

FINAL BILL REPORT

SHB 1222

C 295 L 99

Synopsis as Enacted

Brief Description: Creating a competitive grant program to assist nonprofit organizations with capital projects.

Sponsors: By House Committee on Capital Budget (Originally sponsored by Representatives Ogden, Mitchell, Lantz, Murray, Constantine, Hankins and O'Brien).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background:

The capital budget provides funding for a variety of state and non-state functions. The following three programs receive funding through the capital budget:

Building for the Arts. Building for the Arts, a program giving state grants for local art facility projects, has been funded in the capital budget since 1991 through budget provisos. The state capital budget has provided over \$26 million for nonprofit art organization facilities located across the state. However, the solicitation process for the program has not been codified into statute.

Heritage Program. In 1995, a competitive state grant program was established in statute for Washington heritage capital projects. The Washington State Historical Society (WSHS) is required to submit a prioritized list of heritage projects to the Governor and the Legislature by September 1 of each even-numbered year, as a guide for appropriating funds. The prioritized list is developed with the advice of leaders in the heritage field through open and public meetings. In the 1997-99 capital budget, the first appropriation was made under this program totaling \$4.1 million for 26 heritage projects from the prioritized list submitted by the WSHS.

Community Services Facilities Program. In 1997, a process was established in statute for soliciting and ranking applications for nonresidential capital projects for social service organizations. The Legislature may direct the Department of Community, Trade, and Economic Development (CTED) to establish a competitive process to prioritize applications for appropriation to assist nonprofit organizations in acquiring, constructing, or rehabilitating facilities used for the delivery of nonresidential social services. The CTED must submit a prioritized list of recommended projects to the Legislature by November 1 following the effective date of the appropriation. State assistance is limited to up to 25 percent of the total project cost. The CTED may not

sign contracts with organizations for funding assistance until the Legislature has approved a specific list of projects. The contracts must require the repayment of both principal and interest costs of the grant if the capital improvements are used for purposes other than that specified in the grant.

These programs are not consistent with regards to solicitation process, application process, and legislative approval process.

Summary:

Building for the Arts. A process is established in statute for soliciting and ranking applications for performing arts, art museum, and cultural facility capital projects. The CTED must conduct a statewide solicitation of project applications from nonprofit organizations, evaluate and rank applications in consultation with a citizen advisory committee. Beginning with the 2001-03 biennium, the CTED will submit a prioritized list of recommended projects to the Governor and the Legislature in the department's biennial capital budget request. State assistance is limited to up to 20 percent of the total project cost. The remaining portions of the project capital cost must be paid through a match from non-state sources that may include cash, the value of real property when acquired solely for the purpose of the project, and in-kind contributions. State assistance may be used to fund separate definable phases of a project if the project demonstrates adequate progress and has secured the necessary match funding. The department may not sign contracts with organizations for funding assistance until the Legislature has approved a specific list of projects. The contracts must require the repayment of both principal and interest costs of the grant if the capital improvements are used for purposes other than that specified in the grant.

Heritage Program. The WSHS must submit a prioritized list of heritage capital projects to the Governor and the Legislature in the society's biennial capital budget request. State assistance is limited to up to 33 percent of the total project cost. The non-state portion of the total project cost may include cash, the value of real property if acquired solely for the purpose of the project, and in-kind contributions. The WSHS may not sign contracts with organizations for funding assistance until the Legislature has approved a specific list of projects. The contracts must require the repayment of both principal and interest costs of the grant if the capital improvements are used for purposes other than that specified in the grant.

Community Services Facilities Program. The requirement is removed for a legislative appropriation be made prior to the CTED establishing a competitive process for nonresidential social service project applications. The CTED is directed to develop a prioritized list of projects for the 1999-01 biennium and subsequent biennial budgets. The non-state portion of the total project cost may include cash, the value of real property if acquired solely for the purpose of the project, and in-kind contributions.

Capital budget requests for Building for the Arts, Heritage, and Community Service Facility grants must not exceed \$4 million in any biennium. The requests may identify an alternate list of projects not to exceed \$500,000 for any biennium.

Statutes pertaining to Building for the Arts, Heritage, and Community Service Facility grants expire on June 30, 2007.

Votes on Final Passage:

House 96 0
Senate 28 21 (Senate amended)
House (House refused to concur)
Senate (Senate receded)
Senate 37 10 (Senate amended)
House 96 0 (House concurred)

Effective: July 25, 1999