
SUBSTITUTE SENATE BILL 6195

State of Washington 60th Legislature 2008 Regular Session

By Senate Economic Development, Trade & Management (originally sponsored by Senators Haugen and Rasmussen)

READ FIRST TIME 02/04/08.

1 AN ACT Relating to the definition of rural county for economic
2 development purposes; and amending RCW 43.160.020, 43.168.020,
3 43.330.086, and 82.16.0491.

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

5 **Sec. 1.** RCW 43.160.020 and 2004 c 252 s 1 are each amended to read
6 as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout this chapter.

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

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

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

15 (4) "Financial institution" means any bank, savings and loan
16 association, credit union, development credit corporation, insurance
17 company, investment company, trust company, savings institution, or
18 other financial institution approved by the board and maintaining an
19 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 or
23 a federally recognized Indian tribe for the planning, acquisition,
24 construction, repair, reconstruction, replacement, rehabilitation, or
25 improvement of bridges, roads, domestic and industrial water, earth
26 stabilization, sanitary sewer, storm sewer, railroad, electricity,
27 telecommunications, transportation, natural gas, buildings or
28 structures, and port facilities, all for the purpose of job creation,
29 job retention, or job expansion.

30 (12) "Rural county" (~~((means a county with a population density of
31 fewer than one hundred persons per square mile as determined by the
32 office of financial management))~~) has the same meaning as provided in
33 RCW 82.14.370.

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

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

1 (b) A nonmetropolitan county with a population of less than forty
2 thousand in the 1990 decennial census, that meets two of the five
3 criteria as set forth in subsection (14) of this section; or

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

7 (14) For the purposes of designating rural natural resources impact
8 areas, the following criteria shall be considered:

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

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

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

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

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

30 **Sec. 2.** RCW 43.168.020 and 2005 c 136 s 3 are each amended to read
31 as follows:

32 Unless the context clearly requires otherwise, the definitions in
33 this section apply throughout this chapter.

34 (1) "Department" means the department of community, trade, and
35 economic development.

36 (2) "Director" means the director of community, trade, and economic
37 development.

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

23 (4) "Fund" means the rural Washington loan fund.

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

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

33 (7) "Rural county" (~~((means a county with a population density of~~
34 ~~fewer than one hundred persons per square mile as determined by the~~
35 ~~office of financial management))~~ has the same meaning as provided in
36 RCW 82.14.370.

1 **Sec. 3.** RCW 43.330.086 and 2007 c 249 s 5 are each amended to read
2 as follows:

3 To the extent that funds are specifically appropriated therefor,
4 contracts with associate development organizations for the provision of
5 services under RCW 43.330.080(1) shall be awarded according to the
6 following annual schedule:

7 (1) For associate development associations serving urban counties,
8 which are counties other than rural counties as defined in RCW
9 (~~43.160.020~~) 82.14.370, a locally matched allocation of up to ninety
10 cents per capita, totaling no more than three hundred thousand dollars
11 per organization; and

12 (2) For associate development associations in rural counties, as
13 defined in RCW (~~43.160.020~~) 82.14.370, a per county base allocation
14 of up to forty thousand dollars and a locally matched allocation of up
15 to ninety cents per capita.

16 **Sec. 4.** RCW 82.16.0491 and 2004 c 238 s 1 are each amended to read
17 as follows:

18 (1) The following definitions apply to this section:

19 (a) "Qualifying project" means a project designed to achieve job
20 creation or business retention, to add or upgrade nonelectrical
21 infrastructure, to add or upgrade health and safety facilities, to
22 accomplish energy and water use efficiency improvements, including
23 renewable energy development, or to add or upgrade emergency services
24 in any designated qualifying rural area.

25 (b) "Qualifying rural area" means:

26 (i) A rural county(~~, which on the date that a contribution is made~~
27 ~~to an electric utility rural economic development revolving fund is a~~
28 ~~county with a population density of less than one hundred persons per~~
29 ~~square mile as determined by the office of financial management)) as
30 defined in RCW 82.14.370; or~~

31 (ii) Any geographic area in the state that receives electricity
32 from a light and power business with twelve thousand or fewer
33 customers.

34 (c) "Electric utility rural economic development revolving fund"
35 means a fund devoted exclusively to funding qualifying projects in
36 qualifying rural areas.

1 (d) "Local board" is (i) a board of directors with at least, but
2 not limited to, three members representing local businesses and
3 community groups who have been appointed by the sponsoring electric
4 utility to oversee and direct the activities of the electric utility
5 rural economic development revolving fund; or (ii) a board of directors
6 of an existing associate development organization serving the
7 qualifying rural area who have been designated by the sponsoring
8 electrical utility to oversee and direct the activities of the electric
9 utility rural economic development revolving fund.

10 (2) A light and power business shall be allowed a credit against
11 taxes due under this chapter in an amount equal to fifty percent of
12 contributions made in any fiscal year directly to an electric utility
13 rural economic development revolving fund. The credit shall be taken
14 in a form and manner as required by the department. The credit under
15 this section shall not exceed twenty-five thousand dollars per fiscal
16 year per light and power business. The credit may not exceed the tax
17 that would otherwise be due under this chapter. Refunds shall not be
18 granted in the place of credits. Expenditures not used to earn a
19 credit in one fiscal year may not be used to earn a credit in
20 subsequent years, except that this limitation does not apply to
21 expenditures made between January 1, 2004, and March 31, 2004, which
22 expenditures may be used to earn a credit through December 30, 2004.

23 (3) The right to earn tax credits under this section expires June
24 30, 2011.

25 (4) To qualify for the credit in subsection (2) of this section,
26 the light and power business shall establish, or have a local board
27 establish with the business's contribution, an electric utility rural
28 economic development revolving fund which is governed by a local board
29 whose members shall reside or work in the qualifying rural area served
30 by the light and power business. Expenditures from the electric
31 utility rural economic development revolving fund shall be made solely
32 on qualifying projects, and the local board shall have authority to
33 determine all criteria and conditions for the expenditure of funds from
34 the electric utility rural economic development revolving fund, and for
35 the terms and conditions of repayment.

36 (5) Any funds repaid to the electric utility rural economic
37 development revolving fund by recipients shall be made available for
38 additional qualifying projects.

1 (6) If at any time the electric utility rural economic development
2 revolving fund is dissolved, any moneys claimed as a tax credit under
3 this section shall either be granted to a qualifying project or
4 refunded to the state within two years of termination.

5 (7) The total amount of credits that may be used in any fiscal year
6 shall not exceed three hundred fifty thousand dollars in any fiscal
7 year. The department shall allow the use of earned credits on a first-
8 come, first-served basis. Unused earned credits may be carried over to
9 subsequent years.

10 (8) The following provisions apply to expenditures under subsection
11 (2) of this section made between January 1, 2004, and March 31, 2004:

12 (a) Credits earned from such expenditures are not considered in
13 computing the statewide limitation set forth in subsection (7) of this
14 section for the period July 1, 2004, through December 31, 2004; and

15 (b) For the fiscal year ending June 30, 2005, the credit allowed
16 under this section for light and power businesses making expenditures
17 is limited to thirty-seven thousand five hundred dollars.

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