

HOUSE BILL REPORT

HB 1912

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs
Capital Budget

Title: An act relating to improving the community economic revitalization board program.

Brief Description: Improving the community economic revitalization board program.

Sponsors: Representatives Ryu, Tarleton, Doglio and Slatter.

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 2/15/17, 2/16/17 [DP];
Capital Budget: 2/22/17, 2/23/17 [DPS].

Brief Summary of Substitute Bill

- Requires the Community Economic Revitalization Board to use biennial outcome-based evaluation reports to develop a strategic plan for financing public facilities.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 7 members: Representatives Ryu, Chair; Macri, Vice Chair; McCabe, Ranking Minority Member; Barkis, Assistant Ranking Minority Member; Jenkin, Reeves and Sawyer.

Staff: Kirsten Lee (786-7133).

Background:

Community Economic Revitalization Board.

The Community Economic Revitalization Board (CERB) funds public infrastructure improvements that encourage new business development and expansion in areas seeking economic growth. The CERB receives administrative support from the Department of Commerce.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Through the CERB, local governments can apply for low-interest loans and grants to help finance public facility projects. Counties, cities, towns, port districts, federally recognized Indian tribes, special purpose districts, municipal corporations, and quasi-municipal corporations with economic development purposes are eligible to apply. Public facilities eligible for the CERB financing include the following: bridges, roads, domestic and industrial water, earth stabilization, sanitary sewers, storm sewers, railroads, telecommunications, electricity, transportation, natural gas, buildings or structures, and port facilities.

Funding for CERB projects is appropriated in the Capital Budget primarily from the Public Facilities Construction Loan Revolving Account. The CERB must make at least 75 percent of the first \$20 million of funds, and at least 50 percent of additional funds, available to financial assistance for projects in rural counties.

The CERB must conduct biennial outcome-based evaluations of the financial assistance provided. The evaluations must include:

- the number of applications for CERB assistance;
- the number and types of projects approved and businesses assisted by funded projects;
- the grant or loan amount awarded each project;
- the projected number of jobs created or retained by each project;
- the actual number and cost of jobs created or retained by each project;
- the wages and health benefits associated with the jobs created;
- the amount of state funds and total capital invested in projects;
- the location of funded projects;
- the transportation infrastructure available for completed projects;
- the number of delinquent loans and project terminations; and
- the local match and local participation obtained.

The evaluations may also include performance measures and recommendations for programmatic changes. The evaluations are due to the Governor and appropriate committees of the Legislature by December 31 of each even-numbered year.

Summary of Bill:

Eight million dollars is appropriated from the Public Facility Construction Loan Revolving Account to the Community Economic Revitalization Board (CERB) for the purpose of financing public facilities.

The CERB must use the outcome-based evaluation reports to develop a strategic plan for the \$8 million appropriated. The plan must incorporate the data collected in the evaluation reports to establish the most effective way to meet the goals of the CERB program. The strategic plan is due to the Legislature by December 31, 2017.

Appropriation: The sum of \$8 million from the Public Facility Construction Loan Revolving Account to the Community Economic Revitalization Board.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Community Economic Revitalization Board (CERB) has been one of the most successful programs at creating jobs and has been a great resource for small towns and ports in Washington. The current reporting requirements are good. This legislation is intended to enhance the current reporting requirements of the CERB and to authorize additional funding for the continued work of the CERB. The new reporting requirements would require a formal report to the Legislature, rather than just a publication, which would provide additional oversight of the program. Recently, there has been more interest in rural job creation and continued support of the CERB could be an important piece to accomplishing the goals in this area.

(Opposed) None.

Persons Testifying: Representative Ryu, prime sponsor; and Eric Johnson, Washington Public Ports Association.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Dye, Kraft, MacEwen, Macri, Morris, Reeves, Riccelli, Ryu, Sells, Steele, Stonier and J. Walsh.

Minority Report: Do not pass. Signed by 3 members: Representatives Smith, Assistant Ranking Minority Member; Johnson and Koster.

Staff: Melissa Palmer (786-7388).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Community Development, Housing & Tribal Affairs:

The Capital Budget Committee recommended removing the \$8 million Public Facilities Financing Loan Account appropriation and reference to funding appropriated in the act.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Historically, the Governor's budget and every other budget has always included an appropriation for the Community Economic Revitalization Board (CERB) program. Unfortunately, this year the Governor's budget did not include an appropriation for the CERB. In the last 28 years, only two projects needed to be restructured. The CERB meets six times per year and awards loans or grants at each meeting. The CERB funds are matched at a local level. Community Economic Revitalization Board funds assist with planning and building and creating jobs. The communities that use the CERB do not have other avenues to get assistance. This bill is also intended to enhance the reporting requirements.

(Opposed) None.

(Other) The requirement that projects created through the CERB create median wage jobs has been in existence for about ten years. The CERB has undertaken efforts to provide information about this component and work with entities that may be interested in the CERB. About 90 percent of the CERB funds are for projects in rural communities, including rural communities within urban counties. There is a demand for the CERB. Since the Governor's budget was released, there has been an increase in inquiries regarding funding through the CERB. There is a potential for \$16 million in requests during the May 2017 CERB meeting. Additionally, the CERB has seen a large increase in planning studies, from an average of three to six studies a biennium to now over 50 studies. If two-thirds of those planning studies result in projects returning for the CERB construction funding, that could be 36 construction projects requesting \$43 million in the CERB funds for over the next few years.

Persons Testifying: (In support) Representative Ryu, prime sponsor.

(Other) Janea Eddy, Community Economic Revitalization Board.

Persons Signed In To Testify But Not Testifying: None.