

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5594

56th Legislature
1999 Regular Session

Passed by the Senate April 24, 1999
YEAS 48 NAYS 0

President of the Senate

Passed by the House April 24, 1999
YEAS 94 NAYS 1

Speaker of the
House of Representatives

Speaker of the
House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5594** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

Secretary of State
State of Washington

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5594

AS AMENDED BY THE HOUSE

Passed Legislature - 1999 Regular Session

State of Washington 56th Legislature 1999 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, T. Sheldon, Prentice, Fairley and Winsley; by request of Governor Locke)

Read first time 03/05/99.

1 AN ACT Relating to enhancing economic vitality; amending RCW
2 43.160.010, 43.160.020, 43.160.060, 43.160.070, 43.160.900, 43.160.200,
3 43.180.160, 82.60.020, 82.60.040, 82.60.070, 82.62.010, 82.62.030,
4 43.168.010, 43.168.020, 43.168.110, 43.168.120, 43.17.250, 43.155.070,
5 70.146.070, and 43.131.386; reenacting and amending RCW 43.160.076;
6 adding a new section to chapter 43.63A RCW; adding a new section to
7 chapter 82.60 RCW; adding a new section to chapter 82.62 RCW; adding a
8 new section to chapter 43.168 RCW; creating new sections; repealing RCW
9 43.160.212; repealing 1997 c 367 s 11, 1995 c 226 s 8, 1993 c 316 s 7,
10 and 1991 c 314 s 33 (uncodified); providing an effective date; and
11 providing an expiration date.

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

13 NEW SECTION. **Sec. 1.** The legislature finds that while
14 Washington's economy is currently prospering, economic growth continues
15 to be uneven, particularly as between metropolitan and rural areas.
16 This has created in effect two Washingtons. One afflicted by
17 inadequate infrastructure to support and attract investment, another
18 suffering from congestion and soaring housing prices. In order to
19 address these problems, the legislature intends to use resources

1 strategically to build on our state's strengths while addressing
2 threats to our prosperity.

3 **PART I**

4 **RURAL ECONOMIC DEVELOPMENT**

5 **Enhanced Flexibility for Use of Community Economic**
6 **Revitalization Board Funds**

7 **Sec. 101.** RCW 43.160.010 and 1996 c 51 s 1 are each amended to
8 read as follows:

9 (1) The legislature finds that it is the public policy of the state
10 of Washington to direct financial resources toward the fostering of
11 economic development through the stimulation of investment and job
12 opportunities and the retention of sustainable existing employment for
13 the general welfare of the inhabitants of the state. Reducing
14 unemployment and reducing the time citizens remain jobless is important
15 for the economic welfare of the state. A valuable means of fostering
16 economic development is the construction of public facilities which
17 contribute to the stability and growth of the state's economic base.
18 Strengthening the economic base through issuance of industrial
19 development bonds, whether single or umbrella, further serves to reduce
20 unemployment. Consolidating issues of industrial development bonds
21 when feasible to reduce costs additionally advances the state's purpose
22 to improve economic vitality. Expenditures made for these purposes as
23 authorized in this chapter are declared to be in the public interest,
24 and constitute a proper use of public funds. A community economic
25 revitalization board is needed which shall aid the development of
26 economic opportunities. The general objectives of the board should
27 include:

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

31 (b) Encouraging the diversification of the economies of the state
32 and regions within the state in order to provide greater seasonal and
33 cyclical stability of income and employment;

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

1 (d) Encouraging new economic development or expansions to maximize
2 employment;

3 (e) Encouraging the retention of viable existing firms and
4 employment; and

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

8 (2) The legislature also finds that the state's economic
9 development efforts can be enhanced by, in certain instances, providing
10 funds to improve state highways (~~(in the vicinity of new)~~), county
11 roads, or city streets for industries considering locating or expanding
12 in this state ((or existing industries that are considering significant
13 expansion)).

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

18 (~~(It is the intent of the legislature to create an economic~~
19 ~~development account within the motor vehicle fund from which~~
20 ~~expenditures can be made by the department of transportation for state~~
21 ~~highway improvements necessitated by planned economic development.))~~
22 All (~~(such)~~) transportation improvements on state highways must first
23 be approved by the state transportation commission and the community
24 economic revitalization board in accordance with the procedures
25 established by RCW 43.160.074 and 47.01.280. (~~(It is further the~~
26 ~~intent of the legislature that such improvements not jeopardize any~~
27 ~~other planned highway construction projects. The improvements are~~
28 ~~intended to be of limited size and cost, and to include such items as~~
29 ~~additional turn lanes, signalization, illumination, and safety~~
30 ~~improvements.))~~)

31 (3) The legislature also finds that the state's economic
32 development efforts can be enhanced by, in certain instances, providing
33 funds to assist development of telecommunications infrastructure that
34 supports business development, retention, and expansion in rural
35 natural resources impact areas and rural counties of the state.

36 (4) The legislature also finds that the state's economic
37 development efforts can be enhanced by providing funds to improve
38 markets for those recyclable materials representing a large fraction of
39 the waste stream. The legislature finds that public facilities which

1 result in private construction of processing or remanufacturing
2 facilities for recyclable materials are eligible for consideration from
3 the board.

4 ~~((4))~~ (5) The legislature finds that sharing economic growth
5 state-wide is important to the welfare of the state. Rural counties
6 and rural natural resources impact areas do not share in the economic
7 vitality of the Puget Sound region. The ability of these communities
8 to pursue business and job retention, expansion, and development
9 opportunities depends on their capacity to ready necessary economic
10 development project plans, sites, permits, and infrastructure for
11 private investments. Project-specific planning, predevelopment, and
12 infrastructure ~~((is one of several))~~ are critical ingredients ~~((that~~
13 ~~are critical))~~ for economic development. Rural counties and rural
14 natural resources impact areas generally lack ~~((the infrastructure))~~
15 these necessary tools and resources to diversify and revitalize their
16 economies. It is, therefore, the intent of the legislature to increase
17 the ~~((availability of funds to help provide infrastructure to rural~~
18 ~~natural resource impact areas))~~ amount of funding available through the
19 community economic revitalization board for rural counties and rural
20 natural resources impact areas, and to authorize flexibility for
21 available resources in these areas to help fund planning,
22 predevelopment, and construction costs of infrastructure and facilities
23 and sites that foster economic vitality and diversification.

24 **Sec. 102.** RCW 43.160.020 and 1997 c 367 s 8 are each amended to
25 read as follows:

26 Unless the context clearly requires otherwise, the definitions in
27 this section apply throughout this chapter.

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

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

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

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

1 (5) "Industrial development facilities" means "industrial
2 development facilities" as defined in RCW 39.84.020.

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

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

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

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

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

22 (11) "Public facilities" means a project of a local government for
23 the planning, acquisition, construction, repair, reconstruction,
24 replacement, rehabilitation, or improvement of bridges, roads, domestic
25 and industrial water, earth stabilization, sanitary sewer, storm sewer,
26 railroad, electricity, telecommunications, transportation, natural gas,
27 buildings or structures, and port facilities, all for the purpose of
28 job creation, job retention, or job expansion.

29 (12) "Rural county" means a county with a population density of
30 fewer than one hundred persons per square mile as determined by the
31 office of financial management.

32 (13) "Rural natural resources impact area" means:

33 (a) A nonmetropolitan county, as defined by the 1990 decennial
34 census, that meets three of the five criteria set forth in subsection
35 ~~((+13))~~ (14) of this section;

36 (b) A nonmetropolitan county with a population of less than forty
37 thousand in the 1990 decennial census, that meets two of the five
38 criteria as set forth in subsection ~~((+13))~~ (14) of this section; or

1 (c) A nonurbanized area, as defined by the 1990 decennial census,
2 that is located in a metropolitan county that meets three of the five
3 criteria set forth in subsection (~~((13))~~) (14) of this section.

4 (~~((13))~~) (14) For the purposes of designating rural natural
5 resources impact areas, the following criteria shall be considered:

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

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

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

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

14 (e) An unemployment rate twenty percent or more above the state
15 average. The counties that meet these criteria shall be determined by
16 the employment security department for the most recent year for which
17 data is available. For the purposes of administration of programs
18 under this chapter, the United States post office five-digit zip code
19 delivery areas will be used to determine residence status for
20 eligibility purposes. For the purpose of this definition, a zip code
21 delivery area of which any part is ten miles or more from an urbanized
22 area is considered nonurbanized. A zip code totally surrounded by zip
23 codes qualifying as nonurbanized under this definition is also
24 considered nonurbanized. The office of financial management shall make
25 available a zip code listing of the areas to all agencies and
26 organizations providing services under this chapter.

27 **Sec. 103.** RCW 43.160.060 and 1996 c 51 s 5 are each amended to
28 read as follows:

29 The board is authorized to make direct loans to political
30 subdivisions of the state for the purposes of assisting the political
31 subdivisions in financing the cost of public facilities, including
32 development of land and improvements for public facilities, project-
33 specific environmental, capital facilities, land use, permitting,
34 feasibility and marketing studies and plans; project design, site
35 planning, and analysis; project debt and revenue impact analysis; as
36 well as the construction, rehabilitation, alteration, expansion, or
37 improvement of the facilities. A grant may also be authorized for
38 purposes designated in this chapter, but only when, and to the extent

1 that, a loan is not reasonably possible, given the limited resources of
2 the political subdivision and the finding by the board that (~~unique~~)
3 financial circumstances (~~exist. The board shall not obligate more~~
4 ~~than twenty percent of its biennial appropriation as grants~~) require
5 grant assistance to enable the project to move forward.

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

9 (1) The board shall not provide financial assistance:

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

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

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

17 (2) The board shall only provide financial assistance:

18 (a) For those projects which would result in specific private
19 developments or expansions (i) in manufacturing, production, food
20 processing, assembly, warehousing, advanced technology, research and
21 development, and industrial distribution; (ii) for processing
22 recyclable materials or for facilities that support recycling,
23 including processes not currently provided in the state, including but
24 not limited to, de-inking facilities, mixed waste paper, plastics, yard
25 waste, and problem-waste processing; (iii) for manufacturing facilities
26 that rely significantly on recyclable materials, including but not
27 limited to waste tires and mixed waste paper; (iv) which support the
28 relocation of businesses from nondistressed urban areas to
29 (~~distressed~~) rural counties or rural natural resources impact areas;
30 or (v) which substantially support the trading of goods or services
31 outside of the state's borders.

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

36 (c) When the application includes convincing evidence that a
37 specific private development or expansion is ready to occur and will
38 occur only if the public facility improvement is made.

39 (3) The board shall prioritize each proposed project according to:

1 (a) The relative benefits provided to the community by the jobs the
2 project would create, not just the total number of jobs it would create
3 after the project is completed and according to the unemployment rate
4 in the area in which the jobs would be located(~~(. As long as there is~~
5 ~~more demand for financial assistance than there are funds available,~~
6 ~~the board is instructed to fund projects in order of their priority))i
7 and~~

8 (b) The rate of return of the state's investment, that includes the
9 expected increase in state and local tax revenues associated with the
10 project.

11 (4) A responsible official of the political subdivision shall be
12 present during board deliberations and provide information that the
13 board requests.

14 Before any financial assistance application is approved, the
15 political subdivision seeking the assistance must demonstrate to the
16 community economic revitalization board that no other timely source of
17 funding is available to it at costs reasonably similar to financing
18 available from the community economic revitalization board.

19 **Sec. 104.** RCW 43.160.070 and 1998 c 321 s 27 (Referendum Bill No.
20 49) are each amended to read as follows:

21 Public facilities financial assistance, when authorized by the
22 board, is subject to the following conditions:

23 (1) The moneys in the public facilities construction loan revolving
24 account and the distressed county public facilities construction loan
25 account shall be used solely to fulfill commitments arising from
26 financial assistance authorized in this chapter or, during the 1989-91
27 fiscal biennium, for economic development purposes as appropriated by
28 the legislature. The total outstanding amount which the board shall
29 dispense at any time pursuant to this section shall not exceed the
30 moneys available from the accounts. The total amount of outstanding
31 financial assistance in Pierce, King, and Snohomish counties shall
32 never exceed sixty percent of the total amount of outstanding financial
33 assistance disbursed by the board under this chapter without reference
34 to financial assistance provided under RCW 43.160.220.

35 (2) On contracts made for public facilities loans the board shall
36 determine the interest rate which loans shall bear. The interest rate
37 shall not exceed ten percent per annum. The board may provide
38 reasonable terms and conditions for repayment for loans, including

1 partial forgiveness of loan principal and interest payments on projects
2 located in rural counties or rural natural resources impact areas, as
3 the board determines. The loans shall not exceed twenty years in
4 duration.

5 (3) Repayments of loans made from the public facilities
6 construction loan revolving account under the contracts for public
7 facilities construction loans shall be paid into the public facilities
8 construction loan revolving account. Repayments of loans made from the
9 distressed county public facilities construction loan account under the
10 contracts for public facilities construction loans shall be paid into
11 the distressed county public facilities construction loan account.
12 Repayments of loans from moneys from the new appropriation from the
13 public works assistance account for the fiscal biennium ending June 30,
14 1999, shall be paid into the public works assistance account.

15 (4) When every feasible effort has been made to provide loans and
16 loans are not possible, the board may provide grants upon finding that
17 unique circumstances exist.

18 **Sec. 105.** RCW 43.160.076 and 1998 c 321 s 28 (Referendum Bill No.
19 49) and 1998 c 55 s 4 are each reenacted and amended to read as
20 follows:

21 (1) Except as authorized to the contrary under subsection (2) of
22 this section, from all funds available to the board for financial
23 assistance in a biennium under this chapter without reference to
24 financial assistance provided under RCW 43.160.220, the board shall
25 spend at least seventy-five percent for financial assistance for
26 projects in (~~distressed~~) rural counties or rural natural resources
27 impact areas. (~~For purposes of this section, the term "distressed~~
28 ~~counties" includes any county, in which the average level of~~
29 ~~unemployment for the three years before the year in which an~~
30 ~~application for financial assistance is filed, exceeds the average~~
31 ~~state unemployment for those years by twenty percent.))~~

32 (2) If at any time during the last six months of a biennium the
33 board finds that the actual and anticipated applications for qualified
34 projects in (~~distressed~~) rural counties or rural natural resources
35 impact areas are clearly insufficient to use up the seventy-five
36 percent allocation under subsection (1) of this section, then the board
37 shall estimate the amount of the insufficiency and during the remainder
38 of the biennium may use that amount of the allocation for financial

1 assistance to projects not located in (~~(distressed)~~) rural counties or
2 rural natural resources impact areas.

3 (~~((3) This section expires June 30, 2000.)~~)

4 **Sec. 106.** RCW 43.160.900 and 1993 c 320 s 8 are each amended to
5 read as follows:

6 (1) The community economic revitalization board shall report to the
7 appropriate standing committees of the legislature biennially on the
8 implementation of this chapter. The report shall include information
9 on the number of applications for community economic revitalization
10 board assistance, the number and types of projects approved, the grant
11 or loan amount awarded each project, the projected number of jobs
12 created or retained by each project, the actual number of jobs created
13 or retained by each project, the amount of state and local tax revenue
14 generated by projects funded under this chapter, the number of
15 delinquent loans, and the number of project terminations. The report
16 may also include additional performance measures and recommendations
17 for programmatic changes. The first report shall be submitted by
18 December 1, 1994.

19 (2) The joint legislative audit and review committee shall conduct
20 performance reviews on the effectiveness of the program administered by
21 the board under this chapter. The committee may contract for services
22 to conduct the performance reviews. The costs for the performance
23 reviews shall be paid from repayments of principal and interest on
24 loans made under this chapter. The performance reviews shall be
25 submitted to the appropriate committees of the legislature by December
26 1, 2000, December 1, 2004, and December 1, 2008.

27 **Sec. 107.** RCW 43.160.200 and 1996 c 51 s 9 are each amended to
28 read as follows:

29 (1) The economic development account is created within the public
30 facilities construction loan revolving fund under RCW 43.160.080.
31 Moneys in the account may be spent only after appropriation.
32 Expenditures from the account may be used only for the purposes of RCW
33 43.160.010(~~((+3))~~) (5) and this section. The account is subject to
34 allotment procedures under chapter 43.88 RCW.

35 (2) Applications under this section for assistance from the
36 economic development account are subject to all of the applicable

1 criteria set forth under this chapter, as well as procedures and
2 criteria established by the board, except as otherwise provided.

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

8 (4) Applicants must demonstrate that their request is part of an
9 economic development plan consistent with applicable state planning
10 requirements. Applicants must demonstrate that tourism projects have
11 been approved by the local government. Industrial projects must be
12 approved by the local government and the associate development
13 organization.

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

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

20 (7) Board financing for project-specific environmental, capital
21 facilities, land use, permitting, feasibility and marketing studies and
22 plans; project engineering, design, and site planning and analysis; and
23 project debt and revenue impact analysis shall not exceed (~~twenty-~~
24 ~~five~~) fifty thousand dollars per study. Board funds for (~~feasibility~~
25 ~~studies~~) these purposes may be provided as a grant and require a
26 (~~dollar for dollar~~) match (~~with up to one half in-kind match~~
27 ~~allowed~~)).

28 (8) Board financing for tourism projects shall not exceed two
29 hundred fifty thousand dollars. Other public facility construction
30 projects under this section shall not exceed (~~five hundred thousand~~)
31 one million dollars. Loans with flexible terms and conditions to meet
32 the needs of the applicants shall be provided. Grants may also be
33 authorized, but only when, and to the extent that, a loan is not
34 reasonably possible, given the limited resources of the political
35 subdivision.

36 (9) The board shall develop guidelines for allowable local match
37 and (~~feasibility studies~~) planning and predevelopment activities.

1 hundred persons in those counties that are not covered under (a) of
2 this subsection that are timber impact areas as defined in RCW
3 43.31.601; (f) a county designated by the governor as an eligible area
4 under RCW 82.60.047; or (g) a county that is contiguous to a county
5 that qualifies as an eligible area under (a) or (f) of this
6 subsection)) a county with fewer than one hundred persons per square
7 mile as determined annually by the office of financial management and
8 published by the department of revenue effective for the period July
9 1st through June 30th.

10 (4)(a) "Eligible investment project" means(~~(:~~
11 ~~(i))~~) an investment project in an eligible area as defined in
12 subsection (3)((a), (b), (c), (e), or (f)) of this section((; or
13 ~~(ii)~~) That portion of an investment project in an eligible area as
14 defined in subsection (3)(d) or (g) of this section which is directly
15 utilized to create at least one new full-time qualified employment
16 position for each three hundred thousand dollars of investment on which
17 a deferral is requested in an application approved before July 1, 1994,
18 and for each seven hundred fifty thousand dollars of investment on
19 which a deferral is requested in an application approved after June 30,
20 1994)).

21 (b) The lessor/owner of a qualified building is not eligible for a
22 deferral unless the underlying ownership of the buildings, machinery,
23 and equipment vests exclusively in the same person, or unless the
24 lessor by written contract agrees to pass the economic benefit of the
25 deferral to the lessee in the form of reduced rent payments.

26 (c) (~~For purposes of (a)(ii) of this subsection:~~
27 ~~(i)~~) The department shall consider the entire investment project,
28 including any investment in machinery and equipment that otherwise
29 qualifies for exemption under RCW 82.08.02565 or 82.12.02565, for
30 purposes of determining the portion of the investment project that
31 qualifies for deferral as an eligible investment project; and

32 ~~(ii)~~) The number of new full-time qualified employment positions
33 created by an investment project shall be deemed to be reduced by the
34 number of full-time employment positions maintained by the recipient in
35 any other community in this state that are displaced as a result of the
36 investment project.

37 ~~(d))~~) "Eligible investment project" does not include any portion of
38 an investment project undertaken by a light and power business as
39 defined in RCW 82.16.010(5), other than that portion of a cogeneration

1 project that is used to generate power for consumption within the
2 manufacturing site of which the cogeneration project is an integral
3 part, or investment projects which have already received deferrals
4 under this chapter.

5 (5) "Investment project" means an investment in qualified buildings
6 or qualified machinery and equipment, including labor and services
7 rendered in the planning, installation, and construction of the
8 project.

9 (6) "Manufacturing" means all activities of a commercial or
10 industrial nature wherein labor or skill is applied, by hand or
11 machinery, to materials so that as a result thereof a new, different,
12 or useful substance or article of tangible personal property is
13 produced for sale or commercial or industrial use and shall include the
14 production or fabrication of specially made or custom made articles.
15 "Manufacturing" also includes computer programming, the production of
16 computer software, and other computer-related services, and the
17 activities performed by research and development laboratories and
18 commercial testing laboratories.

19 (7) "Person" has the meaning given in RCW 82.04.030.

20 (8) "Qualified buildings" means construction of new structures, and
21 expansion or renovation of existing structures for the purpose of
22 increasing floor space or production capacity used for manufacturing
23 and research and development activities, including plant offices and
24 warehouses or other facilities for the storage of raw material or
25 finished goods if such facilities are an essential or an integral part
26 of a factory, mill, plant, or laboratory used for manufacturing or
27 research and development. If a building is used partly for
28 manufacturing or research and development and partly for other
29 purposes, the applicable tax deferral shall be determined by
30 apportionment of the costs of construction under rules adopted by the
31 department.

32 (9) (~~"Qualified employment position" means a permanent full-time~~
33 ~~employee employed in the eligible investment project during the entire~~
34 ~~tax year.~~

35 ~~(10))~~) "Qualified machinery and equipment" means all new industrial
36 and research fixtures, equipment, and support facilities that are an
37 integral and necessary part of a manufacturing or research and
38 development operation. "Qualified machinery and equipment" includes:
39 Computers; software; data processing equipment; laboratory equipment;

1 manufacturing components such as belts, pulleys, shafts, and moving
2 parts; molds, tools, and dies; operating structures; and all equipment
3 used to control or operate the machinery.

4 ~~((11))~~ (10) "Recipient" means a person receiving a tax deferral
5 under this chapter.

6 ~~((12))~~ (11) "Research and development" means the development,
7 refinement, testing, marketing, and commercialization of a product,
8 service, or process before commercial sales have begun. As used in
9 this subsection, "commercial sales" excludes sales of prototypes or
10 sales for market testing if the total gross receipts from such sales of
11 the product, service, or process do not exceed one million dollars.

12 **Sec. 302.** RCW 82.60.040 and 1997 c 156 s 5 are each amended to
13 read as follows:

14 (1) The department shall issue a sales and use tax deferral
15 certificate for state and local sales and use taxes due under chapters
16 82.08, 82.12, and 82.14 RCW on each eligible investment project that

17 ~~((a))~~ is located in an eligible area as defined in RCW
18 82.60.020~~((3) (a), (b), (c), (e), or (f))~~;

19 ~~(b) Is located in an eligible area as defined in RCW~~
20 ~~82.60.020(3)(g) if seventy five percent of the new qualified employment~~
21 ~~positions are to be filled by residents of a contiguous county that is~~
22 ~~an eligible area as defined in RCW 82.60.020(3) (a) or (f); or~~

23 ~~(c) Is located in an eligible area as defined in RCW~~
24 ~~82.60.020(3)(d) if seventy five percent of the new qualified employment~~
25 ~~positions are to be filled by residents of a designated community~~
26 ~~empowerment zone approved under RCW 43.63A.700 located within the~~
27 ~~county in which the eligible investment project is located)).~~

28 (2) The department shall keep a running total of all deferrals
29 granted under this chapter during each fiscal biennium.

30 (3) This section expires July 1, 2004.

31 **Sec. 303.** RCW 82.60.070 and 1995 1st sp.s. c 3 s 9 are each
32 amended to read as follows:

33 (1) ~~((Each recipient of a deferral granted under this chapter prior~~
34 ~~to July 1, 1994, shall submit a report to the department on December~~
35 ~~31st of each year during the repayment period until the tax deferral is~~
36 ~~repaid.))~~ Each recipient of a deferral granted under this chapter
37 after June 30, 1994, shall submit a report to the department on

1 December 31st of the year in which the investment project is certified
2 by the department as having been operationally completed, and on
3 December 31st of each of the seven succeeding calendar years. The
4 report shall contain information, as required by the department, from
5 which the department may determine whether the recipient is meeting the
6 requirements of this chapter. If the recipient fails to submit a
7 report or submits an inadequate report, the department may declare the
8 amount of deferred taxes outstanding to be immediately assessed and
9 payable.

10 (2) If, on the basis of a report under this section or other
11 information, the department finds that an investment project is not
12 eligible for tax deferral under this chapter (~~((for reasons other than
13 failure to create the required number of qualified employment
14 positions))~~), the amount of deferred taxes outstanding for the project
15 shall be immediately due.

16 (3) (~~((If, on the basis of a report under this section or other
17 information, the department finds that an investment project for which
18 a deferral has been granted under this chapter prior to July 1, 1994,
19 has been operationally complete for three years and has failed to
20 create the required number of qualified employment positions, the
21 department shall assess interest, but not penalties, on the deferred
22 taxes for the project. The interest shall be assessed at the rate
23 provided for delinquent excise taxes, shall be assessed retroactively
24 to the date of deferral, and shall accrue until the deferred taxes are
25 repaid.~~

26 (4) ~~If, on the basis of a report under this section or other
27 information, the department finds that an investment project for which
28 a deferral has been granted under this chapter after June 30, 1994, has
29 been operationally complete for three years and has failed to create
30 the required number of qualified employment positions, the amount of
31 taxes not eligible for deferral shall be immediately due. The
32 department shall assess interest at the rate provided for delinquent
33 excise taxes, but not penalties, retroactively to the date of deferral.~~

34 (5) ~~If, on the basis of a report under this section or other
35 information, the department finds that an investment project qualifying
36 for deferral under RCW 82.60.040(1) (b) or (c) has failed to comply
37 with any requirement of RCW 82.60.045 for any calendar year for which
38 reports are required under subsection (1) of this section, twelve and
39 one-half percent of the amount of deferred taxes shall be immediately~~

1 due.— The department shall assess interest at the rate provided for
2 delinquent excise taxes, but not penalties, retroactively to the date
3 of deferral.

4 (~~6~~)) Notwithstanding any other subsection of this section,
5 deferred taxes need not be repaid on machinery and equipment for lumber
6 and wood products industries, and sales of or charges made for labor
7 and services, of the type which qualifies for exemption under RCW
8 82.08.02565 or 82.12.02565 to the extent the taxes have not been repaid
9 before July 1, 1995.

10 (~~(7)~~) (4) Notwithstanding any other subsection of this section,
11 deferred taxes on the following need not be repaid:

12 (a) Machinery and equipment, and sales of or charges made for labor
13 and services, which at the time of purchase would have qualified for
14 exemption under RCW 82.08.02565; and

15 (b) Machinery and equipment which at the time of first use would
16 have qualified for exemption under RCW 82.12.02565.

17 NEW SECTION. **Sec. 304.** A new section is added to chapter 82.60
18 RCW to read as follows:

19 (1) For the purposes of this section:

20 (a) "Eligible area" also means a designated community empowerment
21 zone approved under RCW 43.63A.700 or a county containing a community
22 empowerment zone.

23 (b) "Eligible investment project" also means an investment project
24 in an eligible area as defined in this section.

25 (2) In addition to the provisions of RCW 82.60.040, the department
26 shall issue a sales and use tax deferral certificate for state and
27 local sales and use taxes due under chapters 82.08, 82.12, and 82.14
28 RCW, on each eligible investment project that is located in an eligible
29 area, if the applicant establishes that at the time the project is
30 operationally complete:

31 (a) The applicant will hire at least one qualified employment
32 position for each seven hundred fifty thousand dollars of investment on
33 which a deferral is requested; and

34 (b) The positions will be filled by persons who at the time of hire
35 are residents of the community empowerment zone in which the project is
36 located. As used in this subsection, "resident" means the person makes
37 his or her home in the community empowerment zone. A mailing address
38 alone is insufficient to establish that a person is a resident for the

1 purposes of this section. The persons must be hired after the date the
2 application is filed with the department.

3 (3) All other provisions and eligibility requirements of this
4 chapter apply to applicants eligible under this section.

5 (4) If a person does not meet the requirements of this section by
6 the end of the calendar year following the year in which the project is
7 certified as operationally complete, all deferred taxes are immediately
8 due.

9 **Distressed Area Business and Occupation Tax Job Credit**

10 **Sec. 305.** RCW 82.62.010 and 1996 c 290 s 5 are each amended to
11 read as follows:

12 Unless the context clearly requires otherwise, the definitions in
13 this section apply throughout this chapter.

14 (1) "Applicant" means a person applying for a tax credit under this
15 chapter.

16 (2) "Department" means the department of revenue.

17 (3) "Eligible area" means(~~(:—(a) A county in which the average~~
18 ~~level of unemployment for the three years before the year in which an~~
19 ~~application is filed under this chapter exceeds the average state~~
20 ~~unemployment for those years by twenty percent; (b) a county that has~~
21 ~~a median household income that is less than seventy five percent of the~~
22 ~~state median household income for the previous three years; (c) a~~
23 ~~metropolitan statistical area, as defined by the office of federal~~
24 ~~statistical policy and standards, United States department of commerce,~~
25 ~~in which the average level of unemployment for the calendar year~~
26 ~~immediately preceding the year in which an application is filed under~~
27 ~~this chapter exceeds the average state unemployment for such calendar~~
28 ~~year by twenty percent; (d) a designated community empowerment zone~~
29 ~~approved under RCW 43.63A.700; or (e) subcounty areas in those counties~~
30 ~~that are not covered under (a) of this subsection that are timber~~
31 ~~impact areas as defined in RCW 43.31.601)) an area as defined in RCW
32 82.60.020.~~

33 (4)(a) "Eligible business project" means manufacturing or research
34 and development activities which are conducted by an applicant in an
35 eligible area at a specific facility, provided the applicant's average
36 full-time qualified employment positions at the specific facility will
37 be at least fifteen percent greater in the year for which the credit is

1 being sought than the applicant's average full-time qualified
2 employment positions at the same facility in the immediately preceding
3 year.

4 (b) "Eligible business project" does not include any portion of a
5 business project undertaken by a light and power business as defined in
6 RCW 82.16.010(5) or that portion of a business project creating
7 qualified full-time employment positions outside an eligible area or
8 those recipients of a sales tax deferral under chapter 82.61 RCW.

9 (5) "Manufacturing" means all activities of a commercial or
10 industrial nature wherein labor or skill is applied, by hand or
11 machinery, to materials so that as a result thereof a new, different,
12 or useful substance or article of tangible personal property is
13 produced for sale or commercial or industrial use and shall include the
14 production or fabrication of specially made or custom made articles.
15 "Manufacturing" also includes computer programming, the production of
16 computer software, and other computer-related services, and the
17 activities performed by research and development laboratories and
18 commercial testing laboratories.

19 (6) "Person" has the meaning given in RCW 82.04.030.

20 (7) "Qualified employment position" means a permanent full-time
21 employee employed in the eligible business project during the entire
22 tax year.

23 (8) "Tax year" means the calendar year in which taxes are due.

24 (9) "Recipient" means a person receiving tax credits under this
25 chapter.

26 (10) "Research and development" means the development, refinement,
27 testing, marketing, and commercialization of a product, service, or
28 process before commercial sales have begun. As used in this
29 subsection, "commercial sales" excludes sales of prototypes or sales
30 for market testing if the total gross receipts from such sales of the
31 product, service, or process do not exceed one million dollars.

32 **Sec. 306.** RCW 82.62.030 and 1997 c 366 s 5 are each amended to
33 read as follows:

34 (1) A person shall be allowed a credit against the tax due under
35 chapter 82.04 RCW as provided in this section. ~~((For an application
36 approved before January 1, 1996, the credit shall equal one thousand
37 dollars for each qualified employment position directly created in an
38 eligible business project. For an application approved on or after~~

1 ~~January 1, 1996, the credit shall equal two thousand dollars for each~~
2 ~~qualified employment position directly created in an eligible business~~
3 ~~project. For an application approved on or after July 1, 1997,)) The~~
4 credit shall equal: (a) Four thousand dollars for each qualified
5 employment position with wages and benefits greater than forty thousand
6 dollars annually that is directly created in an eligible business(~~(-~~
7 ~~For an application approved on or after July 1, 1997, the credit shall~~
8 ~~equal)) and (b) two thousand dollars for each qualified employment~~
9 position with wages and benefits less than or equal to forty thousand
10 dollars annually that is directly created in an eligible business.

11 (2) The department shall keep a running total of all credits
12 granted under this chapter during each fiscal year. The department
13 shall not allow any credits which would cause the tabulation to exceed
14 ~~((five million five hundred thousand dollars in fiscal year 1998 or~~
15 ~~1999 or))~~ seven million five hundred thousand dollars in any fiscal
16 year ~~((thereafter))~~. If all or part of an application for credit is
17 disallowed under this subsection, the disallowed portion shall be
18 carried over for approval the next fiscal year. However, the
19 applicant's carryover into the next fiscal year is only permitted if
20 the tabulation for the next fiscal year does not exceed the cap for
21 that fiscal year as of the date on which the department has disallowed
22 the application.

23 (3) No recipient may use the tax credits to decertify a union or to
24 displace existing jobs in any community in the state.

25 (4) No recipient may receive a tax credit on taxes which have not
26 been paid during the taxable year.

27 NEW SECTION. Sec. 307. A new section is added to chapter 82.62
28 RCW to read as follows:

29 (1) For the purposes of this section "eligible area" also means a
30 designated community empowerment zone approved under RCW 43.63A.700.

31 (2) An eligible business project located within an eligible area as
32 defined in this section qualifies for a credit under this chapter for
33 those employees who at the time of hire are residents of the community
34 empowerment zone in which the project is located, if the fifteen
35 percent threshold is met. As used in this subsection, "resident" means
36 the person makes his or her home in the community empowerment zone. A
37 mailing address alone is insufficient to establish that a person is a
38 resident for the purposes of this section.

1 (3) All other provisions and eligibility requirements of this
2 chapter apply to applicants eligible under this section.

3 **PART IV**

4 **ECONOMIC VITALITY COMMITTEE**

5 NEW SECTION. **Sec. 401.** (1) The legislature shall establish an ad
6 hoc economic development group to analyze potential economic
7 development projects of state-wide significance and recommend
8 appropriate administrative or legislative actions.

9 (2) The group shall include one representative each from the
10 department of community, trade, and economic development, the
11 department of agriculture, and the department of revenue as well as two
12 representatives from rural economic development councils appointed by
13 the legislature.

14 (3) The group shall promote economic development and business
15 diversification throughout the state with special attention given to
16 the economic difficulties of rural counties.

17 (4) In order to expedite coordinated responses, the governor may
18 direct the group to meet on an emergency basis when projects of state-
19 wide significance arise.

20 (5) The department of community, trade, and economic development
21 shall establish criteria to determine whether a project meets the
22 standards of a "project of state-wide significance." These criteria
23 may include such economic indicators as local unemployment and personal
24 income levels and project scope indicators such as the assessed value
25 of the project in relation to the assessed value of the county.

26 **PART V**

27 **RURAL WASHINGTON LOAN FUND**

28 **Sec. 501.** RCW 43.168.010 and 1985 c 164 s 1 are each amended to
29 read as follows:

30 The legislature finds that:

31 (1) The economic health and well-being of the state, particularly
32 in areas of high unemployment, economic stagnation, and poverty, is of
33 substantial public concern.

34 (2) The consequences of minimal economic activity and persistent
35 unemployment and underemployment are serious threats to the safety,

1 health, and welfare of residents of these areas, decreasing the value
2 of private investments and jeopardizing the sources of public revenue.

3 (3) The economic and social interdependence of communities and the
4 vitality of industrial and economic activity necessitates, and is in
5 part dependent on preventing substantial dislocation of residents and
6 rebuilding the diversification of the areas' economy.

7 (4) The ability to remedy problems in stagnant areas of the state
8 is beyond the power and control of the regulatory process and influence
9 of the state, and the ordinary operations of private enterprise without
10 additional governmental assistance are insufficient to adequately
11 remedy the problems of poverty and unemployment.

12 (5) The revitalization of depressed communities requires the
13 stimulation of private investment, the development of new business
14 ventures, the provision of capital to ventures sponsored by local
15 organizations and capable of growth in the business markets, and
16 assistance to viable, but under-financed, small businesses in order to
17 create and preserve jobs that are sustainable in the local economy.

18 Therefore, the legislature declares there to be a substantial
19 public purpose in providing capital to promote economic development and
20 job creation in areas of economic stagnation, unemployment, and
21 poverty. To accomplish this purpose, the legislature hereby creates
22 the rural Washington (~~((state development))~~) loan fund (~~((committee))~~) and
23 vests in the (~~((committee))~~) department of community, trade, and economic
24 development the authority to spend federal funds to stimulate the
25 economy of distressed areas.

26 **Sec. 502.** RCW 43.168.020 and 1996 c 290 s 3 are each amended to
27 read as follows:

28 Unless the context clearly requires otherwise, the definitions in
29 this section apply throughout this chapter.

30 (1) (~~("Committee" means the Washington state development loan fund~~
31 ~~committee.~~

32 ~~(2))~~ "Department" means the department of community, trade, and
33 economic development.

34 (~~((3))~~) (2) "Director" means the director of community, trade, and
35 economic development.

36 (~~((4))~~) (3) "Distressed area" means: (a) A rural county; (b) a
37 county which has an unemployment rate which is twenty percent above the
38 state average for the immediately previous three years; (~~((b))~~) (c) a

1 county that has a median household income that is less than seventy-
2 five percent of the state median household income for the previous
3 three years; ~~((+e))~~ (d) a metropolitan statistical area, as defined by
4 the office of federal statistical policy and standards, United States
5 department of commerce, in which the average level of unemployment for
6 the calendar year immediately preceding the year in which an
7 application is filed under this chapter exceeds the average state
8 unemployment for such calendar year by twenty percent; ~~((+d))~~ (e) an
9 area within a county, which area: (i) Is composed of contiguous census
10 tracts; (ii) has a minimum population of five thousand persons; (iii)
11 has at least seventy percent of its families and unrelated individuals
12 with incomes below eighty percent of the county's median income for
13 families and unrelated individuals; and (iv) has an unemployment rate
14 which is at least forty percent higher than the county's unemployment
15 rate; or ~~((+e))~~ (f) a county designated as a rural natural resources
16 impact area under RCW 43.31.601 if an application is filed by July 1,
17 1997. For purposes of this definition, "families and unrelated
18 individuals" has the same meaning that is ascribed to that term by the
19 federal department of housing and urban development in its regulations
20 authorizing action grants for economic development and neighborhood
21 revitalization projects.

22 ~~((+5))~~ (4) "Fund" means the rural Washington ~~((state development))~~
23 loan fund.

24 ~~((+6))~~ (5) "Local development organization" means a nonprofit
25 organization which is organized to operate within an area, demonstrates
26 a commitment to a long-standing effort for an economic development
27 program, and makes a demonstrable effort to assist in the employment of
28 unemployed or underemployed residents in an area.

29 ~~((+7))~~ (6) "Project" means the establishment of a new or expanded
30 business in an area which when completed will provide employment
31 opportunities. "Project" also means the retention of an existing
32 business in an area which when completed will provide employment
33 opportunities.

34 (7) "Rural county" means a county with a population density of
35 fewer that one hundred persons per square mile as determined by the
36 office of financial management.

37 NEW SECTION. Sec. 503. A new section is added to chapter 43.168
38 RCW to read as follows:

1 In addition to the requirements of RCW 43.168.050, the department
2 shall, subject to applicable federal funding criteria, give priority to
3 applications that capitalize or recapitalize an existing or new local
4 revolving fund based on criteria established by the department.

5 **Sec. 504.** RCW 43.168.110 and 1992 c 235 s 11 are each amended to
6 read as follows:

7 There is established the rural Washington (~~((state development))~~)
8 loan fund which shall be an account in the state treasury. All loan
9 payments of principal and interest which are transferred under RCW
10 43.168.050 shall be deposited into the account. Moneys in the account
11 may be spent only after legislative appropriation for loans under this
12 chapter. Any expenditures of these moneys shall conform to federal
13 law.

14 **Sec. 505.** RCW 43.168.120 and 1987 c 461 s 6 are each amended to
15 read as follows:

16 (1) The (~~((committee))~~) department shall develop guidelines for
17 (~~((development))~~) rural Washington loan funds to be used to fund existing
18 economic development revolving loan funds. Consideration shall be
19 given to the selection process for grantees, loan quality criteria,
20 legal and regulatory issues, and ways to minimize duplication between
21 (~~((development))~~) rural Washington loan funds and local economic
22 development revolving loan funds.

23 (2) If it appears that all of the funds appropriated to the
24 (~~((development loan))~~) fund for a biennium will not be fully granted to
25 local governments within that biennium, the (~~((committee))~~) department
26 may make available up to twenty percent of the eighty percent of the
27 funds available to projects in distressed areas under RCW
28 43.168.050(~~((+9))~~) (10) for grants to local governments to assist
29 existing economic development revolving loan funds in distressed areas.
30 The grants to local governments shall be utilized to make loans to
31 businesses that meet the specifications for loans under this chapter.
32 The local governments shall, to the extent permitted under federal law,
33 agree to convey to the (~~((development loan))~~) fund the principal and
34 interest payments from existing loans that the local governments have
35 made through their revolving loan funds. Under circumstances where the
36 federal law does not permit the (~~((committee))~~) department to require
37 such transfer, the (~~((committee))~~) department shall give priority to

1 applications where the applicants on their own volition make
2 commitments to provide for the transfer.

3 **PART VI**

4 **PUBLIC FACILITIES GRANTS AND LOANS**

5 **Sec. 601.** RCW 43.17.250 and 1991 sp.s. c 32 s 25 are each amended
6 to read as follows:

7 (1) Whenever a state agency is considering awarding grants or loans
8 for a county, city, or town planning under RCW 36.70A.040 to finance
9 public facilities, it shall consider whether the county, city, or town
10 ((that is)) requesting the grant or loan ((is a party to a county-wide
11 planning policy under RCW 36.70A.210 relating to the type of public
12 facility for which the grant or loan is sought, and shall accord
13 additional preference to the county, city, or town if such county-wide
14 planning policy exists)) has adopted a comprehensive plan and
15 development regulations as required by RCW 36.70A.040.

16 (2) When reviewing competing requests from counties, cities, or
17 towns planning under RCW 36.70A.040, a state agency considering
18 awarding grants or loans for public facilities shall accord additional
19 preference to those counties, cities, or towns that have adopted a
20 comprehensive plan and development regulations as required by RCW
21 36.70A.040. For the purposes of the preference accorded in this
22 section, a county, city, or town planning under RCW 36.70A.040 is
23 deemed to have satisfied the requirements for adopting a comprehensive
24 plan and development regulations specified in RCW 36.70A.040 if the
25 county, city, or town:

26 (a) Adopts or has adopted a comprehensive plan and development
27 regulations within the time periods specified in RCW 36.70A.040;

28 (b) Adopts or has adopted a comprehensive plan and development
29 regulations before submitting a request for a grant or loan if the
30 county, city, or town failed to adopt a comprehensive plan and/or
31 development regulations within the time periods specified in RCW
32 36.70A.040; or

33 (c) Demonstrates substantial progress toward adopting a
34 comprehensive plan or development regulations within the time periods
35 specified in RCW 36.70A.040. A county, city, or town that is more than
36 six months out of compliance with the time periods specified in RCW

1 36.70A.040 shall not be deemed to demonstrate substantial progress for
2 purposes of this section.

3 (3) The preference specified in subsection (2) of this section
4 applies only to competing requests for grants or loans from counties,
5 cities, or towns planning under RCW 36.70A.040. A request from a
6 county, city, or town planning under RCW 36.70A.040 shall be accorded
7 no additional preference based on subsection (2) of this section over
8 a request from a county, city, or town not planning under RCW
9 36.70A.040.

10 (4) Whenever a state agency is considering awarding grants or loans
11 ((to a special district)) for public facilities to a special district
12 requesting funding for a proposed facility located in a county, city,
13 or town planning under RCW 36.70A.040, it shall consider whether the
14 county, city, or town in whose planning jurisdiction the proposed
15 facility is located ((is a party to a county-wide planning policy under
16 RCW 36.70A.210 relating to the type of public facility for which the
17 grant or loan is sought)) has adopted a comprehensive plan and
18 development regulations as required by RCW 36.70A.040 and shall apply
19 the preference specified in subsection (2) of this section and
20 restricted in subsection (3) of this section.

21 **Sec. 602.** RCW 43.155.070 and 1997 c 429 s 29 are each amended to
22 read as follows:

23 (1) To qualify for loans or pledges under this chapter the board
24 must determine that a local government meets all of the following
25 conditions:

26 (a) The city or county must be imposing a tax under chapter 82.46
27 RCW at a rate of at least one-quarter of one percent;

28 (b) The local government must have developed a long-term plan for
29 financing public works needs; and

30 (c) The local government must be using all local revenue sources
31 which are reasonably available for funding public works, taking into
32 consideration local employment and economic factors(~~(; and)~~).

33 ~~((d))~~ (2) Except where necessary to address a public health need
34 or substantial environmental degradation, a county, city, or town
35 ((that is required or chooses to plan)) planning under RCW 36.70A.040
36 must have adopted a comprehensive plan ((in conformance with the
37 requirements of chapter 36.70A RCW, after it is required that the
38 comprehensive plan be adopted, and must have adopted development

1 ~~regulations in conformance with the requirements of chapter 36.70A RCW,~~
2 ~~after it is required that development regulations be adopted)),~~
3 including a capital facilities plan element, and development
4 regulations as required by RCW 36.70A.040. This subsection does not
5 require any county, city, or town planning under RCW 36.70A.040 to
6 adopt a comprehensive plan or development regulations before requesting
7 or receiving a loan or loan guarantee under this chapter if such
8 request is made before the expiration of the time periods specified in
9 RCW 36.70A.040. A county, city, or town planning under RCW 36.70A.040
10 which has not adopted a comprehensive plan and development regulations
11 within the time periods specified in RCW 36.70A.040 is not prohibited
12 from receiving a loan or loan guarantee under this chapter if the
13 comprehensive plan and development regulations are adopted as required
14 by RCW 36.70A.040 before submitting a request for a loan or loan
15 guarantee.

16 (3) In considering awarding loans for public facilities to special
17 districts requesting funding for a proposed facility located in a
18 county, city, or town planning under RCW 36.70A.040, the board shall
19 consider whether the county, city, or town planning under RCW
20 36.70A.040 in whose planning jurisdiction the proposed facility is
21 located has adopted a comprehensive plan and development regulations as
22 required by RCW 36.70A.040.

23 ~~((+2+))~~ (4) The board shall develop a priority process for public
24 works projects as provided in this section. The intent of the priority
25 process is to maximize the value of public works projects accomplished
26 with assistance under this chapter. The board shall attempt to assure
27 a geographical balance in assigning priorities to projects. The board
28 shall consider at least the following factors in assigning a priority
29 to a project:

30 (a) Whether the local government receiving assistance has
31 experienced severe fiscal distress resulting from natural disaster or
32 emergency public works needs;

33 (b) Whether the project is critical in nature and would affect the
34 health and safety of a great number of citizens;

35 (c) The cost of the project compared to the size of the local
36 government and amount of loan money available;

37 (d) The number of communities served by or funding the project;

38 (e) Whether the project is located in an area of high unemployment,
39 compared to the average state unemployment;

1 (f) Whether the project is the acquisition, expansion, improvement,
2 or renovation by a local government of a public water system that is in
3 violation of health and safety standards, including the cost of
4 extending existing service to such a system;

5 (g) The relative benefit of the project to the community,
6 considering the present level of economic activity in the community and
7 the existing local capacity to increase local economic activity in
8 communities that have low economic growth; and

9 (h) Other criteria that the board considers advisable.

10 ~~((+3))~~ (5) Existing debt or financial obligations of local
11 governments shall not be refinanced under this chapter. Each local
12 government applicant shall provide documentation of attempts to secure
13 additional local or other sources of funding for each public works
14 project for which financial assistance is sought under this chapter.

15 ~~((+4))~~ (6) Before November 1 of each year, the board shall develop
16 and submit to the appropriate fiscal committees of the senate and house
17 of representatives a description of the loans made under RCW
18 43.155.065, 43.155.068, and subsection ~~((+7))~~ (9) of this section
19 during the preceding fiscal year and a prioritized list of projects
20 which are recommended for funding by the legislature, including one
21 copy to the staff of each of the committees. The list shall include,
22 but not be limited to, a description of each project and recommended
23 financing, the terms and conditions of the loan or financial guarantee,
24 the local government jurisdiction and unemployment rate, demonstration
25 of the jurisdiction's critical need for the project and documentation
26 of local funds being used to finance the public works project. The
27 list shall also include measures of fiscal capacity for each
28 jurisdiction recommended for financial assistance, compared to
29 authorized limits and state averages, including local government sales
30 taxes; real estate excise taxes; property taxes; and charges for or
31 taxes on sewerage, water, garbage, and other utilities.

32 ~~((+5))~~ (7) The board shall not sign contracts or otherwise
33 financially obligate funds from the public works assistance account
34 before the legislature has appropriated funds for a specific list of
35 public works projects. The legislature may remove projects from the
36 list recommended by the board. The legislature shall not change the
37 order of the priorities recommended for funding by the board.

1 (~~(6)~~) (8) Subsection (~~(5)~~) (7) of this section does not apply
2 to loans made under RCW 43.155.065, 43.155.068, and subsection (~~(7)~~)
3 (9) of this section.

4 (~~(7)~~) (9)(a) Loans made for the purpose of capital facilities
5 plans shall be exempted from subsection (~~(5)~~) (7) of this section.
6 In no case shall the total amount of funds utilized for capital
7 facilities plans and emergency loans exceed the limitation in RCW
8 43.155.065.

9 (b) For the purposes of this section "capital facilities plans"
10 means those plans required by the growth management act, chapter 36.70A
11 RCW, and plans required by the public works board for local governments
12 not subject to the growth management act.

13 (~~(8)~~) (10) To qualify for loans or pledges for solid waste or
14 recycling facilities under this chapter, a city or county must
15 demonstrate that the solid waste or recycling facility is consistent
16 with and necessary to implement the comprehensive solid waste
17 management plan adopted by the city or county under chapter 70.95 RCW.

18 **Sec. 603.** RCW 70.146.070 and 1997 c 429 s 30 are each amended to
19 read as follows:

20 (1) When making grants or loans for water pollution control
21 facilities, the department shall consider the following:

22 (~~(1)~~) (a) The protection of water quality and public health;

23 (~~(2)~~) (b) The cost to residential ratepayers if they had to
24 finance water pollution control facilities without state assistance;

25 (~~(3)~~) (c) Actions required under federal and state permits and
26 compliance orders;

27 (~~(4)~~) (d) The level of local fiscal effort by residential
28 ratepayers since 1972 in financing water pollution control facilities;

29 (~~(5)~~) (e) The extent to which the applicant county or city, or if
30 the applicant is another public body, the extent to which the county or
31 city in which the applicant public body is located, has established
32 programs to mitigate nonpoint pollution of the surface or subterranean
33 water sought to be protected by the water pollution control facility
34 named in the application for state assistance; and

35 (~~(6)~~) (f) The recommendations of the Puget Sound action team and
36 any other board, council, commission, or group established by the
37 legislature or a state agency to study water pollution control issues
38 in the state.

1 (2) RCW 43.31.641 and 1997 c 367 s 6, 1995 c 226 s 4, 1993 c 280 s
2 50, & 1991 c 314 s 7;
3 (3) RCW 50.22.090 and (~~1995 c 226 s 5, 1993 c 316 s 10, 1992 c 47~~
4 ~~s 2, & 1991 c 315 s 4~~) 1997 c 367 s 4;
5 (4) (~~RCW 43.160.212 and 1996 c 168 s 4, 1995 c 226 s 6, & 1993 c~~
6 ~~316 s 5;~~
7 ~~(5)~~) RCW 43.63A.021 and 1997 c 367 s 5 & 1995 c 226 s 11;
8 (~~(6)~~) (5) RCW 43.63A.600 and 1995 c 226 s 12, 1994 c 114 s 1,
9 1993 c 280 s 77, & 1991 c 315 s 23;
10 (~~(7)~~) (6) RCW 43.63A.440 and 1997 c 367 s 7, 1995 c 226 s 13,
11 1993 c 280 s 74, & 1989 c 424 s 7;
12 (~~(8)~~ RCW 43.160.200 and 1995 c 226 s 16, 1993 c 320 s 7, 1993 c
13 ~~316 s 4, & 1991 c 314 s 23;~~
14 ~~(9)~~) (7) RCW 28B.50.258 and 1995 c 226 s 18 & 1991 c 315 s 16;
15 (~~(10)~~) (8) RCW 28B.50.262 and 1995 c 226 s 19 & 1994 c 282 s 3;
16 (~~(11)~~) (9) RCW 28B.80.570 and 1997 c 367 s 14, 1995 c 226 s 20,
17 1992 c 21 s 6, & 1991 c 315 s 18;
18 (~~(12)~~) (10) RCW 28B.80.575 and 1995 c 269 s 1001, 1995 c 226 s
19 21, & 1991 c 315 s 19;
20 (~~(13)~~) (11) RCW 28B.80.580 and 1997 c 367 s 15, 1995 c 226 s 22,
21 1993 sp.s. c 18 s 34, 1992 c 231 s 31, & 1991 c 315 s 20;
22 (~~(14)~~) (12) RCW 28B.80.585 and 1995 c 226 s 23 & 1991 c 315 s 21;
23 (~~(15)~~) (13) RCW 43.17.065 and 1995 c 226 s 24, 1993 c 280 s 37,
24 1991 c 314 s 28, & 1990 1st ex.s. c 17 s 77;
25 (~~(16)~~) (14) RCW 43.20A.750 and (~~1995 c 226 s 25, 1993 c 280 s~~
26 ~~38, 1992 c 21 s 4, & 1991 c 153 s 28~~) 1997 c 367 s 16;
27 (~~(17)~~) (15) RCW 43.168.140 and 1995 c 226 s 28 & 1991 c 314 s 20;
28 (~~(18)~~) (16) RCW 50.12.270 and 1997 c 367 s 17, 1995 c 226 s 30,
29 & 1991 c 315 s 3;
30 (~~(19)~~) (17) RCW 50.70.010 and 1995 c 226 s 31, 1992 c 21 s 1, &
31 1991 c 315 s 5; and
32 (~~(20)~~) (18) RCW 50.70.020 and 1995 c 226 s 32 & 1991 c 315 s 6.

33 NEW SECTION. Sec. 702. RCW 43.160.212 (Rural natural resources
34 impact areas--Loans for public works facilities) and 1996 c 168 s 4,
35 1995 c 226 s 6, 1993 c 316 s 5, 1992 c 21 s 8, & 1991 c 314 s 26 are
36 each repealed.

