists would result in a  
24 development or expansion that would displace existing jobs in any other  
25 community in the state.

26       (c) For the acquisition of real property, including buildings and  
27 other fixtures which are a part of real property.

28       (2) The board shall only (~~make grants or loans~~) provide financial  
29 assistance:

30       (a) For those projects which would result in specific private  
31 developments or expansions (i) in manufacturing, production, food  
32 processing, assembly, warehousing, and industrial distribution; (ii)  
33 for processing recyclable materials or for facilities that support  
34 recycling, including processes not currently provided in the state,  
35 including but not limited to, de-inking facilities, mixed waste paper,  
36 plastics, yard waste, and problem-waste processing; (iii) for  
37 manufacturing facilities that rely significantly on recyclable  
38 materials, including but not limited to waste tires and mixed waste



1 paper; (iv) which support the relocation of businesses from  
2 nondistressed urban areas to distressed rural areas; or (v) which  
3 substantially support the trading of goods or services outside of the  
4 state's borders.

5 (b) For projects which it finds will improve the opportunities for  
6 the successful maintenance, establishment, or expansion of industrial  
7 or commercial plants or will otherwise assist in the creation or  
8 retention of long-term economic opportunities.

9 (c) When the application includes convincing evidence that a  
10 specific private development or expansion is ready to occur and will  
11 occur only if the (~~grant or loan~~) public facility improvement is  
12 made.

13 (3) The board shall prioritize each proposed project according to  
14 the relative benefits provided to the community by the jobs the project  
15 would create, not just the total number of jobs it would create after  
16 the project is completed and according to the unemployment rate in the  
17 area in which the jobs would be located. As long as there is more  
18 demand for (~~loans or grants~~) financial assistance than there are  
19 funds available (~~for loans or grants~~), the board is instructed to  
20 fund projects in order of their priority.

21 (4) A responsible official of the political subdivision shall be  
22 present during board deliberations and provide information that the  
23 board requests.

24 Before any (~~loan or grant~~) financial assistance application is  
25 approved, the political subdivision seeking the (~~loan or grant~~)  
26 assistance must demonstrate to the community economic revitalization  
27 board that no other timely source of funding is available to it at  
28 costs reasonably similar to financing available from the community  
29 economic revitalization board.

30 **Sec. 6.** RCW 43.160.070 and 1990 1st ex.s. c 16 s 802 are each  
31 amended to read as follows:

32 (~~(1)~~) Public facilities (~~loans and grants~~) financial  
33 assistance, when authorized by the board, (~~are~~) is subject to the  
34 following conditions:

35 (~~(a)~~) (1) The moneys in the public facilities construction loan  
36 revolving fund shall be used solely to fulfill commitments arising from  
37 (~~loans or grants~~) financial assistance authorized in this chapter or,  
38 during the 1989-91 fiscal biennium, for economic development purposes

1 as appropriated by the legislature. The total outstanding amount which  
2 the board shall dispense at any time pursuant to this section shall not  
3 exceed the moneys available from the fund. The total amount of  
4 outstanding (~~(loans and grants)~~) financial assistance in Pierce, King,  
5 and Snohomish counties shall never exceed sixty percent of the total  
6 amount of outstanding (~~(loans and grants)~~) financial assistance  
7 disbursed by the board.

8 (~~(b)~~) ~~Financial assistance through the loans or grants may be used~~  
9 ~~directly or indirectly for any facility for public purposes, including,~~  
10 ~~but not limited to, sewer or other waste disposal facilities,~~  
11 ~~arterials, bridges, access roads, port facilities, or water~~  
12 ~~distribution and purification facilities.~~

13 (~~(c)~~) (2) On contracts made for public facilities loans the board  
14 shall determine the interest rate which loans shall bear. The interest  
15 rate shall not exceed ten percent per annum. The board may provide  
16 reasonable terms and conditions for repayment for loans as the board  
17 determines. The loans shall not exceed twenty years in duration.

18 (~~(d)~~) (3) Repayments of loans made under the contracts for public  
19 facilities construction loans shall be paid into the public facilities  
20 construction loan revolving fund.

21 (~~(e)~~) (4) When every feasible effort has been made to provide  
22 loans and loans are not possible, the board may provide grants upon  
23 finding that unique circumstances exist.

24 **Sec. 7.** RCW 43.160.076 and 1995 c 226 s 15 are each amended to  
25 read as follows:

26 (1) Except as authorized to the contrary under subsection (2) of  
27 this section, from all funds available to the board for (~~(loans and~~  
28 ~~grants)~~) financial assistance in a biennium, the board shall spend at  
29 least fifty percent for (~~(grants and loans)~~) financial assistance for  
30 projects in distressed counties or rural natural resources impact  
31 areas. For purposes of this section, the term "distressed counties"  
32 includes any county, in which the average level of unemployment for the  
33 three years before the year in which an application for (~~(a loan or~~  
34 ~~grant)~~) financial assistance is filed, exceeds the average state  
35 employment for those years by twenty percent.

36 (2) If at any time during the last six months of a biennium the  
37 board finds that the actual and anticipated applications for qualified  
38 projects in distressed counties or rural natural resources impact areas

1 are clearly insufficient to use up the fifty percent allocation, then  
2 the board shall estimate the amount of the insufficiency and during the  
3 remainder of the biennium may use that amount of the allocation for  
4 (~~loans and grants for~~) financial assistance to projects not located  
5 in distressed counties or rural natural resources impact areas.

6 **Sec. 8.** RCW 43.160.090 and 1987 c 505 s 42 are each amended to  
7 read as follows:

8 The board and the department shall keep proper records of accounts  
9 and shall be subject to audit by the state auditor.

10 **Sec. 9.** RCW 43.160.200 and 1995 c 226 s 16 are each amended to  
11 read as follows:

12 (1) The economic development account is created within the public  
13 facilities construction loan revolving fund under RCW 43.160.080.  
14 Moneys in the account may be spent only after appropriation.  
15 Expenditures from the account may be used only for the purposes of RCW  
16 43.160.010(~~(+4)~~)(3) and this section. The account is subject to  
17 allotment procedures under chapter 43.88 RCW.

18 (2) Applications under this section for assistance from the  
19 economic development account are subject to all of the applicable  
20 criteria set forth under this chapter, as well as procedures and  
21 criteria established by the board, except as otherwise provided.

22 (3) Eligible applicants under this section are limited to political  
23 subdivisions of the state in rural natural resources impact areas that  
24 demonstrate, to the satisfaction of the board, the local economy's  
25 dependence on the forest products and salmon fishing industries.

26 (4) Applicants must demonstrate that their request is part of an  
27 economic development plan consistent with applicable state planning  
28 requirements. Applicants must demonstrate that tourism projects have  
29 been approved by the local government. Industrial projects must be  
30 approved by the local government and the associate development  
31 organization.

32 (5) Publicly owned projects may be financed under this section upon  
33 proof by the applicant that the public project is a necessary component  
34 of, or constitutes in whole, a tourism project.

35 (6) Applications must demonstrate local match and participation.  
36 Such match may include: Land donation, other public or private funds  
37 or both, or other means of local commitment to the project.

1 (7) Board financing for feasibility studies shall not exceed  
2 twenty-five thousand dollars per study. Board funds for feasibility  
3 studies may be provided as a grant and require a dollar for dollar  
4 match with up to one-half in-kind match allowed.

5 (8) Board financing for tourism projects shall not exceed two  
6 hundred fifty thousand dollars. Other public facility projects under  
7 this section shall not exceed five hundred thousand dollars. Loans  
8 with flexible terms and conditions to meet the needs of the applicants  
9 shall be provided. Grants may also be authorized, but only when, and  
10 to the extent that, a loan is not reasonably possible, given the  
11 limited resources of the political subdivision.

12 (9) The board shall develop guidelines for allowable local match  
13 and feasibility studies.

14 (10) Applications under this section need not demonstrate evidence  
15 that specific private development or expansion is ready to occur or  
16 will occur if funds are provided.

17 (11) The board shall establish guidelines for ~~((making grants and  
18 loans))~~ providing financial assistance under this section to ensure  
19 that the requirements of this chapter are complied with. The  
20 guidelines shall include:

21 (a) A process to equitably compare and evaluate applications from  
22 competing communities.

23 (b) Criteria to ensure that approved projects will have a high  
24 probability of success and are likely to provide long-term economic  
25 benefits to the community. The criteria shall include: (i) A minimum  
26 amount of local participation, determined by the board per application,  
27 to verify community support for the project; (ii) an analysis that  
28 establishes the project is feasible using standard economic principles;  
29 and (iii) an explanation from the applicant regarding how the project  
30 is consistent with the communities' economic strategy and goals.

31 (c) A method of evaluating the impact of the ~~((loans or grants))~~  
32 financial assistance on the economy of the community and whether the  
33 ~~((loans or grants))~~ financial assistance achieved ~~((their))~~ its  
34 purpose.

35 ~~((12) Cities and counties otherwise eligible under and in  
36 compliance with this section are authorized to use the loans or grants  
37 for buildings and structures.))~~

1       **Sec. 10.** RCW 43.160.210 and 1991 c 314 s 25 are each amended to  
2 read as follows:

3       (1) Except as authorized to the contrary under subsection (2) of  
4 this section, from all funds available to the board for (~~loans and~~  
5 ~~grants~~) financial assistance, the board shall (~~spend~~) designate at  
6 least twenty percent for (~~grants and loans~~) financial assistance for  
7 projects in distressed counties. For purposes of this section, the  
8 term "distressed counties" includes any county, in which the average  
9 level of unemployment for the three years before the year in which an  
10 application for (~~a loan or grant~~) financial assistance is filed,  
11 exceeds the average state employment for those years by twenty percent.

12       (2) If at any time during the last six months of a biennium the  
13 board finds that the actual and anticipated applications for qualified  
14 projects in distressed counties are clearly insufficient to use up the  
15 twenty percent allocation, then the board shall estimate the amount of  
16 the insufficiency and during the remainder of the biennium may use that  
17 amount of the allocation for (~~loans and grants~~) financial assistance  
18 for projects not located in distressed counties.

19       NEW SECTION.   **Sec. 11.** If any provision of this act or its  
20 application to any person or circumstance is held invalid, the  
21 remainder of the act or the application of the provision to other  
22 persons or circumstances is not affected.

23       NEW SECTION.   **Sec. 12.** (1) Sections 1 through 9 and 11 of this act  
24 shall take effect July 1, 1996.

25       (2) Section 10 of this act shall take effect June 30, 1997.

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