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**ENGROSSED SUBSTITUTE HOUSE BILL 1341**

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AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 1991 Regular Session

**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** House Committee on Trade & Economic Development (originally sponsored by Representatives Sheldon, Hargrove, Jones, Inslee, Riley, Rayburn, P. Johnson, Bowman, Haugen, Paris, Brumsickle, Wynne, Beck, Fuhrman, Ferguson, Basich, Morton, Padden, Roland, Heavey, H. Myers, Peery, Ebersole, May, Lisk, Zellinsky, Nealey, Edmondson, Cooper, Betrozoff, Miller, Mitchell, Jacobsen, R. King, Wineberry, Franklin and R. Johnson).

Read first time March 6, 1991.

1       AN ACT Relating to economic development; amending RCW 43.210.030,  
2 43.168.020, 43.160.010, 43.160.020, 43.160.076, 43.17.065, and  
3 53.36.030; reenacting and amending RCW 43.210.050; adding new sections  
4 to chapter 43.31 RCW; adding new sections to chapter 43.210 RCW; adding  
5 new sections to chapter 43.131 RCW; adding new sections to chapter  
6 43.160 RCW; adding a new section to chapter 43.168 RCW; creating new  
7 sections; repealing RCW 43.160.076; providing an effective date;  
8 providing an expiration date; and declaring an emergency.

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

10       NEW SECTION.   **Sec. 1.** The legislature finds that:

11       (1) Cutbacks in allowable sales of old growth timber in Washington  
12 state pose a substantial threat to the region and the state with  
13 massive layoffs, loss of personal income, and declines in state  
14 revenues;

1 (2) The timber impact areas are of critical significance to the  
2 state because of their leading role in the overall economic well-being  
3 of the state and their importance to the quality of life to all  
4 residents of Washington, and that these regions require a special state  
5 effort to diversify the local economy;

6 (3) There are key opportunities to broaden the economic base in the  
7 timber impact areas including agriculture, high-technology, tourism,  
8 and regional exports; and

9 (4) A coordinated state, local, and private sector effort offers  
10 the greatest potential to promote economic diversification and to  
11 provide support for new projects within the region.

12 The legislature further finds that if a special state effort does  
13 not take place the decline in allowable timber sales may result in a  
14 loss of six thousand logging and milling jobs; two hundred million  
15 dollars in direct wages and benefits; twelve thousand indirect jobs;  
16 and three hundred million dollars in indirect wages and benefits.

17 It is the intent of the legislature to develop comprehensive  
18 programs to provide diversified economic development and promote job  
19 creation and employment opportunities for the citizens of the timber  
20 impact areas.

21 NEW SECTION. **Sec. 2.** For the purposes of sections 2 through 10 of  
22 this act:

23 (1) "Board" means the economic recovery coordination board;

24 (2) "Timber impact area" means a county having a population of less  
25 than five hundred thousand, or a city or town located within a county  
26 having a population of less than five hundred thousand, and meeting two  
27 of the following three criteria, as determined by the employment  
28 security department, for the most recent year such data is available:

29 (a) A lumber and wood products employment location quotient at or above

1 the state average; (b) projected or actual direct lumber and wood  
2 products job losses of one hundred positions or more, except counties  
3 having a population greater than two hundred thousand but less than  
4 five hundred thousand must have direct lumber and wood products job  
5 losses of one thousand positions or more; or (c) an annual unemployment  
6 rate twenty percent or more above the state average.

7 NEW SECTION. **Sec. 3.** (1) The governor shall appoint a timber  
8 recovery coordinator. The coordinator shall coordinate the state and  
9 federal economic and social programs targeted to timber impact areas.

10 (2) The coordinator's responsibilities shall include but not be  
11 limited to:

12 (a) Serving as executive secretary of the economic recovery  
13 coordination board and directing staff associated with the board.

14 (b) Chairing the agency timber task force and directing staff  
15 associated with the task force.

16 (c) Coordinating and maximizing the impact of state and federal  
17 assistance to timber impact areas.

18 (d) Coordinating and expediting programs to assist timber impact  
19 areas.

20 (e) Providing the legislature with a status and impact report on  
21 the timber recovery program in January 1992.

22 (3) This section shall expire June 30, 1993.

23 NEW SECTION. **Sec. 4.** (1) There is established the agency timber  
24 task force. The task force shall be chaired by the timber recovery  
25 coordinator. It shall be the responsibility of the coordinator that  
26 all directives of this act are carried out expeditiously by the  
27 agencies represented in the task force. The task force shall consist  
28 of the directors, or representatives of the directors, of the following

1 agencies: The department of trade and economic development, department  
2 of community development, employment security department, department of  
3 social and health services, state board for community college  
4 education, state board for vocational education, or its replacement  
5 entity, department of natural resources, department of transportation,  
6 state energy office, department of wildlife, University of Washington  
7 center for international trade in forest products, and department of  
8 ecology. The task force may consult and enlist the assistance of the  
9 following: The higher education coordinating board, University of  
10 Washington college of forest resources, Washington State University  
11 school of forestry, Northwest policy center, state superintendent of  
12 public instruction, the Evergreen partnership, Washington association  
13 of counties, and rural development council.

14 (2) This section shall expire June 30, 1993.

15 NEW SECTION. **Sec. 5.** The Washington state institute for public  
16 policy at The Evergreen State College shall design an evaluation  
17 mechanism for the timber recovery act and undertake an evaluation of  
18 the act's effectiveness by November 1, 1993. The agencies implementing  
19 the timber recovery programs under this act shall assist the institute  
20 for public policy in this evaluation.

21 NEW SECTION. **Sec. 6.** (1) There is established the economic  
22 recovery coordination board consisting of one representative, appointed  
23 by the governor, from each county that is a timber impact area. The  
24 timber recovery coordinator shall also be a member of the board. Each  
25 associate development organization from counties that are timber impact  
26 areas, in consultation with the county legislative authority, shall  
27 submit to the governor the names of three nominees representing  
28 different interests in each county. Within sixty days after the

1 effective date of this section, the governor shall select one nominee  
2 from each list submitted by associate development organizations. In  
3 making the appointments, the governor shall endeavor to ensure that the  
4 board represents a diversity of backgrounds. Vacancies shall be filled  
5 in the same manner as the original appointment.

6 (2) The board shall:

7 (a) Advise the timber recovery coordinator and the agency timber  
8 task force on issues relating to timber impact area economic and social  
9 development, and review and provide recommendations on proposals for  
10 the diversification of the timber impact areas presented to it by the  
11 timber recovery coordinator.

12 (b) Respond to the needs and concerns of citizens at the local  
13 level.

14 (c) Develop strategies for the economic recovery of timber impact  
15 areas.

16 (d) Provide recommendations to the governor, the legislature, and  
17 congress on land management and economic and regulatory policies that  
18 affect timber impact areas.

19 (e) Recommend to the legislature any changes or improvements in  
20 existing programs designed to benefit timber impact areas.

21 (3) Members of the board and committees shall receive no  
22 compensation but shall be reimbursed for travel expenses under RCW  
23 43.03.050 and 43.03.060.

24 (4) This section shall expire June 30, 1993.

25 NEW SECTION. **Sec. 7.** The department of trade and economic  
26 development, as a member of the agency timber task force and in  
27 consultation with the board, shall:

28 (1) Implement an expanded value-added forest products development  
29 industrial extension program. The department shall provide technical

1 assistance to small and medium-sized forest products companies to  
2 include:

3 (a) Secondary manufacturing product development;

4 (b) Plant and equipment maintenance;

5 (c) Identification and development of domestic market  
6 opportunities;

7 (d) Building products export development assistance;

8 (e) At-risk business development assistance;

9 (f) Business network development; and

10 (g) Timber impact area industrial diversification.

11 (2) Provide local contracts for small and medium-sized forest  
12 product companies, start-ups, and business organizations for business  
13 feasibility, market development, and business network contracts that  
14 will benefit value-added production efforts in the industry.

15 (3) Contract with local business organizations in timber impact  
16 areas for development of programs to promote industrial  
17 diversification. In addition, the department shall develop an  
18 interagency agreement with the department of community development for  
19 local capacity-building grants to local governments and community-based  
20 organizations in timber impact areas, which may include long-range  
21 planning and needs assessments.

22 For the 1991-93 biennium, the department of trade and economic  
23 development shall use funds appropriated for this section for contracts  
24 and for no more than two additional staff positions.

25 NEW SECTION. **Sec. 8.** The department of trade and economic  
26 development shall increase the resources available to associate  
27 development organizations in counties meeting the following criteria,  
28 as determined by the employment security department: (1) A lumber and  
29 wood products employment location quotient at or above the state

1 average; (2) a direct lumber and wood products job loss of one hundred  
2 positions or more; and (3) an annual unemployment rate twenty percent  
3 above the state average. These resources are for the purpose of  
4 providing economic and community development services in timber impact  
5 areas and providing resource and referral services to the community  
6 regarding state and local economic and community development services.

7 NEW SECTION. **Sec. 9.** The department of community development as  
8 a part of the agency timber task force and in consultation with the  
9 board, shall implement a community assistance program to enable  
10 communities to build local capacity for sustainable economic  
11 development efforts. The program shall provide resources and technical  
12 assistance to timber impact areas.

13 In addition, the department shall develop an interagency agreement  
14 with the department of trade and economic development for local  
15 capacity-building grants to local governments and community-based  
16 organizations in timber impact areas.

17 NEW SECTION. **Sec. 10.** In order to explore economic  
18 diversification options in timber impact areas and address urban  
19 congestion, the Washington state air transportation commission study  
20 shall consider the possibility of locating an airport facility designed  
21 to relieve air traffic overflow from Seattle-Tacoma international  
22 airport in Grays Harbor county.

23 The commission shall consider airport facilities currently in use  
24 in Grays Harbor county, the property set aside at the uncompleted  
25 Satsop nuclear site, the distance from operating port facilities, the  
26 desires of the community, and linkage with the Interstate 5 corridor by  
27 rapid transit rail service.

1        NEW SECTION.    **Sec. 11.**    (1) The Pacific Northwest export assistance  
2 project is hereby created for the following purposes:

3        (a) To assist manufacturers relatively new to exporting with gross  
4 annual revenues less than twenty-five million dollars with  
5 comprehensive services for designing and managing introductory export  
6 strategies and in securing financing and credit guarantees for export  
7 transactions;

8        (b) To provide, in cooperation with the export promotion services  
9 offered by the department of trade and economic development and the  
10 Washington state department of agriculture, information and assistance  
11 to manufacturers with gross annual revenues less than twenty-five  
12 million dollars about the methods and procedures of structuring company  
13 specific export financing and credit guarantee alternatives; or

14        (c) To provide information to their clients about opportunities in  
15 organizing cooperative export networks, foreign sales corporations, or  
16 export trading companies under the United States export trading company  
17 act of 1982, for the purpose of increasing their comparative sales  
18 volume and ability to export their products to foreign markets.

19        (2) The Pacific Northwest export assistance project is a separate  
20 branch of the small business export finance assistance center for  
21 accounting and auditing purposes.

22        (3) The Pacific Northwest export assistance project is subject to  
23 the authority of the small business export finance assistance center,  
24 under RCW 43.210.020, and shall be governed and managed by the board of  
25 directors, under RCW 43.210.030.

26        NEW SECTION.    **Sec. 12.**    (1) The small business export finance  
27 assistance center has the following powers and duties when exercising  
28 its authority under section 11(3) of this act:



1 (a) Solicit and accept grants, contributions, and any other  
2 financial assistance from the federal government, federal agencies, and  
3 any other public or private sources to carry out its purposes;

4 (b) Offer comprehensive export assistance and counseling to  
5 manufacturers relatively new to exporting with gross annual revenues  
6 less than twenty-five million dollars. As close to ninety percent as  
7 possible of each year's new cadre of clients must have gross annual  
8 revenues of less than five million dollars at the time of their initial  
9 contract. At least fifty percent of each year's new cadre of clients  
10 shall be from timber impact areas as defined in section 2 of this act.  
11 Counseling may include, but not be limited to, helping clients obtain  
12 debt or equity financing, in constructing competent proposals, and  
13 assessing federal guarantee and/or insurance programs that underwrite  
14 exporting risk; assisting clients in evaluating their international  
15 marketplace by developing marketing materials, assessing and selecting  
16 targeted markets; assisting firms in finding foreign customers by  
17 conducting foreign market research, evaluating distribution systems,  
18 selecting and assisting in identification of and/or negotiations with  
19 foreign agents, distributors, retailers, and by promoting products  
20 through attending trade shows abroad; advising companies on their  
21 products, guarantees, and after sales service requirements necessary to  
22 compete effectively in a foreign market; designing a competitive  
23 strategy for a firm's products in targeted markets and methods of  
24 minimizing their commercial and political risks; securing for clients  
25 specific assistance as needed, outside the center's field of expertise,  
26 by referrals to other public or private organizations. The Pacific  
27 Northwest export assistance project shall focus its efforts on  
28 facilitating export transactions for its clients, and in doing so,  
29 provide such technical services as are appropriate to accomplish its  
30 mission either with staff or outside consultants;

1 (c) Sign three-year counseling agreements with its clients that  
2 provide for termination if adequate funding for the Pacific Northwest  
3 export assistance project is not provided in future appropriations.  
4 Counseling agreements shall not be renewed unless there are compelling  
5 reasons to do so, and under no circumstances shall they be renewed for  
6 more than two additional years. A counseling agreement may not be  
7 renewed more than once. The counseling agreements shall have mutual  
8 performance clauses, that if not met, will be grounds for releasing  
9 each party, without penalty, from the provisions of the agreement.  
10 Clients shall be immediately released from a counseling agreement with  
11 the Pacific Northwest export assistance project, without penalty, if a  
12 client wishes to switch to a private export management service and  
13 produces a valid contract signed with a private export management  
14 service, or if the president of the small business export finance  
15 assistance center determines there are compelling reasons to release a  
16 client from the provisions of the counseling agreement;

17 (d) May contract with private or public international trade  
18 education services to provide Pacific Northwest export assistance  
19 project clients with training in international business. The president  
20 and board of directors shall decide the amount of funding allocated for  
21 educational services based on the availability of resources in the  
22 operating budget of the Pacific Northwest export assistance project;

23 (e) May contract with the Washington state international trade fair  
24 to provide services for Pacific Northwest export assistance project  
25 clients to participate in one trade show annually. The president and  
26 board of directors shall decide the amount of funding allocated for  
27 trade fair assistance based on the availability of resources in the  
28 operating budget of the Pacific Northwest export assistance project;

29 (f) Provide biennial assessments of its performance. Project  
30 personnel shall work with the department of revenue and employment

1 security department to confidentially track the performance of the  
2 project's clients in increasing tax revenues to the state, increasing  
3 gross sales revenues and volume of products destined to foreign  
4 clients, and in creating new jobs for Washington citizens. A biennial  
5 report shall be prepared for the governor and legislature to assess the  
6 costs and benefits to the state from creating the project. The  
7 president of the small business export finance assistance center shall  
8 design an appropriate methodology for biennial assessments in  
9 consultation with the director of the department of trade and economic  
10 development and the director of the Washington state department of  
11 agriculture. The department of revenue and the employment security  
12 department shall provide data necessary to complete this biennial  
13 evaluation, if the data being requested is available from existing data  
14 bases. Client-specific information generated from the files of the  
15 department of revenue and the employment security department for the  
16 purposes of this evaluation shall be kept strictly confidential by each  
17 department and the small business export finance assistance center;

18 (g) Take whatever action may be necessary to accomplish the  
19 purposes set forth in sections 11 through 14 of this act; and

20 (h) Limit its assistance to promoting the exportation of value-  
21 added manufactured goods. The project shall not provide counseling or  
22 assistance, under any circumstances, for the importation of foreign  
23 made goods into the United States.

24 (2) The Pacific Northwest export assistance project shall not,  
25 under any circumstances, assume ownership or take title to the goods of  
26 its clients.

27 (3) The Pacific Northwest export assistance project may not use any  
28 Washington state funds which come from the public treasury of the state  
29 of Washington to make loans or to make any payment under a loan  
30 guarantee agreement. Under no circumstances may the center use any

1 funds received under RCW 43.210.050 to make or assist in making any  
2 loan or to pay or assist in paying any amount under a loan guarantee  
3 agreement. Debts of the center shall be center debts only and may be  
4 satisfied only from the resources of the center. The state of  
5 Washington shall not in any way be liable for such debts.

6 (4) The Pacific Northwest export assistance project shall make  
7 every effort to seek nonstate funds to supplement its operations.

8 (5) The Pacific Northwest export assistance project shall take  
9 whatever steps are necessary to provide its services, if requested, to  
10 the states of Oregon, Idaho, Montana, Alaska, and the Canadian  
11 provinces of British Columbia and Alberta. Interstate services shall  
12 not be provided by the Pacific Northwest export assistance project  
13 during its first biennium of operation. The provision of services may  
14 be temporary and subject to the payment of fees, or each state may  
15 request permanent services contingent upon a level of permanent funding  
16 adequate for services provided. Temporary services and fees may be  
17 negotiated by the small business export finance assistance center's  
18 president subject to approval of the board of directors. The president  
19 of the small business export finance assistance center may enter into  
20 negotiations with neighboring states to contract for delivery of the  
21 project's services. Final contracts for providing the project's  
22 counseling and services outside of the state of Washington on a  
23 permanent basis shall be subject to approval of the governor,  
24 appropriate legislative oversight committees, and the small business  
25 export finance assistance center's board of directors.

26 (6) The small business export finance assistance center may receive  
27 such gifts, grants, and endowments from public or private sources as  
28 may be made from time to time, in trust or otherwise, for the use and  
29 benefit of the purposes of the Pacific Northwest export assistance

1 project and expend the same or any income therefrom according to the  
2 terms of the gifts, grants, or endowments.

3 (7) The president of the small business export finance assistance  
4 center, in consultation with the board of directors, may use the  
5 following formula in determining the number of clients that can be  
6 reasonably served by the Pacific Northwest export assistance project  
7 relative to its appropriation. Divide the amount appropriated for  
8 administration of the Pacific Northwest export assistance project by  
9 the marginal cost of adding each additional Pacific Northwest export  
10 assistance project client. For the purposes of this calculation, and  
11 only for the first biennium of operation, the biennial marginal cost of  
12 adding each additional Pacific Northwest export assistance project  
13 client shall be fifty-seven thousand ninety-five dollars. The biennial  
14 marginal cost of adding each additional client after the first biennium  
15 of operation shall be established from the actual operating experience  
16 of the Pacific Northwest export assistance project.

17 (8) All receipts from the Pacific Northwest export assistance  
18 project shall be deposited into the general fund.

19 NEW SECTION. **Sec. 13.** The department of trade and economic  
20 development shall adopt rules under chapter 34.05 RCW as necessary to  
21 carry out the purposes of sections 11 through 14 of this act.

22 NEW SECTION. **Sec. 14.** The small business export finance  
23 assistance center fund is created in the custody of the state  
24 treasurer. Expenditures from the fund may be used only for the  
25 purposes of funding the services of the small business export finance  
26 assistance center and its projects under this chapter. Only the  
27 director of the department of trade and economic development or the  
28 director's designee may authorize expenditures from the fund. The

1 director of the department of trade and economic development shall not  
2 withhold funds appropriated for the administration of the small  
3 business export finance assistance center and its projects, if the  
4 small business export finance assistance center complies with the  
5 provisions of its contract under RCW 43.210.050 and section 11 of this  
6 act. Funding appropriated by the state of Washington shall not be used  
7 to provide services to other states or provinces. The fund is subject  
8 to allotment procedures under chapter 43.88 RCW, but no appropriation  
9 is required for expenditures.

10 **Sec. 15.** RCW 43.210.030 and 1985 c 231 s 3 are each amended to  
11 read as follows:

12 The small business export finance assistance center and its branches  
13 shall be governed and managed by a board of ~~((seventeen))~~ nineteen  
14 directors appointed by the governor and confirmed by the senate. The  
15 directors shall serve terms of six years except that two of the  
16 original directors shall serve for two years and two of the original  
17 directors shall serve for four years. The directors may provide for  
18 the payment of their expenses. The directors shall include a  
19 representative of a not-for-profit corporation formed for the purpose  
20 of facilitating economic development, at least two representatives of  
21 state financial institutions engaged in the financing of export  
22 transactions, a representative of a port district, and a representative  
23 of organized labor. Of the remaining board members, there shall be ~~((a~~  
24 ~~representative of the governor,))~~ one representative of business from  
25 the area west of Puget Sound, one representative of business from the  
26 area east of Puget Sound and west of the Cascade range, one  
27 representative of business from the area east of the Cascade range and  
28 west of the Columbia river, ~~((and))~~ one representative of business from  
29 the area east of the Columbia river, the director of the department of

1 trade and economic development, and the director of the department of  
2 agriculture. One of the directors shall be a representative of the  
3 public selected from the area in the state west of the Cascade mountain  
4 range and one director shall be a representative of the public selected  
5 from that area of the state east of the Cascade mountain range. One  
6 director shall be a representative of the public at large. The  
7 directors shall be broadly representative of geographic areas of the  
8 state, and the representatives of businesses shall represent at least  
9 four different industries in different sized businesses as follows:  
10 (a) One representative of a company employing fewer than one hundred  
11 persons; (b) one representative of a company employing between one  
12 hundred and five hundred persons; ~~((and))~~ (c) ~~((two))~~ one  
13 representative~~((s))~~ of ~~((companies))~~ a company employing more than five  
14 hundred persons; (d) one representative from an export management  
15 company; and (e) one representative from an agricultural or food  
16 processing company. Any vacancies on the board due to the expiration  
17 of a term or for any other reason shall be filled by appointment by the  
18 governor for the unexpired term.

19 **Sec. 16.** RCW 43.210.050 and 1985 c 466 s 64 and 1985 c 231 s 5 are  
20 each reenacted and amended to read as follows:

21 The small business export finance assistance center formed under RCW  
22 43.210.020 and 43.210.030 ~~((is eligible to receive consideration for))~~  
23 shall enter into a contract under this chapter ~~((from the))~~ with the  
24 department of trade and economic development or its statutory  
25 successor. The contract shall require the center to provide export  
26 assistance services, ~~((may not have a duration of longer than two~~  
27 ~~years,))~~ consistent with sections 11 through 14 of this act, shall have  
28 a duration of two years, and shall require the center to aggressively  
29 seek to fund its continued operation from nonstate funds. The contract

1 shall also require the center to report ((at least twice)) annually to  
2 the department on its success in obtaining nonstate funding. Upon  
3 expiration of the contract, any provisions within the contract  
4 applicable to the Pacific Northwest export assistance project shall be  
5 automatically renewed without change provided the legislature  
6 appropriates funds for administration of the small business export  
7 assistance center and the Pacific Northwest export assistance project.  
8 The provisions of the contract related to the Pacific Northwest export  
9 assistance project may be changed at any time if the director of the  
10 department of trade and economic development or the president of the  
11 small business export finance assistance center present compelling  
12 reasons supporting the need for a contract change to the board of  
13 directors and a majority of the board of directors agrees to the  
14 changes. The department of agriculture shall be included in the  
15 contracting negotiations with the department of trade and economic  
16 development and the small business export finance assistance center  
17 when the Pacific Northwest export assistance project provides export  
18 services to industrial sectors within the administrative domain of the  
19 Washington state department of agriculture. The department of trade  
20 and economic development, the small business export finance assistance  
21 center, and, if appropriate, the department of agriculture, shall  
22 report annually, as one group, to the appropriate legislative oversight  
23 committees on the progress of the Pacific Northwest export assistance  
24 project.

25 NEW SECTION. Sec. 17. A new section is added to chapter 43.131  
26 RCW to read as follows:

27 The Pacific Northwest export assistance project shall be terminated  
28 on June 30, 1996, as provided in section 18 of this act.



1        NEW SECTION.    **Sec. 18.**    A new section is added to chapter 43.131  
2    RCW to read as follows:

3        The following acts or parts of acts, as now existing or hereafter  
4    amended, are each repealed, effective June 30, 1997:

- 5        (1) RCW 43.210.--- and 1991 c -- s 11 (section 11 of this act);
- 6        (2) RCW 43.210.--- and 1991 c -- s 12 (section 12 of this act);
- 7        (3) RCW 43.210.--- and 1991 c -- s 13 (section 13 of this act); and
- 8        (4) RCW 43.210.--- and 1991 c -- s 14 (section 14 of this act).

9        **Sec. 19.**    RCW 43.168.020 and 1988 c 42 s 18 are each amended to  
10    read as follows:

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

13        (1) "Committee" means the Washington state development loan fund  
14    committee.

15        (2) "Department" means the department of community development.

16        (3) "Director" means the director of the department of community  
17    development.

18        (4) "Distressed area" means:        (a) A county which has an  
19    unemployment rate which is twenty percent above the state average for  
20    the immediately previous three years; (b) a metropolitan statistical  
21    area, as defined by the office of federal statistical policy and  
22    standards, United States department of commerce, in which the average  
23    level of unemployment for the calendar year immediately preceding the  
24    year in which an application is filed under this chapter exceeds the  
25    average state unemployment for such calendar year by twenty percent.  
26    Applications under this subsection (4)(b) shall be filed by April 30,  
27    1989; ~~((or))~~ (c) an area within a county, which area:    (i) Is composed  
28    of contiguous census tracts; (ii) has a minimum population of five  
29    thousand persons; (iii) has at least seventy percent of its families

1 and unrelated individuals with incomes below eighty percent of the  
2 county's median income for families and unrelated individuals; and (iv)  
3 has an unemployment rate which is at least forty percent higher than  
4 the county's unemployment rate; or (d) a county designated as a timber  
5 impact area under section 2 of this act if an application is filed by  
6 July 1, 1993. For purposes of this definition, "families and unrelated  
7 individuals" has the same meaning that is ascribed to that term by the  
8 federal department of housing and urban development in its regulations  
9 authorizing action grants for economic development and neighborhood  
10 revitalization projects.

11 (5) "Fund" means the Washington state development loan fund.

12 (6) "Local development organization" means a nonprofit organization  
13 which is organized to operate within an area, demonstrates a commitment  
14 to a long-standing effort for an economic development program, and  
15 makes a demonstrable effort to assist in the employment of unemployed  
16 or underemployed residents in an area.

17 (7) "Project" means the establishment of a new or expanded business  
18 in an area which when completed will provide employment opportunities.  
19 "Project" also means the retention of an existing business in an area  
20 which when completed will provide employment opportunities.

21 NEW SECTION. **Sec. 20.** A new section is added to chapter 43.168  
22 RCW to read as follows:

23 Any funds appropriated by the legislature to the development loan fund  
24 for purposes of the timber recovery act shall be used for development  
25 loans in timber impact areas as defined in section 2 of this act.

26 **Sec. 21.** RCW 43.160.010 and 1989 c 431 s 61 are each amended to  
27 read as follows:

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

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

23 (b) Encouraging the diversification of the economies of the state  
24 and regions within the state in order to provide greater seasonal and  
25 cyclical stability of income and employment;

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

28 (d) Encouraging new economic development or expansions to maximize  
29 employment;

1 (e) Encouraging the retention of viable existing firms and  
2 employment; and

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

6 (2) The legislature also finds that the state's economic  
7 development efforts can be enhanced by, in certain instances, providing  
8 funds to improve state highways in the vicinity of new industries  
9 considering locating in this state or existing industries that are  
10 considering significant expansion.

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

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

27 (3) The legislature also finds that the state's economic  
28 development efforts can be enhanced by providing funds to improve  
29 markets for those recyclable materials representing a large fraction of  
30 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) The legislature finds that sharing economic growth state-wide  
5 is important to the welfare of the state. Timber impact areas do not  
6 share in the economic vitality of the Puget Sound region.  
7 Infrastructure is one of several ingredients that are critical for  
8 economic development. Timber impact areas generally lack the  
9 infrastructure necessary to diversify and revitalize their economies.  
10 It is, therefore, the intent of the legislature to increase the  
11 availability of funds to help provide infrastructure to timber impact  
12 areas.

13 **Sec. 22.** RCW 43.160.020 and 1985 c 466 s 58 are each amended to  
14 read as follows:

15 Unless the context clearly requires otherwise, the definitions in this  
16 section apply throughout this chapter.

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

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

21 (3) "Department" means the department of trade and economic  
22 development or its successor with respect to the powers granted by this  
23 chapter.

24 (4) "Financial institution" means any bank, savings and loan  
25 association, credit union, development credit corporation, insurance  
26 company, investment company, trust company, savings institution, or  
27 other financial institution approved by the board and maintaining an  
28 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" means any port district, county, city, or  
6 town.

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

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

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

20 (11) "Timber impact area" means a county having a population of  
21 less than five hundred thousand, or a city or town located within a  
22 county having a population of less than five hundred thousand, and  
23 meeting two of the following three criteria, as determined by the  
24 employment security department, for the most recent year such data is  
25 available: (a) A lumber and wood products employment location quotient  
26 at or above the state average; (b) projected or actual direct lumber  
27 and wood products job losses of one hundred positions or more, except  
28 counties having a population greater than two hundred thousand but less  
29 than five hundred thousand must have direct lumber and wood products

1 job losses of one thousand positions or more; or (c) an annual  
2 unemployment rate twenty percent or more above the state average.

3 NEW SECTION. **Sec. 23.** A new section is added to chapter 43.160  
4 RCW to read as follows:

5 (1) The economic development account is created within the public  
6 facilities construction loan revolving fund under RCW 43.160.080.  
7 Moneys in the account may be spent only after appropriation.  
8 Expenditures from the account may be used only for the purposes of RCW  
9 43.160.010(4) and this section. The account is subject to allotment  
10 procedures under chapter 43.88 RCW.

11 (2) Applications under this section for assistance from the  
12 economic development account are subject to all of the applicable  
13 criteria set forth under this chapter, as well as procedures and  
14 criteria established by the board, except as otherwise provided.

15 (3) Eligible applicants under this section are limited to political  
16 subdivisions of the state in timber impact areas that demonstrate, to  
17 the satisfaction of the board, the local economy's dependence on the  
18 forest products industry.

19 (4) Applicants must demonstrate that their request is part of an  
20 economic development plan consistent with applicable state planning  
21 requirements. Applicants must demonstrate that tourism projects have  
22 been approved by the local government and are part of a regional  
23 tourism plan approved by the local and regional tourism organizations.  
24 Industrial projects must be approved by the local government and the  
25 associate development organization.

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

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

4 (7) Board financing for feasibility studies shall not exceed  
5 twenty-five thousand dollars per study. Board funds for feasibility  
6 studies may be provided as a grant and require a dollar for dollar  
7 match with up to one-half in-kind match allowed.

8 (8) Board financing for tourism projects shall not exceed two  
9 hundred fifty thousand dollars. Other public facility projects under  
10 this section shall not exceed five hundred thousand dollars. Loans  
11 with flexible terms and conditions to meet the needs of the applicants  
12 shall be provided. Grants may also be authorized, but only when, and to  
13 the extent that, a loan is not reasonably possible, given the limited  
14 resources of the political subdivision.

15 (9) The board shall develop guidelines for allowable local match  
16 and feasibility studies.

17 (10) Applications under this section need not demonstrate evidence  
18 that specific private development or expansion is ready to occur or  
19 will occur if funds are provided.

20 (11) The board shall establish guidelines for making grants and  
21 loans under this section to ensure that the requirements of this  
22 chapter are complied with. The guidelines shall include:

23 (a) A process to equitably compare and evaluate applications from  
24 competing communities.

25 (b) Criteria to ensure that approved projects will have a high  
26 probability of success and are likely to provide long-term economic  
27 benefits to the community. The criteria shall include: (i) A minimum  
28 amount of local participation, determined by the board per application,  
29 to verify community support for the project; (ii) an analysis that  
30 establishes the project is feasible using standard economic principles;



1 and (iii) an explanation from the applicant regarding how the project  
2 is consistent with the communities' economic strategy and goals.

3 (c) A method of evaluating the impact of the loans or grants on the  
4 economy of the community and whether the loans or grants achieved their  
5 purpose.

6 **Sec. 24.** RCW 43.160.076 and 1985 c 446 s 6 are each amended to  
7 read as follows:

8 (1) Except as authorized to the contrary under subsection (2) of this  
9 section, from all funds available to the board for loans and grants,  
10 the board shall spend at least (~~twenty~~) fifty percent for grants and  
11 loans for projects in distressed counties or timber impact areas. For  
12 purposes of this section, the term "distressed counties" includes any  
13 county, in which the average level of unemployment for the three years  
14 before the year in which an application for a loan or grant is filed,  
15 exceeds the average state employment for those years by twenty percent.

16 (2) If at any time during the last six months of a biennium the  
17 board finds that the actual and anticipated applications for qualified  
18 projects in distressed counties or timber impact areas are clearly  
19 insufficient to use up the (~~twenty~~) fifty percent allocation, then  
20 the board shall estimate the amount of the insufficiency and during the  
21 remainder of the biennium may use that amount of the allocation for  
22 loans and grants for projects not located in distressed counties or  
23 timber impact areas.

24 NEW SECTION. **Sec. 25.** A new section is added to chapter 43.160  
25 RCW to read as follows:

26 (1) Except as authorized to the contrary under subsection (2) of this  
27 section, from all funds available to the board for loans and grants,  
28 the board shall spend at least twenty percent for grants and loans for

1 projects in distressed counties. For purposes of this section, the  
2 term "distressed counties" includes any county, in which the average  
3 level of unemployment for the three years before the year in which an  
4 application for a loan or grant is filed, exceeds the average state  
5 employment for those years by twenty percent.

6 (2) If at any time during the last six months of a biennium the  
7 board finds that the actual and anticipated applications for qualified  
8 projects in distressed counties are clearly insufficient to use up the  
9 twenty percent allocation, then the board shall estimate the amount of  
10 the insufficiency and during the remainder of the biennium may use that  
11 amount of the allocation for loans and grants for projects not located  
12 in distressed counties.

13 NEW SECTION. **Sec. 26.** (1) For the period beginning July 1, 1991,  
14 and ending June 30, 1993, in timber impact areas the public works board  
15 may award low-interest or interest-free loans to local governments for  
16 construction of new public works facilities that stimulate economic  
17 growth or diversification.

18 (2) For the purposes of this section and section 27 of this act:

19 (a) "Public facilities" means bridge, road and street, domestic  
20 water, sanitary sewer, and storm sewer systems.

21 (b) "Timber impact area" means a county having a population of less  
22 than five hundred thousand, or a city or town located within a county  
23 having a population of less than five hundred thousand, and meeting two  
24 of the following three criteria, as determined by the employment  
25 security department, for the most recent year such data is available:

26 (i) A lumber and wood products employment location quotient at or above  
27 the state average; (ii) projected or actual direct lumber and wood  
28 products job losses of one hundred positions or more, except counties  
29 having a population greater than two hundred thousand but less than

1 five hundred thousand must have direct lumber and wood products job  
2 losses of one thousand positions or more; or (iii) an annual  
3 unemployment rate twenty percent or more above the state average.

4 (3) The loans may have a deferred payment of up to five years but  
5 shall be repaid within twenty years. The public works board may  
6 require other terms and conditions and may charge such rates of  
7 interest on its loans as it deems appropriate to carry out the purposes  
8 of this section. Repayments shall be made to the public works  
9 assistance account.

10 (4) The board may make such loans irrespective of the annual loan  
11 cycle and reporting required in RCW 43.155.070.

12 NEW SECTION. **Sec. 27.** (1) As authorized by section 26 of this  
13 act, the board shall establish criteria for awarding loans to local  
14 governments in timber impact areas including, but not limited to, the  
15 following:

16 (a) If a county or city, the local government must be imposing the  
17 tax authorized by chapter 82.46 RCW at a rate of at least one-quarter  
18 of one percent;

19 (b) The local government must have in place a capital improvement  
20 plan meeting standards established by the board and an economic  
21 development plan meeting standards established by the department;

22 (c) The local economy must have experienced or be about to  
23 experience employment losses due to the timber economy;

24 (d) The proposed project must provide an opportunity to create or  
25 retain jobs within the local economy. Priority may be given to those  
26 projects that provide an opportunity to retain or create jobs for the  
27 pool of local workers affected by the timber economy;

28 (e) The local government must provide reasonable assurances of its  
29 ability to repay the debt; and

1 (f) The local government must meet any additional guidelines and  
2 criteria established by the board for awarding loan funds.

3 (2) Existing debt or other financial obligations of the local  
4 government shall not be refinanced under this section and section 26 of  
5 this act.

6 (3) The board shall award loans only to those projects that meet  
7 the criteria and will fulfill the purpose of this section and section  
8 26 of this act. Any funds not obligated at the close of the biennium  
9 shall be returned to the public works assistance account.

10 **Sec. 28.** RCW 43.17.065 and 1990 1st ex.s. c 17 s 77 are each  
11 amended to read as follows:

12 (1) Where power is vested in a department to issue permits, licenses,  
13 certifications, contracts, grants, or otherwise authorize action on the  
14 part of individuals, businesses, local governments, or public or  
15 private organizations, such power shall be exercised in an expeditious  
16 manner. All departments with such power shall cooperate with officials  
17 of the business assistance center of the department of trade and  
18 economic development, and any other state officials, when such  
19 officials request timely action on the part of the issuing department.

20 (2) After August 1, 1991, any agency to which subsection (1) of  
21 this section applies shall, with regard to any permits or other actions  
22 that are necessary for economic development in timber impact areas, as  
23 defined in section 2 of this act, respond to any completed application  
24 within forty-five days of its receipt; any response, at a minimum,  
25 shall include:

26 (a) The specific steps that the applicant needs to take in order to  
27 have the application approved; and

28 (b) The assistance that will be made available to the applicant by  
29 the agency to expedite the application process.

1       (3) The agency timber task force established in section 4 of this  
2 act shall oversee implementation of this section.

3       (4) Each agency shall define what constitutes a completed  
4 application and make this definition available to applicants.

5       **Sec. 29.** RCW 53.36.030 and 1990 c 254 s 1 are each amended to read  
6 as follows:

7 ((A)) (1)(a) Except as provided in (b) of this subsection, a port  
8 district may at any time contract indebtedness or borrow money for  
9 district purposes and may issue general obligation bonds therefor not  
10 exceeding an amount, together with any existing indebtedness of the  
11 district not authorized by the voters, of one-fourth of one percent of  
12 the value of the taxable property in the district(~~and~~)).

13       (b) Port districts having less than eight hundred million dollars  
14 in value of taxable property may at any time contract indebtedness or  
15 borrow money for port district purposes and may issue general  
16 obligation bonds therefor not exceeding an amount, combined with  
17 existing indebtedness of the district not authorized by the voters, of  
18 three-eighths of one percent of the value of the taxable property in  
19 the district. Prior to contracting for any indebtedness authorized by  
20 this subsection (1)(b), the port district must have a comprehensive  
21 plan for harbor improvements or industrial development and a long-term  
22 financial plan approved by the department of community development.  
23 The department of community development is immune from any liability  
24 for its part in reviewing or approving port district's improvement or  
25 development plans, or financial plans. Any indebtedness authorized by  
26 this subsection (1)(b) may be used only to acquire or construct a  
27 facility, and, prior to contracting for such indebtedness, the port  
28 district must have a lease contract for a minimum of five years for the  
29 facility to be acquired or constructed by the debt.

1       (2) With the assent of three-fifths of the voters voting thereon at  
2 a general or special port election called for that purpose, a port  
3 district may contract indebtedness or borrow money for district  
4 purposes and may issue general obligation bonds therefor provided the  
5 total indebtedness of the district at any such time shall not exceed  
6 three-fourths of one percent of the value of the taxable property in  
7 the district(~~(: PROVIDED FURTHER, That)~~).

8       (3) In addition to the indebtedness authorized under subsections  
9 (1) and (2) of this section, port districts having less than two  
10 hundred million dollars in value of taxable property and operating a  
11 municipal airport may at any time contract indebtedness or borrow money  
12 for airport capital improvement purposes and may issue general  
13 obligation bonds therefor not exceeding an additional one-eighth of one  
14 percent of the value of the taxable property in the district without  
15 authorization by the voters; and, with the assent of three-fifths of  
16 the voters voting thereon at a general or special port election called  
17 for that purpose, may contract indebtedness or borrow money for airport  
18 capital improvement purposes and may issue general obligation bonds  
19 therefor for an additional three-eighths of one percent provided the  
20 total indebtedness of the district for all port purposes at any such  
21 time shall not exceed one and one-fourth percent of the value of the  
22 taxable property in the district.

23       (4) Any port district may issue general district bonds evidencing  
24 any indebtedness, payable at any time not exceeding fifty years from  
25 the date of the bonds. ~~((Such))~~ Any contract for indebtedness or  
26 borrowed money authorized by RCW 53.36.030(1)(b) shall not exceed  
27 twenty-five years. The bonds shall be issued and sold in accordance  
28 with chapter 39.46 RCW.

29       (5) Elections required under this section shall be held as provided  
30 in RCW 39.36.050.

1       (6) For the purpose of this section, "indebtedness of the district"  
2 shall not include any debt of a county-wide district with a population  
3 less than twenty-five hundred people when the debt is secured by a  
4 mortgage on property leased to the federal government; and the term  
5 "value of the taxable property" shall have the meaning set forth in RCW  
6 39.36.015.

7       (~~Such bonds shall be issued and sold in accordance with chapter~~  
8 ~~39.46 RCW.~~)

9       NEW SECTION.   **Sec. 30.** A new section is added to chapter 43.31 RCW  
10 to read as follows:

11       (1)(a) Subject to funding for this subsection, the department shall  
12 contract with the small business export finance assistance center,  
13 created in chapter 43.210 RCW, to assist businesses in timber impact  
14 areas obtain financing for the export of their products. The  
15 department shall assist the small business export finance assistance  
16 center to ensure the services available under this subsection are  
17 understood and accessible in timber impact areas.

18       (b) Subject to funding for the necessary reserve funds, the  
19 Washington economic development finance authority, created in chapter  
20 43.163 RCW, shall provide financing for export transactions where the  
21 product being exported is produced in a timber impact area.

22       (2) The department may make rules that are necessary to carry out  
23 this section and to coordinate the service described in this section  
24 and to prioritize the services based on greatest negative impact from  
25 the harvest reductions.

26       (3) For purposes of this section, the definitions of "timber impact  
27 area" is the same as section 2 of this act.

1        NEW SECTION.    **Sec. 31.**    (1) Sections 2 through 10 of this act are  
2 each added to chapter 43.31 RCW.

3        (2) Sections 11 through 14 of this act are each added to chapter  
4 43.210 RCW.

5        NEW SECTION.    **Sec. 32.**    RCW 43.160.076 and 1991 c -- s 24 (section  
6 24 of this act) & 1985 c 446 s 6 are each repealed effective June 30,  
7 1993.

8        NEW SECTION.    **Sec. 33.**    Section 23 of this act expires June 30,  
9 1993.

10       NEW SECTION.    **Sec. 34.**    Section 25 of this act shall take effect  
11 July 1, 1993.

12       NEW SECTION.    **Sec. 35.**    Section 20 of this act is necessary for the  
13 immediate preservation of the public peace, health, or safety, or  
14 support of the state government and its existing public institutions,  
15 and shall take effect immediately.

16       NEW SECTION.    **Sec. 36.**    If specific funding for the purposes of  
17 section 5 of this act, referencing this act by section and bill number,  
18 is not provided by June 30, 1991, in the omnibus appropriations act,  
19 section 5 of this act shall be null and void.

20       NEW SECTION.    **Sec. 37.**    If specific funding for the purposes of  
21 section 7 of this act, referencing this act by section and bill number,  
22 is not provided by June 30, 1991, in the omnibus appropriations act,  
23 section 7 of this act shall be null and void.



1        NEW SECTION.    **Sec. 38.**    If specific funding for the purposes of  
2 section 8 of this act, referencing this act by section and bill number,  
3 is not provided by June 30, 1991, in the omnibus appropriations act,  
4 section 8 of this act shall be null and void.

5        NEW SECTION.    **Sec. 39.**    If specific funding for the purposes of  
6 section 9 of this act, referencing this act by section and bill number,  
7 is not provided by June 30, 1991, in the omnibus appropriations act,  
8 section 9 of this act shall be null and void.

9        NEW SECTION.    **Sec. 40.**    If specific funding for the purposes of  
10 sections 11 through 18 of this act, referencing this act by section and  
11 bill numbers, is not provided by June 30, 1991, in the omnibus  
12 appropriations act, sections 11 through 18 of this act shall be null  
13 and void.

14       NEW SECTION.    **Sec. 41.**    If specific funding for the purposes of  
15 section 30 of this act, referencing this act by section and bill  
16 number, is not provided by June 30, 1991, in the omnibus appropriations  
17 act, section 30 of this act shall be null and void.