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HOUSE BILL 2735

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By Representatives Ormsby, Skinner, Voloria, Moeller, Conway and Kenney; by request of Department of Community, Trade, and Economic Development

Read first time 01/20/2004. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to clarifying the authority of the community  
2 economic revitalization board to make loans and grants to eligible  
3 federally recognized Indian tribes in rural counties and rural natural  
4 resources impact areas eligible for assistance under the rural program;  
5 amending RCW 43.160.020 and 43.160.200; and reenacting and amending RCW  
6 43.160.060.

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

8 **Sec. 1.** RCW 43.160.020 and 1999 c 164 s 102 are each amended to  
9 read as follows:

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

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

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

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

18 (4) "Financial institution" means any bank, savings and loan  
19 association, credit union, development credit corporation, insurance

1 company, investment company, trust company, savings institution, or  
2 other financial institution approved by the board and maintaining an  
3 office in the state.

4 (5) "Industrial development facilities" means "industrial  
5 development facilities" as defined in RCW 39.84.020.

6 (6) "Industrial development revenue bonds" means tax-exempt revenue  
7 bonds used to fund industrial development facilities.

8 (7) "Local government" or "political subdivision" means any port  
9 district, county, city, town, special purpose district, and any other  
10 municipal corporations or quasi-municipal corporations in the state  
11 providing for public facilities under this chapter.

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

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

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

25 (11) "Public facilities" means a project of a local government or  
26 a federally recognized Indian tribe for the planning, acquisition,  
27 construction, repair, reconstruction, replacement, rehabilitation, or  
28 improvement of bridges, roads, domestic and industrial water, earth  
29 stabilization, sanitary sewer, storm sewer, railroad, electricity,  
30 telecommunications, transportation, natural gas, buildings or  
31 structures, and port facilities, all for the purpose of job creation,  
32 job retention, or job expansion.

33 (12) "Rural county" means a county with a population density of  
34 fewer than one hundred persons per square mile as determined by the  
35 office of financial management.

36 (13) "Rural natural resources impact area" means:

37 (a) A nonmetropolitan county, as defined by the 1990 decennial

1 census, that meets three of the five criteria set forth in subsection  
2 (14) of this section;

3 (b) A nonmetropolitan county with a population of less than forty  
4 thousand in the 1990 decennial census, that meets two of the five  
5 criteria as set forth in subsection (14) of this section; or

6 (c) A nonurbanized area, as defined by the 1990 decennial census,  
7 that is located in a metropolitan county that meets three of the five  
8 criteria set forth in subsection (14) of this section.

9 (14) For the purposes of designating rural natural resources impact  
10 areas, the following criteria shall be considered:

11 (a) A lumber and wood products employment location quotient at or  
12 above the state average;

13 (b) A commercial salmon fishing employment location quotient at or  
14 above the state average;

15 (c) Projected or actual direct lumber and wood products job losses  
16 of one hundred positions or more;

17 (d) Projected or actual direct commercial salmon fishing job losses  
18 of one hundred positions or more; and

19 (e) An unemployment rate twenty percent or more above the state  
20 average. The counties that meet these criteria shall be determined by  
21 the employment security department for the most recent year for which  
22 data is available. For the purposes of administration of programs  
23 under this chapter, the United States post office five-digit zip code  
24 delivery areas will be used to determine residence status for  
25 eligibility purposes. For the purpose of this definition, a zip code  
26 delivery area of which any part is ten miles or more from an urbanized  
27 area is considered nonurbanized. A zip code totally surrounded by zip  
28 codes qualifying as nonurbanized under this definition is also  
29 considered nonurbanized. The office of financial management shall make  
30 available a zip code listing of the areas to all agencies and  
31 organizations providing services under this chapter.

32 **Sec. 2.** RCW 43.160.060 and 2002 c 242 s 4 and 2002 c 239 s 1 are  
33 each reenacted and amended to read as follows:

34 The board is authorized to make direct loans to political  
35 subdivisions of the state and to federally recognized Indian tribes for  
36 the purposes of assisting the political subdivisions and federally  
37 recognized Indian tribes in financing the cost of public facilities,

1 including development of land and improvements for public facilities,  
2 project-specific environmental, capital facilities, land use,  
3 permitting, feasibility, and marketing studies and plans; project  
4 design, site planning, and analysis; project debt and revenue impact  
5 analysis; as well as the construction, rehabilitation, alteration,  
6 expansion, or improvement of the facilities. A grant may also be  
7 authorized for purposes designated in this chapter, but only when, and  
8 to the extent that, a loan is not reasonably possible, given the  
9 limited resources of the political subdivision or the federally  
10 recognized Indian tribe and the finding by the board that financial  
11 circumstances require grant assistance to enable the project to move  
12 forward. However, at least ten percent of all financial assistance  
13 provided by the board in any biennium shall consist of grants to  
14 political subdivisions and federally recognized Indian tribes.

15 Application for funds shall be made in the form and manner as the  
16 board may prescribe. In making grants or loans the board shall conform  
17 to the following requirements:

18 (1) The board shall not provide financial assistance:

19 (a) For a project the primary purpose of which is to facilitate or  
20 promote a retail shopping development or expansion.

21 (b) For any project that evidence exists would result in a  
22 development or expansion that would displace existing jobs in any other  
23 community in the state.

24 (c) For the acquisition of real property, including buildings and  
25 other fixtures which are a part of real property.

26 (d) For a project the primary purpose of which is to facilitate or  
27 promote gambling.

28 (2) The board shall only provide financial assistance:

29 (a) For those projects which would result in specific private  
30 developments or expansions (i) in manufacturing, production, food  
31 processing, assembly, warehousing, advanced technology, research and  
32 development, and industrial distribution; (ii) for processing  
33 recyclable materials or for facilities that support recycling,  
34 including processes not currently provided in the state, including but  
35 not limited to, de-inking facilities, mixed waste paper, plastics, yard  
36 waste, and problem-waste processing; (iii) for manufacturing facilities  
37 that rely significantly on recyclable materials, including but not  
38 limited to waste tires and mixed waste paper; (iv) which support the

1 relocation of businesses from nondistressed urban areas to rural  
2 counties or rural natural resources impact areas; or (v) which  
3 substantially support the trading of goods or services outside of the  
4 state's borders.

5 (b) For projects which it finds will improve the opportunities for  
6 the successful maintenance, establishment, or expansion of industrial  
7 or commercial plants or will otherwise assist in the creation or  
8 retention of long-term economic opportunities.

9 (c) When the application includes convincing evidence that a  
10 specific private development or expansion is ready to occur and will  
11 occur only if the public facility improvement is made.

12 (3) The board shall prioritize each proposed project according to:

13 (a) The relative benefits provided to the community by the jobs the  
14 project would create, not just the total number of jobs it would create  
15 after the project is completed and according to the unemployment rate  
16 in the area in which the jobs would be located; and

17 (b) The rate of return of the state's investment, that includes the  
18 expected increase in state and local tax revenues associated with the  
19 project.

20 (4) A responsible official of the political subdivision or the  
21 federally recognized Indian tribe shall be present during board  
22 deliberations and provide information that the board requests.

23 Before any financial assistance application is approved, the  
24 political subdivision or the federally recognized Indian tribe seeking  
25 the assistance must demonstrate to the community economic  
26 revitalization board that no other timely source of funding is  
27 available to it at costs reasonably similar to financing available from  
28 the community economic revitalization board.

29 **Sec. 3.** RCW 43.160.200 and 1999 c 164 s 107 are each amended to  
30 read as follows:

31 (1) The economic development account is created within the public  
32 facilities construction loan revolving fund under RCW 43.160.080.  
33 Moneys in the account may be spent only after appropriation.  
34 Expenditures from the account may be used only for the purposes of RCW  
35 43.160.010(5) and this section. The account is subject to allotment  
36 procedures under chapter 43.88 RCW.

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

5 (3) Eligible applicants under this section are limited to political  
6 subdivisions of the state and federally recognized Indian tribes in  
7 rural natural resources impact areas and rural counties.

8 (4) Applicants must demonstrate that their request is part of an  
9 economic development plan consistent with applicable state planning  
10 requirements. Applicants must demonstrate that tourism projects have  
11 been approved by the local government or federally recognized Indian  
12 tribe. Industrial projects must be approved by the local government  
13 and the associate development organization, or by the federally  
14 recognized Indian tribe.

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

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

21 (7) Board financing for project-specific environmental, capital  
22 facilities, land use, permitting, feasibility(~~(+,-)~~), and marketing  
23 studies and plans; project engineering, design, and site planning and  
24 analysis; and project debt and revenue impact analysis shall not exceed  
25 fifty thousand dollars per study. Board funds for these purposes may  
26 be provided as a grant and require a match.

27 (8) Board financing for tourism projects shall not exceed two  
28 hundred fifty thousand dollars. Other public facility construction  
29 projects under this section shall not exceed one million dollars.  
30 Loans with flexible terms and conditions to meet the needs of the  
31 applicants shall be provided. Grants may also be authorized, but only  
32 when, and to the extent that, a loan is not reasonably possible, given  
33 the limited resources of the political subdivision or the federally  
34 recognized Indian tribe.

35 (9) The board shall develop guidelines for allowable local match  
36 and planning and predevelopment activities.

37 (10) The board may allow de minimis general system improvements to

1 be funded if they are critically linked to the viability of the  
2 economic development project assisted under this section.

3 (11) Applications under this section need not demonstrate evidence  
4 that specific private development or expansion is ready to occur or  
5 will occur if funds are provided.

6 (12) The board shall establish guidelines for providing financial  
7 assistance under this section to ensure that the requirements of this  
8 chapter are complied with. The guidelines shall include:

9 (a) A process to equitably compare and evaluate applications from  
10 competing communities.

11 (b) Criteria to ensure that approved projects will have a high  
12 probability of success and are likely to provide long-term economic  
13 benefits to the community. The criteria shall include: (i) A minimum  
14 amount of local participation, determined by the board per application,  
15 to verify community support for the project; (ii) an analysis that  
16 establishes the project is feasible using standard economic principles;  
17 and (iii) an explanation from the applicant regarding how the project  
18 is consistent with the communities' economic strategy and goals.

19 (c) A method of evaluating the impact of the financial assistance  
20 on the economy of the community and whether the financial assistance  
21 achieved its purpose.

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