
HOUSE BILL 1690

State of Washington

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1999 Regular Session

By Representatives DeBolt, Alexander, Kessler, Mulliken, Morris, Pennington, Hatfield, McMorris, G. Chandler, Delvin, Romero, Sump, Clements, Ericksen, Schoesler, Campbell, Crouse, Fortunato, Mielke, Linville, Wolfe, Cox, Radcliff, Mastin, Cooper, Murray, Hankins, Skinner, B. Chandler, Koster and Parlette

Read first time 02/02/1999. Referred to Committee on Economic Development, Housing & Trade.

1 AN ACT Relating to the rural area economic growth; amending RCW
2 43.168.140 and 43.163.210; adding new sections to chapter 43.31 RCW;
3 adding a new section to chapter 28C.04 RCW; creating new sections; and
4 repealing 1997 c 366 s 10 (uncodified).

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

6 NEW SECTION. **Sec. 1.** LEGISLATIVE RECOGNITION AND INTENT. The
7 legislature recognizes the economic hardship that rural distressed
8 areas throughout the state have undergone in recent years. Numerous
9 rural distressed areas across the state have encountered serious
10 economic downturns resulting in significant job loss and business
11 failure. In 1991 the legislature enacted two major pieces of
12 legislation to promote economic development and job creation, with
13 particular emphasis on worker training, income, and emergency services
14 support, along with community revitalization through planning services
15 and infrastructure assistance. However even though these programs have
16 been of assistance, rural distressed areas still face serious economic
17 problems including: Above-average unemployment rates from job losses
18 and below-average employment growth; low rate of business start-ups;

1 and persistent erosion of vitally important resource-dependent
2 industries.

3 The legislature also recognizes that rural distressed areas in
4 Washington have an abiding ability and consistent will to overcome
5 these economic obstacles by building upon their historic foundations of
6 business enterprise, local leadership, and outstanding work ethic.

7 The legislature intends to assist rural distressed areas in their
8 ongoing efforts to address these difficult economic problems by
9 providing a comprehensive and significant array of economic tools,
10 necessary to harness the persistent and undaunted spirit of enterprise
11 that resides in the citizens of rural distressed areas throughout the
12 state.

13 The further intent of this act is to provide:

14 (1) A strategically designed plan of assistance, emphasizing state,
15 local, and private sector leadership and partnership;

16 (2) A comprehensive and significant array of business assistance,
17 services, and tax incentives that are accountable and performance-
18 based;

19 (3) An array of community assistance including infrastructure
20 development and business retention, attraction, and expansion programs
21 that will provide a competitive advantage to rural distressed areas
22 throughout Washington; and

23 (4) Regulatory relief to reduce and streamline zoning, permitting,
24 and regulatory requirements in order to enhance the capability of
25 businesses to grow and prosper in rural distressed areas.

26 NEW SECTION. **Sec. 2.** GOALS. The primary goals of this act, are
27 to:

28 (1) Promote and retain the operation of businesses in rural
29 distressed areas;

30 (2) Promote the expansion of existing businesses in rural
31 distressed areas;

32 (3) Attract new businesses to rural distressed areas;

33 (4) Assist in the development of new businesses from within rural
34 distressed areas;

35 (5) Provide family wage jobs to the citizens of rural distressed
36 areas; and

37 (6) Promote the development of communities of excellence in rural
38 distressed areas.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.31 RCW
2 to read as follows:

3 STATE OFFICE OF BUSINESS ASSISTANCE AND RECRUITMENT FOR RURAL
4 DISTRESSED AREAS. There is established within the department of
5 community, trade, and economic development the office of business
6 assistance and recruitment for rural distressed areas. The primary
7 responsibilities of the office are to coordinate and administer a
8 comprehensive and effective set of business assistance programs and
9 services including:

10 (1) Business recruitment. The office shall: Provide a
11 comprehensive and aggressive program to attract viable businesses to
12 rural distressed areas; work with local communities to identify select
13 industry sectors that have a competitive advantage in specific rural
14 distressed areas; collaborate with state and local officials to modify
15 their infrastructure plans and priorities to facilitate business
16 growth; and assist rural distressed areas in developing strategic
17 business recruitment plans.

18 (2) Business permitting and zoning one-stop shop. The office
19 shall: Provide a streamlined and customer driven siting service to
20 businesses in order to promote their attraction and expansion in rural
21 distressed areas; provide preliminary permit application and zoning
22 information and services for businesses in order to attract firms and
23 facilitate business growth in rural distressed areas.

24 (3) Business regulatory assistance and ombudsman services. The
25 office shall: Provide comprehensive business regulatory services to
26 assist businesses in addressing and responding to local, state, and
27 federal regulations; and provide recommendations on streamlining and
28 modifying government regulations.

29 (a) The office is authorized to review state zoning, permitting, or
30 regulatory requirements that pose difficulty for businesses wishing or
31 likely to site in a rural enterprise area. In situations where the
32 office considers the zoning, permitting, or regulatory requirements
33 placed on a business in a rural enterprise area to be burdensome the
34 director may petition the regulatory agency or agencies for regulatory
35 relief. In addition the director may petition the agency or agencies
36 for relief under the regulatory fairness act, chapter 19.85 RCW.

37 (b) In situations where a business or entity in a rural enterprise
38 zone is encountering regulatory oversight from more than one state
39 agency and is experiencing conflicting direction or an unintended

1 consequence as a result of a confusing process, the business or entity
2 may petition the director to intercede. The director upon review of
3 the circumstances involved is authorized to designate a lead agency to
4 collaborate with other state agencies in order to streamline and reduce
5 the regulatory difficulties.

6 (c) Businesses or entities in a rural enterprise zone may petition
7 the director for an accelerated zoning, permitting, or regulatory
8 process. The director upon reviewing the petition and the
9 circumstances involved may make a finding of regulatory burden and may
10 direct the state agency or agencies to process the business or
11 entities' application in an expeditious manner.

12 (4) "Brown Fields" Program. The office shall develop with the
13 department of ecology and recommend to the legislature a streamlined
14 and cost-effective process to redevelop hazardous sites that are
15 suitable for industrial and commercial growth in order to promote
16 industrial and commercial growth in rural distressed areas.

17 (5) Rural enterprise zone development and foreign trade zone. The
18 office is authorized to provide technical assistance to local
19 governments in rural distressed areas to establish rural enterprise
20 zones and foreign trade zones. The office shall target rural
21 enterprise zones and foreign trade zones in the delivery of its
22 services in order to maximize the impact of its economic development
23 assistance as outlined in RCW 43.63A.715 to businesses and rural
24 distressed areas.

25 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.31 RCW
26 to read as follows:

27 OFFICE ADMINISTRATION. The office shall be administered by an
28 appointee of the director of community, trade, and economic
29 development, in consultation with the rural distressed areas economic
30 recovery coordination board. The office appointee shall coordinate
31 activities with the rural distressed areas resource coordinator and
32 report on the activities and performance of the office on a quarterly
33 basis.

34 NEW SECTION. **Sec. 5.** A new section is added to chapter 28C.04 RCW
35 to read as follows:

36 JOB SKILLS/RURAL DISTRESSED AREA EMPLOYEE TRAINING. At least
37 seventy-five percent of all discretionary expenditures in the job

1 skills program shall be made to assist businesses in rural distressed
2 areas. For the purposes of this section, "rural distressed area" means
3 the same as "rural natural resources impact area" under RCW 43.31.601.

4 **Sec. 6.** RCW 43.168.140 and 1995 c 226 s 28 are each amended to
5 read as follows:

6 RURAL DISTRESSED AREAS. Any funds appropriated by the legislature
7 to the development loan fund for purposes of the timber recovery act
8 shall be used for development loans in rural (~~natural resources impact~~
9 ~~areas as defined in RCW 43.31.601~~) distressed areas. At least
10 seventy-five percent of all discretionary expenditures shall be to
11 assist businesses in rural distressed areas. For the purposes of this
12 section, "rural distressed area" means the same as "rural natural
13 resources impact area" under RCW 43.31.601.

14 **Sec. 7.** RCW 43.163.210 and 1998 c 48 s 2 are each amended to read
15 as follows:

16 For the purpose of facilitating economic development in the state
17 of Washington and encouraging the employment of Washington workers at
18 meaningful wages:

19 (1) The authority may develop and conduct a program or programs to
20 provide nonrecourse revenue bond financing for the project costs for
21 economic development activities.

22 (2) The authority may develop and conduct a program that will
23 stimulate and encourage the development of new products within
24 Washington state by the infusion of financial aid for invention and
25 innovation in situations in which the financial aid would not otherwise
26 be reasonably available from commercial sources. The authority is
27 authorized to provide nonrecourse revenue bond financing for this
28 program.

29 (a) For the purposes of this program, the authority shall have the
30 following powers and duties:

31 (i) To enter into financing agreements with eligible persons doing
32 business in Washington state, upon terms and on conditions consistent
33 with the purposes of this chapter, for the advancement of financial and
34 other assistance to the persons for the development of specific
35 products, procedures, and techniques, to be developed and produced in
36 this state, and to condition the agreements upon contractual assurances

1 that the benefits of increasing or maintaining employment and tax
2 revenues shall remain in this state and accrue to it;

3 (ii) Own, possess, and take license in patents, copyrights, and
4 proprietary processes and negotiate and enter into contracts and
5 establish charges for the use of the patents, copyrights, and
6 proprietary processes when the patents and licenses for products result
7 from assistance provided by the authority;

8 (iii) Negotiate royalty payments to the authority on patents and
9 licenses for products arising as a result of assistance provided by the
10 authority;

11 (iv) Negotiate and enter into other types of contracts with
12 eligible persons that assure that public benefits will result from the
13 provision of services by the authority; provided that the contracts are
14 consistent with the state Constitution;

15 (v) Encourage and provide technical assistance to eligible persons
16 in the process of developing new products;

17 (vi) Refer eligible persons to researchers or laboratories for the
18 purpose of testing and evaluating new products, processes, or
19 innovations; and

20 (vii) To the extent permitted under its contract with eligible
21 persons, to consent to a termination, modification, forgiveness, or
22 other change of a term of a contractual right, payment, royalty,
23 contract, or agreement of any kind to which the authority is a party.

24 (b) Eligible persons seeking financial and other assistance under
25 this program shall forward an application, together with an application
26 fee prescribed by rule, to the authority. An investigation and report
27 concerning the advisability of approving an application for assistance
28 shall be completed by the staff of the authority. The investigation
29 and report may include, but is not limited to, facts about the company
30 under consideration as its history, wage standards, job opportunities,
31 stability of employment, past and present financial condition and
32 structure, pro forma income statements, present and future markets and
33 prospects, integrity of management as well as the feasibility of the
34 proposed product and invention to be granted financial aid, including
35 the state of development of the product as well as the likelihood of
36 its commercial feasibility. After receipt and consideration of the
37 report set out in this subsection and after other action as is deemed
38 appropriate, the application shall be approved or denied by the
39 authority. The applicant shall be promptly notified of action by the

1 authority. In making the decision as to approval or denial of an
2 application, priority shall be given to those persons operating or
3 planning to operate businesses of special importance to Washington's
4 economy, including, but not limited to: (i) Existing resource-based
5 industries of agriculture, forestry, and fisheries; (ii) existing
6 advanced technology industries of electronics, computer and instrument
7 manufacturing, computer software, and information and design; and (iii)
8 emerging industries such as environmental technology, biotechnology,
9 biomedical sciences, materials sciences, and optics.

10 (3) The authority may also develop and implement, if authorized by
11 the legislature, such other economic development financing programs
12 adopted in future general plans of economic development finance
13 objectives developed under RCW 43.163.090.

14 (4) The authority shall develop a program and target their
15 resources in assisting rural distressed areas in their business and job
16 creation and assistance efforts under chapter . . . , Laws of 1999 (this
17 act). For the purposes of this section, "rural distressed area" means
18 the same as "rural natural resources impact area" under RCW 43.31.601.

19 (5) The authority may not issue any bonds for the programs
20 authorized under this section after June 30, 2004.

21 NEW SECTION. **Sec. 8.** REVIEW AND EVALUATION. The joint
22 legislative audit and review committee shall design an evaluation
23 mechanism for economically distressed counties under this act and
24 complete an evaluation of this act's effectiveness by November 1, 2003.
25 The agencies implementing the programs under this act shall assist the
26 joint legislative audit and review committee evaluation.

27 NEW SECTION. **Sec. 9.** 1997 c 366 s 10 (uncodified) is repealed.

28 NEW SECTION. **Sec. 10.** If any part of this act is found to be in
29 conflict with federal requirements that are a prescribed condition to
30 the allocation of federal funds to the state, the conflicting part of
31 this act is inoperative solely to the extent of the conflict and with
32 respect to the agencies directly affected, and this finding does not
33 affect the operation of the remainder of this act in its application to
34 the agencies concerned. The rules under this act shall meet federal
35 requirements that are a necessary condition to the receipt of federal
36 funds by the state.

1 NEW SECTION. **Sec. 11.** Captions used in this act are not any part
2 of the law.

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