
HOUSE BILL 1522

State of Washington

53rd Legislature

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By Representatives Holm, Kessler, Jones, Basich, Rayburn and Quall; by request of Office of Financial Management

Read first time 01/29/93. Referred to Committee on Trade, Economic Development & Housing.

1 AN ACT Relating to community economic development; adding new
2 sections to chapter 43.63A RCW; and repealing RCW 43.165.020,
3 43.165.030, 43.165.040, 43.165.050, 43.165.060, 43.165.070, 43.165.080,
4 43.165.090, 43.165.100, 43.165.900, 43.165.901, 43.31.097, 43.63A.075,
5 43.63A.078, 43.63A.230, 43.63A.440, 43.63A.450, and 43.63A.560.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that the ability
8 of local communities to play an active and effective role in shaping
9 their economic futures is important to the long-term prosperity of the
10 state economy. The legislature further finds that the state's economy
11 is changing rapidly as a result of international competition, resource
12 shortages, actions of the federal government, and the impacts of
13 economic cycles. These changes in the economy have produced regions,
14 communities, and local areas which have been left behind in recent
15 waves of economic growth. Without assistance from the rest of the
16 state, these communities will face economic decline, will remain in
17 poverty, or will be unable to develop new sources of employment and
18 economic vitality.

1 (2) The legislature further finds that while existing economic
2 development programs encourage local initiative and address local
3 community needs, the existing state program structure is unable to help
4 communities solve their major local economic problems. State
5 activities are narrowly drawn and extremely complex and are neither of
6 sufficient scope nor scale to effectively address local problems in
7 those areas with the greatest needs. While the state provides
8 considerable technical assistance to local areas, many local
9 communities do not possess adequate skills to address their own
10 economic problems.

11 (3) The legislature further finds that an effective response to
12 community problems requires consolidation and reorganization of
13 existing economic development programs. These programs should be
14 organized to make it easier for communities to access state programs,
15 with a single entry point for diverse services. Programs should be
16 simplified so that they are more understandable for local communities
17 and should reduce administrative duplication and overhead costs.
18 Programs should provide technical expertise to local communities to
19 implement locally determined priorities and should increase the skills
20 available in local communities to respond to their own problems. State
21 programs should also encourage and promote development capacity at the
22 local and regional level whenever feasible. The goal of state efforts
23 should be to assist local communities to respond to economic
24 transitions.

25 (4) The legislature further finds that state efforts should be
26 concentrated in those local communities with the greatest relative need
27 and the fewest resources. Facing difficult budget constraints, the
28 state should work to focus its limited resources in sufficient scale to
29 assist those communities facing economic transitions such as timber-
30 dependent communities and urban and rural areas affected by poverty.

31 (5) It is the intent of the legislature that existing economic
32 development programs in the department of community development be
33 consolidated. The consolidated programs should be: More accessible
34 and understandable for local communities; targeted to help rural and
35 urban communities with the greatest needs respond to economic change;
36 flexible enough to allow the department to respond to new economic
37 problems as they arise and to encourage local experimentation; and
38 build the skills and capacity of local communities to address their own
39 economic problems.

1 NEW SECTION. **Sec. 2.** (1) "Impact areas" means: (a) Distressed
2 counties as defined in RCW 43.165.010(3)(a); (b) subcounty areas in
3 those counties which are not covered under (a) of this subsection which
4 are timber impact areas as defined in RCW 43.31.601; (c) urban
5 subcounty areas as defined in RCW 43.165.010(3)(c); and (d) areas not
6 currently experiencing economic distress which the department
7 anticipates as likely to experience distress in the near future, such
8 as areas experiencing defense budget reductions or suffering
9 dislocations from natural resource issues such as salmon recovery.

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

11 NEW SECTION. **Sec. 3.** The department shall carry out its economic
12 development responsibilities consistent with the following basic
13 objectives: Focusing department economic efforts on those local
14 communities facing severe economic changes and building the skills and
15 capacities of communities to respond to economic change. In carrying
16 out its economic development responsibilities the department shall:

17 (1) Focus significant resources on impact areas;

18 (2) Work to increase the financial resources and technical skills
19 available to local communities in order to empower communities to
20 address local economic problems;

21 (3) Build partnerships for economic development between the state,
22 local governments, business, associate development organizations,
23 nonprofit organizations, and foundations with the goal of building
24 sustainable local economies and increasing local capacity to address
25 local economic concerns;

26 (4) Leverage financial and technical support for local communities
27 from public and private sources;

28 (5) Make state program resources easier to understand and use and
29 increase state flexibility to deal with economic problems as they
30 develop;

31 (6) Assist the governor in coordinating local economic development
32 policies and programs; and

33 (7) Advise the legislature and the governor on local economic
34 development policy.

35 NEW SECTION. **Sec. 4.** In carrying out the objectives established
36 in section 3 of this act, the department's responsibilities shall
37 include, but not be limited to the following:

1 (1) Developing state policies and coordinating state programs for
2 the economic health of local communities. This shall include
3 prioritizing services to impact areas on the basis of need and
4 coordinating delivery of services to impact areas;

5 (2) Building local capacity for economic recovery, growth, and
6 diversification. This shall include supporting local organizational
7 and leadership development, assisting communities to develop local
8 economic development strategies, undertaking or commissioning necessary
9 technical analyses, and supporting project planning, feasibility
10 studies, and implementation;

11 (3) Assisting communities to broaden and diversify their small
12 business base. This shall include securing and leveraging public and
13 private investment in small businesses, providing management and market
14 assistance to existing and new small businesses, lending or granting
15 federal funds to leverage small business investment, and enabling local
16 communities to undertake technical analyses and implement business
17 development and retention activities; and

18 (4) Assisting communities to maintain and expand the physical
19 infrastructure necessary to support economic growth. This shall
20 include making investments in planning and implementing infrastructure
21 development and rehabilitation.

22 NEW SECTION. **Sec. 5.** (1) The department shall administer a local
23 development grant program. The department shall administer this
24 program in conjunction with other state and federal grant programs to
25 assist local community economic development. The program shall be a
26 flexible funding source for local economic development projects.
27 Projects eligible for funding through this program include innovative
28 strategies for local development, capital projects, strategy
29 development, and the purchase of needed development services. The
30 program shall work to coordinate funding for eligible projects with
31 other state, local, private, and nonprofit funding sources. To be
32 eligible to receive funds under this program, an organization must be
33 a local government, nonprofit local development entity, port district,
34 or Indian tribe. Any local government or nonprofit entity requesting
35 funds must demonstrate the participation of a cross-section of the
36 local community in the project, including business, labor, religious
37 institutions, associate development organizations, education and
38 training, nonprofit development organizations, ethnic minorities, and

1 local government. In awarding grants under this program, preference
2 shall be given to efforts which have the prospect of resulting in
3 ongoing family-wage employment, to development that is environmentally
4 sustainable, and to projects that are developed and funded jointly with
5 nonstate partners, such as businesses, foundations, and nonprofit
6 organizations. Funds cannot be used for entertainment or hosting.
7 Funds granted for economic development projects require a contribution
8 of local funds to the project.

9 (2) The department shall administer a grant program for the
10 provision of economic development services on a regional basis. The
11 program shall fund the establishment of regional development consortia.
12 Eligibility for grants is limited to consortia that include but are not
13 limited to the following: Local governments, associate development
14 organizations, other nonprofit organizations, educational institutions,
15 and other local interests in the proposed region. The geographic scope
16 of regions to be served is to be determined by applicants. Program
17 eligibility is limited to impact communities. Applicants should
18 propose to deliver services which meet the development needs of the
19 region they propose to serve. Services should replace some of the
20 services currently provided directly by state government. If grants
21 are not provided under this provision before September 1, 1994, funds
22 allocated for this purpose may be utilized to make other grants to
23 communities, consistent with the provisions of subsection (1) of this
24 section.

25 NEW SECTION. **Sec. 6.** (1) The local economic development service
26 program is established in the department. This program shall
27 coordinate the delivery of economic development services to local
28 communities or regional areas. It shall encourage a partnership
29 between the public and private sectors and between state and local
30 officials to encourage appropriate economic growth in communities
31 throughout the state.

32 (2) The department's local economic development service program
33 shall promote local economic development by assisting businesses to
34 start up, maintain, or expand their operations, by encouraging public
35 infrastructure investment and private capital investment in local
36 communities, and by expanding employment opportunities.

37 (3) The department's local economic development service program
38 shall, among other things, (a) contract with local economic development

1 nonprofit corporations, called "associate development organizations,"
2 for the delivery of economic development services to local communities
3 or regional areas; (b) enter into interagency agreements with
4 appropriate state agencies, such as the department of trade and
5 economic development, the department of agriculture, and the employment
6 security department, to coordinate the delivery of economic development
7 services to local communities or regional areas; (c) enter into
8 agreements with other public organizations or institutions that provide
9 economic development services, such as the small business development
10 center, the Washington technology center, community colleges,
11 vocational-technical institutes, the University of Washington,
12 Washington State University, four-year colleges and universities, the
13 federal small business administration, ports, and others, to coordinate
14 the delivery of economic development services to local communities and
15 regional areas; and (d) provide training, through contracts with public
16 or private organizations, and other assistance to associate development
17 organizations to the extent resources allow.

18 (4) It is the intent of the legislature that the associate
19 development organizations shall promote and coordinate, through local
20 service agreements or other methods, the delivery of economic
21 development services in their areas that are provided by public and
22 private organizations, including state agencies.

23 (5) The legislature encourages local associate development
24 organizations to form partnerships with other associate development
25 organizations in their region to combine resources for better access to
26 available services, to encourage regional delivery of state services,
27 and to more effectively build the local capacity of communities in the
28 region.

29 NEW SECTION. **Sec. 7.** (1) The department shall establish a
30 technical assistance and training program. The program shall be
31 designed to build the capacity of local communities, including rural
32 towns and regions and urban neighborhoods experiencing economic
33 transitions or affected by high rates of poverty, to build their local
34 economies and to be effective in responding to economic change. The
35 program shall be designed to increase the economic development skills
36 available in local communities by providing training and funding for
37 training for local citizens. Services shall be provided in impact
38 areas.

1 (2) The department shall provide direct technical assistance to
2 local communities to assist them to have a stronger role in building
3 their local economies. This assistance shall include, but not be
4 limited to:

5 (a) Identifying emerging problems in impact areas for businesses,
6 workers, and communities and provide timely assistance;

7 (b) Evaluating the economic health of a community including its
8 economic base and its strengths, weaknesses, and opportunities;

9 (c) Assisting communities and nonprofit development entities in
10 developing local economic development strategies, including the
11 technical analysis necessary to carry out the strategies;

12 (d) Providing assistance to communities in broadening their local
13 economic base, including the provision of management and financial
14 assistance, entrepreneurial training, and assistance to firms in
15 identifying new markets and introducing new processes;

16 (e) Assisting communities in responding to economic change,
17 including supporting organizational and leadership development;

18 (f) Providing technical and managerial assistance to small
19 businesses;

20 (g) Assisting communities and small businesses to secure available
21 financing;

22 (h) Providing technical assistance to cooperatives authorized under
23 chapter 23.78 RCW and conducting educational programs on employee
24 ownership and self-management, using firms and individuals with
25 expertise in the field of employee ownership as appropriate in
26 delivering and coordinating the delivery of technical, managerial, and
27 educational services;

28 (i) Providing assistance to communities adversely impacted by
29 reductions in timber harvested from federal lands, including assistance
30 in the formation and implementation of community economic development
31 plans, including the formation of community economic development plans;

32 (j) Monitoring and forecasting shifts in the economic prospects of
33 major defense employers in the state and identification of firms and
34 communities economically dependent on federal defense contract
35 expenditures; and

36 (k) Assisting communities to develop links between the state's
37 urban and rural areas to increase economic growth in areas outside the
38 Puget Sound region.

1 (3) The department shall administer a local technical assistance
2 funding pool. The pool is to be utilized by the technical assistance
3 staff identified in subsection (2) of this section. The pool is to be
4 used to enable local communities and nonprofit development entities and
5 small firms within impact areas access necessary technical assistance
6 services. The department shall develop a list of individuals and firms
7 qualified to meet specialized community or business development needs.
8 When communities, development entities or firms, and technical
9 assistance staff identified in subsection (2) of this section identify
10 such needs, the department shall contract to provide such services or
11 shall grant funds to purchase them.

12 (4) The department shall establish a community development training
13 institute to provide intensive economic and community development
14 skills training to local communities. The institute shall be
15 established under contract with a nonprofit development organization,
16 and shall include provision for classroom training, workshops, and
17 seminars. The institute shall be funded and operated in cooperation
18 with local governments, foundations, and nonprofit entities. Training
19 should include but not be limited to small business finance, low-income
20 housing finance, local leadership training, and community
21 diversification.

22 NEW SECTION. **Sec. 8.** (1) The governor shall appoint a timber and
23 impact area recovery coordinator in the department of community
24 development. The coordinator shall coordinate the state and federal
25 economic and social programs targeted to impact areas.

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

28 (a) Serving as executive secretary of the economic recovery board
29 and directing staff associated with the board;

30 (b) Chairing and staffing a cabinet-level task force delegated the
31 responsibility of coordinating services to impact areas;

32 (c) Coordinating and maximizing the impact of state and federal
33 assistance to impact areas;

34 (d) Coordinating and expediting programs to assist impact areas;

35 (e) Prioritizing impact areas on the basis of need; and

36 (f) Providing the legislature with a status and impact report on
37 the recovery program in January 1994.

38 (3) This section shall expire June 30, 1995.

1 NEW SECTION. **Sec. 9.** (1) The economic recovery board is
2 established consisting of thirty representatives, appointed by the
3 governor, from impact areas. The recovery coordinator shall also be a
4 member of the board. Members shall include one representative from
5 each of the twenty timber impact areas as defined in RCW 43.31.601,
6 four representatives of other rural impact counties, and five
7 representatives of urban neighborhoods with high rates of poverty.

8 (2) The board shall:

9 (a) Advise the timber and targeted area recovery coordinator and
10 the agency cabinet-level task force on issues relating to impact area
11 economic and social development, and review and provide recommendations
12 on proposals for the diversification of the impact areas presented to
13 it by the recovery coordinator;

14 (b) Respond to the needs and concerns of citizens at the local
15 level;

16 (c) Develop strategies for the economic recovery of impact areas;

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

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

22 (3) Members of the board and committees shall receive no
23 compensation but shall be reimbursed for travel expenses under RCW
24 43.03.050 and 43.03.060.

25 (4) This section shall expire June 30, 1995.

26 NEW SECTION. **Sec. 10.** The following acts or parts of acts are
27 each repealed:

28 (1) RCW 43.165.020 and 1985 c 229 s 2;

29 (2) RCW 43.165.030 and 1987 c 195 s 13 & 1985 c 229 s 3;

30 (3) RCW 43.165.040 and 1985 c 229 s 4;

31 (4) RCW 43.165.050 and 1985 c 229 s 5;

32 (5) RCW 43.165.060 and 1985 c 229 s 6;

33 (6) RCW 43.165.070 and 1985 c 229 s 7;

34 (7) RCW 43.165.080 and 1987 c 195 s 14 & 1985 c 229 s 8;

35 (8) RCW 43.165.090 and 1985 c 229 s 9;

36 (9) RCW 43.165.100 and 1985 c 229 s 10;

37 (10) RCW 43.165.900 and 1985 c 229 s 14;

38 (11) RCW 43.165.901 and 1985 c 229 s 15;

- 1 (12) RCW 43.31.097 and 1990 1st ex.s. c 17 s 71;
2 (13) RCW 43.63A.075 and 1985 c 466 s 53 & 1984 c 125 s 6;
3 (14) RCW 43.63A.078 and 1987 c 505 s 33 & 1984 c 125 s 7;
4 (15) RCW 43.63A.230 and 1987 c 457 s 15;
5 (16) RCW 43.63A.440 and 1989 c 424 s 7;
6 (17) RCW 43.63A.450 and 1990 c 278 s 2; and
7 (18) RCW 43.63A.560 and 1990 1st ex.s. c 17 s 67.

8 NEW SECTION. **Sec. 11.** Sections 1 through 9 of this act are each
9 added to chapter 43.63A RCW.

10 NEW SECTION. **Sec. 12.** If any provision of this act or its
11 application to any person or circumstance is held invalid, the
12 remainder of the act or the application of the provision to other
13 persons or circumstances is not affected.

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