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HOUSE BILL 1476

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State of Washington

56th Legislature

1999 Regular Session

By Representatives Gombosky, Benson, Wood, Veloria, D. Sommers, Schindler, Crouse, Dunshee, Morris, Miloscia, Eickmeyer and Linville

Read first time 01/26/1999. Referred to Committee on Economic Development, Housing & Trade.

1 AN ACT Relating to community empowerment; amending RCW 43.63A.700  
2 and 43.63A.710; adding a new chapter to Title 43 RCW; creating a new  
3 section; and recodifying RCW 43.63A.700 and 43.63A.710.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

6 (a) There are geographic areas within communities that are  
7 characterized by a lack of employment opportunities, an average income  
8 level that is below the median income level for the surrounding  
9 community, a lack of affordable housing, deteriorating infrastructure,  
10 and a lack of facilities for community services, job training, and  
11 education;

12 (b) Strategies to encourage reinvestment in these areas by  
13 assisting local businesses to become stronger and area residents to  
14 gain economic power involve a variety of activities and partnerships;

15 (c) Reinvestment in these areas cannot be accomplished with only  
16 governmental resources and require a comprehensive approach that  
17 integrates various incentives, programs, and initiatives to meet the  
18 economic, physical, and social needs of the area;

1 (d) Successful reinvestment depends on a local government's ability  
2 to coordinate public resources in a cohesive, comprehensive strategy  
3 that is designed to leverage long-term private investment in an area;

4 (e) Reinvestment can strengthen the overall tax base through  
5 increased tax revenue from expanded and new business activities and  
6 physical property improvement;

7 (f) Local governments, in cooperation with area residents, can  
8 provide leadership as well as planning and coordination of resources  
9 and necessary supportive services to address reinvestment in the area;  
10 and

11 (g) It is in the public interest to adopt a targeted approach to  
12 revitalization and enlist the resources of all levels of government,  
13 the private sector, community-based organizations, and community  
14 residents to revitalize an area.

15 (2) The legislature declares that the purposes of the community  
16 empowerment zone act are to:

17 (a) Encourage reinvestment through strong partnerships and  
18 cooperation between all levels of government, community-based  
19 organizations, area residents, and the private sector;

20 (b) Involve the private sector and stimulate private reinvestment  
21 through the judicious use of public resources;

22 (c) Target governmental resources to those areas of greatest need;  
23 and

24 (d) Include all levels of government, community individuals,  
25 organizations, and the private sector in the policy-making process.

26 NEW SECTION. **Sec. 2.** The definitions in this section apply  
27 throughout this chapter unless the context clearly requires otherwise.

28 (1) "Area" means a geographic area within a local government that  
29 is described by a close perimeter boundary.

30 (2) "Community empowerment zone" means an area meeting the  
31 requirements of RCW 43.63A.700 (as recodified by this act) and  
32 officially designated by the director.

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

35 (4) "Director" means the director of the department of community,  
36 trade, and economic development.

37 (5) "Local government" means a city, code city, town, or county.

1       **Sec. 3.** RCW 43.63A.700 and 1994 sp.s. c 7 s 702 are each amended  
2 to read as follows:

3       (1) The department, in cooperation with the department of revenue,  
4 the employment security department, and the office of financial  
5 management, ~~((shall))~~ may approve applications submitted by local  
6 governments for an area's designation as a community empowerment zone  
7 under this ~~((section))~~ chapter. The application for designation shall  
8 be in the form and manner and contain such information as the  
9 department may prescribe, provided that the application ~~((for~~  
10 designation)) shall:

11       (a) Contain information sufficient for the director to determine if  
12 the criteria established in RCW 43.63A.710 (as recodified by this act)  
13 have been met~~((-))~~i

14       (b) Be submitted on behalf of the local government by its chief  
15 elected official, or, if none, by the governing body of the local  
16 government~~((-))~~i

17       (c) Contain a five-year community empowerment plan that ~~((describes~~  
18 ~~the proposed designated community empowerment zone's community~~  
19 ~~development needs and present a strategy for meeting those needs. The~~  
20 ~~plan shall address the following categories: Housing needs; public~~  
21 ~~infrastructure needs, such as transportation, water, sanitation,~~  
22 ~~energy, and drainage/flood control; other public facilities needs, such~~  
23 ~~as neighborhood facilities or facilities for provision of health,~~  
24 ~~education, recreation, public safety, or other services; community~~  
25 ~~economic development needs, such as commercial/industrial~~  
26 ~~revitalization, job creation and retention considering the unemployment~~  
27 ~~and underemployment of area residents, accessibility to financial~~  
28 ~~resources by area residents and businesses, investment within the area,~~  
29 ~~or other related components of community economic development; and~~  
30 ~~social service needs.~~

31       The local government is required to provide a description of its  
32 strategy for meeting the needs identified in this subsection (1)(c).  
33 As part of the strategy, the local government is required to identify  
34 the needs for which specific plans are currently in place and the  
35 source of funds expected to be used. For the balance of the area's  
36 needs, the local government must identify the source of funds expected  
37 to become available during the next two year period and actions the  
38 local government will take to acquire those funds.)) meets the  
39 requirements of section 5 of this act; and

1 (d) Certify that (~~neighborhood~~) area residents were given the  
2 opportunity to participate in the development of the five-year  
3 community empowerment strategy required under (~~(c) of this~~  
4 ~~subsection~~) section 5 of this act.

5 (2) No local government shall submit more than two  
6 (~~neighborhoods~~) areas to the department for possible designation as  
7 a (~~designated~~) community empowerment zone under this (~~section~~)  
8 chapter.

9 (3)(a)(i) Within ninety days after January 1, 1994, the director  
10 may designate up to six (~~designated~~) community empowerment zones from  
11 among the applications (~~eligible~~) submitted for designation as a  
12 (~~designated~~) community empowerment zone.

13 (ii) After July 1, 1999, the director may designate up to an  
14 additional eight community empowerment zones from the applications  
15 submitted for designation as a community empowerment zone.

16 (b) The director shall make determinations of (~~designated~~)  
17 designation as community empowerment zones on the basis of the  
18 following factors:

19 (i) The strength and quality of the local government commitments to  
20 meet the needs identified in the five-year community empowerment plan  
21 required under (~~this~~) section 5 of this act.

22 (ii) The level of private (~~commitments by private entities~~)  
23 sector commitment of additional resources and contributions to the  
24 (~~designated community empowerment zone~~) area.

25 (iii) The potential for revitalization of the area as a result of  
26 designation as a (~~designated~~) community empowerment zone.

27 (iv) Other factors the director deems necessary.

28 (c) The determination of the director as to the areas designated as  
29 community empowerment zones shall be final.

30 (4) Except as provided in section 6 of this act, an area that was  
31 designated a community empowerment zone before January 1, 1996, under  
32 this section, automatically and without additional action by the local  
33 government continues its designation under this chapter.

34 (5) The department may not designate additional community  
35 empowerment zones after January 1, 2001, but may amend or rescind  
36 designations of community empowerment zones in accordance with section  
37 6 of this act.

1       **Sec. 4.** RCW 43.63A.710 and 1994 sp.s. c 7 s 703 are each amended  
2 to read as follows:

3       (1) The director may not designate an area as a (~~designated~~)  
4 community empowerment zone unless that area meets the following  
5 requirements:

6       (a) The area must be designated by the legislative authority of the  
7 local government as an area to receive federal, state, and local  
8 assistance designed to increase economic, physical, or social activity  
9 in the area;

10       (b) The area must have at least fifty-one percent of the households  
11 in the area with incomes at or below eighty percent of the county's  
12 median income, adjusted for household size;

13       (c) The average unemployment rate for the area, for the most recent  
14 twelve-month period for which data is available must be at least one  
15 hundred twenty percent of the average unemployment rate of the county;  
16 and

17       (d) A five-year community empowerment plan for the area that meets  
18 the requirements of (~~RCW 43.63A.700(1)(c) and as further defined by~~  
19 ~~the director~~) section 5 of this act must be adopted.

20       (2) The director may establish, by rule, such other requirements as  
21 the director may reasonably determine necessary and appropriate to  
22 assure that the purposes of this (~~section~~) chapter are satisfied.

23       (3) In determining if an area meets the requirements of this  
24 section, the director may consider data provided by the United States  
25 bureau of the census from the most recent census or any other reliable  
26 data that the director determines to be acceptable for the purposes for  
27 which the data is used.

28       NEW SECTION. **Sec. 5.** (1) The five-year community empowerment plan  
29 required under RCW 43.63A.700 (as recodified by this act) shall contain  
30 information that describes the community development needs of the  
31 proposed community empowerment zone and present a strategy for meeting  
32 those needs. The plan shall address the following categories:

33       (a) Housing needs for all economic segments of the proposed  
34 community empowerment zone;

35       (b) Public infrastructure needs, such as transportation, water,  
36 sanitation, energy, and drainage and flood control;

1 (c) Other public facilities needs, such as neighborhood facilities  
2 or facilities for provision of health, education, recreation, public  
3 safety, and other services;

4 (d) Community economic development needs, such as commercial and  
5 industrial revitalization, job creation and retention considering the  
6 unemployment and underemployment of area residents, accessibility to  
7 financial resources by area residents and businesses, investment within  
8 the area, and other related components of community economic  
9 development; and

10 (e) Social service needs of residents in the proposed community  
11 empowerment zone.

12 (2) The local government must provide a description of its strategy  
13 for meeting the needs identified in subsection (1) of this section. As  
14 part of the community empowerment zone strategy, the local government  
15 must identify the needs for which specific plans are currently in place  
16 and the source of funds expected to be used. For the balance of the  
17 area's needs, the local government must identify the source of funds  
18 expected to become available during the next two-year period and  
19 actions the local government will take to acquire those funds.

20 (3) The local government must submit an annual progress report, to  
21 the department, that details the extent to which the local government  
22 is working to meet the needs identified in the five-year community  
23 empowerment plan. If applicable, the progress report shall also  
24 contain a discussion on the impediments to meeting the needs outlined  
25 in the five-year community empowerment plan. The department shall  
26 determine the date the annual progress reports are due from each local  
27 government.

28 NEW SECTION. **Sec. 6.** (1) The terms or conditions of a community  
29 empowerment zone approved under this chapter may be amended to:

30 (a) Alter the boundaries of the community empowerment zone; or

31 (b) Terminate the designation of a community empowerment zone.

32 (2)(a) A request for an amendment under subsection (1)(a) of this  
33 section may not be in effect until the department issues an amended  
34 designation for the community empowerment zone that approves the  
35 requested amendment. The local government must promptly file with the  
36 department a request for approval that contains information the  
37 department deems necessary to evaluate the proposed changes and its  
38 impact on the area's designation as a community empowerment zone under

1 RCW 43.63A.710 (as recodified by this act). The local government must  
2 hold at least two public hearings on the proposed changes and include  
3 the information in its request for an amendment to its community  
4 empowerment zone.

5 (b) The department shall approve or disapprove a proposed amendment  
6 to a community empowerment zone within sixty days of its receipt of a  
7 request under subsection (1)(a) of this section. The department may  
8 not approve changes in a community empowerment zone that are not in  
9 conformity with this chapter.

10 (3)(a) The termination of an area's designation as a community  
11 empowerment zone under subsection (1)(b) of this section is not  
12 effective until the department issues a finding stating the reasons for  
13 the termination. The local government may file an appeal to the  
14 department's findings within sixty days of the notice to terminate the  
15 area's designation. The department shall notify the local government  
16 of the results within thirty days of the filing of the appeal.

17 (b) A termination of an area's designation as a community  
18 empowerment zone shall have no effect on benefits previously extended  
19 to individual businesses. The local government may not commit benefits  
20 to a business after the effective date of the termination of an area's  
21 designation as a community empowerment zone.

22 NEW SECTION. **Sec. 7.** The department shall administer this chapter  
23 and has the following powers and duties:

24 (1) To monitor the implementation of chapter . . . , Laws of 1999  
25 (this act) and submit reports evaluating the effectiveness of the  
26 program and any suggestions for legislative changes to the governor and  
27 legislature by December 1, 1999, and every December 1st thereafter;

28 (2) To prepare and submit an annual report to the legislature on  
29 the progress of the areas designated as community empowerment zones  
30 under this chapter;

31 (3) To provide information and appropriate assistance to persons  
32 desiring to locate and operate a business in a community empowerment  
33 zone;

34 (4) To assist local governments in obtaining federal designation as  
35 either an empowerment zone or enterprise community;

36 (5) To work with appropriate state agencies and the department to  
37 coordinate the delivery of programs, including but not limited to  
38 housing, community and economic development, small business assistance,

1 social service, and employment and training programs which are carried  
2 on in a community empowerment zone; and

3 (6) To develop rules necessary for the administration of this  
4 chapter.

5 NEW SECTION. **Sec. 8.** The administration of a community  
6 empowerment zone is under the jurisdiction of the local government.  
7 Each local government shall, by ordinance, designate a community  
8 empowerment zone administrator for the area designated as a community  
9 empowerment zone that is within its jurisdiction. A community  
10 empowerment zone administrator must be an officer or employee of the  
11 local government. The community empowerment zone administrator shall  
12 be the liaison between the local government, the department, the  
13 business community, and labor and community-based organizations within  
14 the community empowerment zone.

15 NEW SECTION. **Sec. 9.** This chapter may be known and cited as the  
16 Washington community empowerment zone act.

17 NEW SECTION. **Sec. 10.** (1) Sections 1, 2, and 5 through 9 of this  
18 act constitute a new chapter in Title 43 RCW.

19 (2) RCW 43.63A.700 and 43.63A.710, as amended by this act, are each  
20 recodified as sections in chapter 43.-- RCW (sections 1, 2, and 5  
21 through 9 of this act).

22 NEW SECTION. **Sec. 11.** If any part of this act is found to be in  
23 conflict with federal requirements that are a prescribed condition to  
24 the allocation of federal funds to the state, the conflicting part of  
25 this act is inoperative solely to the extent of the conflict and with  
26 respect to the agencies directly affected, and this finding does not  
27 affect the operation of the remainder of this act in its application to  
28 the agencies concerned. Rules adopted under this act must meet federal  
29 requirements that are a necessary condition to the receipt of federal  
30 funds by the state.

31 NEW SECTION. **Sec. 12.** If any provision of this act or its  
32 application to any person or circumstance is held invalid, the



1 remainder of the act or the application of the provision to other  
2 persons or circumstances is not affected.

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