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**SUBSTITUTE HOUSE BILL 1057**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** House Technology, Economic Development, & Veterans (originally sponsored by Representatives Barnard, Ryu, Leavitt, Barkis, Taylor, Jacobsen, Reed, Callan, Keaton, Timmons, Tharinger, Simmons, Duerr, Nance, Davis, Bernbaum, and Donaghy)

READ FIRST TIME 01/23/25.

1 AN ACT Relating to promoting economic development by increasing  
2 support for local communities to access federal funds; amending RCW  
3 43.330.260; adding new sections to chapter 43.330 RCW; and creating a  
4 new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that many of  
7 Washington's communities, particularly in rural areas, face an  
8 economic development dilemma in which they need matching dollars to  
9 compete for federal funds that would increase the local tax base,  
10 local revenue, and local employment and incomes. Lacking a thriving  
11 local tax base, it is difficult to generate the financial resources  
12 to supply the needed matching dollars to compete for federal economic  
13 development funds.

14 The legislature further finds that there are thousands of federal  
15 funding opportunities available for a wide variety of economic  
16 development projects, including broadband, equity, housing,  
17 infrastructure, innovation, regional development, skills training,  
18 transportation, and workforce development. In fiscal year 2019, the  
19 federal government provided state and local governments \$750 billion  
20 for health care, transportation, income security, education, job  
21 training, social services, community development, and environmental

1 protection; while in fiscal year 2023, the grants totaled \$1.1  
2 trillion.

3 The legislature further finds that when the state provides  
4 matching dollars, it can leverage the state's contribution to attract  
5 substantially greater funds and private investment.

6 The legislature further finds that increasing state matching  
7 dollars will enable local communities to access federal funds which  
8 would, in the aggregate, provide benefits across a broad array of  
9 community priorities and thereby contribute to the state's economic  
10 development objectives.

11 The legislature further finds that the state recognized the value  
12 of matching dollars to access federal funds for clean energy,  
13 climate, clean technology, and resilience, and that it should expand  
14 its efforts to all types of economic development funds available from  
15 the federal government by creating scoring criteria to prioritize  
16 projects, adopting grant award tiers, and establishing a state  
17 account with a pool of matching dollars to be available for local  
18 communities to secure matching dollars for applications for federal  
19 funds.

20 **Sec. 2.** RCW 43.330.260 and 2024 c 223 s 4 are each amended to  
21 read as follows:

22 (1) The department shall make available, within existing  
23 resources, an inventory of grant opportunities for state agencies,  
24 local governments, and other community organizations engaged in  
25 economic development activities.

26 (2) In developing the inventory of economic development grant  
27 opportunities, the department (~~may~~) shall:

28 (a) Regularly review the federal register for opportunities to  
29 apply for grants, research projects, and demonstration projects;

30 (b) Maintain an inventory of grant opportunities with private  
31 foundations and businesses;

32 (c) Provide a resource guide for applicants for federal grants,  
33 including links to federal applications and relevant resources, and  
34 contact information for department assistance; and

35 (d) Consult with federal officials, including but not limited to  
36 those in the small business administration, the department of labor,  
37 the department of commerce, the department of agriculture, the  
38 department of ecology, as well as private foundations and businesses,

1 on the prospects for obtaining federal and private funds for economic  
2 development purposes in Washington state.

3 (3) The department may also facilitate joint efforts between  
4 agencies and between local organizations and state agencies that will  
5 increase the likelihood of success in grant seeking and the  
6 attraction of major events.

7 (4) The department shall prepare a template letter to be used by  
8 an eligible entity to support its application for federal funds that  
9 will promote economic development. The letter shall identify the  
10 availability of state matching funds should the applicant  
11 successfully obtain federal funds. The department shall provide the  
12 letter to an applicant within five business days of request.

13 (5) The department shall create scoring criteria to prioritize  
14 applications for matching funds. The scoring criteria must include  
15 the number of jobs created, the number of households affected, the  
16 number of businesses impacted, the amount of the federal funding, and  
17 prioritize rural and frontier counties. The department shall solicit  
18 input from associate development organizations, ports, chambers of  
19 commerce, workforce development boards, and the governor's office to  
20 prioritize the federal funds that will have the most significant  
21 impact on economic development in Washington.

22 (6) Applicants for matching funds will be subject to the  
23 following grant amounts:

24 (a) Political subdivisions, federally recognized Indian tribes,  
25 institutions of higher education as defined in RCW 28B.10.016,  
26 consumer-owned utilities, small businesses, regional planning  
27 organizations, economic development organizations as defined in 13  
28 C.F.R. Sec. 312.3 as it existed on October 10, 2024, and nonprofits  
29 may receive up to 100 percent of the required match.

30 (b) Investor-owned utilities and other eligible entities may  
31 receive a maximum of 50 percent of the required match.

32 (c) If no match is required, an eligible entity may receive up to  
33 \$100,000 if the amount would increase the likelihood of receiving  
34 federal funds or increase the award of federal funds.

35 (d) If a project will benefit a distressed area as defined in RCW  
36 43.168.020, the maximum amount awarded under (b) of this subsection  
37 may be increased to 100 percent, and the maximum amount awarded under  
38 (c) of this subsection may be increased to \$500,000.

1       (7) By July 1, 2026, the department shall expand the  
2 fundhub.wa.gov website to include federal funds available for  
3 economic development.

4       NEW SECTION. Sec. 3. A new section is added to chapter 43.330  
5 RCW to read as follows:

6       Beginning December 31, 2027, the department must report on the  
7 use of state matching dollars to obtain federal funds. The report  
8 shall be updated every two years and posted on the department's  
9 website and transmitted to the governor and the legislature. The  
10 report must identify the number of letters provided to eligible  
11 entities to support applications for federal funds, the number of  
12 successful applications, the awards for state matching funds, the  
13 amount of federal funds received, and the number of federal agencies  
14 and federal fund opportunities on the fundhub.wa.gov website.

15       NEW SECTION. Sec. 4. A new section is added to chapter 43.330  
16 RCW to read as follows:

17       (1) The moving assets to create healthy economic development  
18 account is created in the custody of the state treasurer. Revenues to  
19 the account consist of appropriations and transfers made to the  
20 account by the legislature and all other moneys directed for deposit  
21 into the account. The account is subject to allotment procedures  
22 under chapter 43.88 RCW, but an appropriation is not required for  
23 expenditures. Only the director or the director's designee may  
24 authorize expenditures from the account. Expenditures from the  
25 account may only be used to provide matching funds for an eligible  
26 entity's award of federal funds that will promote economic  
27 development, as described in subsection (2) of this section.

28       (2) Expenditures may be authorized for projects such as, but not  
29 limited to:

- 30       (a) Broadband;
- 31       (b) Equity;
- 32       (c) Housing;
- 33       (d) Public infrastructure;
- 34       (e) Innovation;
- 35       (f) Regional development;
- 36       (g) Skills training;
- 37       (h) Transportation; or
- 38       (i) Workforce development.

1           (3) The funds shall be reserved for a project after the  
2 application is approved, but shall not be expended from the account  
3 unless:

4           (a) The applicant is successful in receiving federal funds for  
5 the project;

6           (b) The circumstances are such that time does not permit the  
7 director or the eligible entity to secure funding from other state  
8 sources;

9           (c) The project will produce significant long-term economic  
10 benefits to the state, a region of the state, or a particular  
11 community in the state;

12           (d) The project does not require continuing state support;

13           (e) The expenditure will result in new jobs, job retention, or  
14 higher incomes for citizens of the state; and

15           (f) The expenditure will not supplant private investment.

16           (4) Reserved funds are committed to a project and are unavailable  
17 for reservation or appropriation for other applications until the  
18 department receives written notice from the applicant that the  
19 application for federal funds has been withdrawn or denied.

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