

SHB 1903 - H AMD

By Representative Ericks

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature has and continues to
4 recognize the vital importance of economic development to the
5 health and prosperity of Washington state as indicated in RCW
6 43.160.010, 43.155.070(4)(g), 43.163.005, and 43.168.010. The
7 legislature finds that current economic development programs and
8 funding, which are primarily low-interest loan programs, can be
9 enhanced by creating a grant program to assist local governments
10 with public infrastructure projects that directly stimulate
11 community and economic development by supporting the creation of
12 new jobs or the retention of existing jobs.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.155
14 RCW to read as follows:

15 (1) The job development fund program is created. In
16 administering the job development fund, the board shall establish
17 a competitive process to request and prioritize proposals for
18 public infrastructure projects, the primary objective of which is
19 to stimulate community and economic development through development
20 or redevelopment of an area. For the purposes of this act, "public
21 infrastructure projects" has the same meaning as "public
22 facilities" as defined in RCW 43.160.020(11).

23 (2) The board shall conduct a statewide request for project
24 applications from political subdivisions or federally recognized
25 Indian tribes in partnership with a political subdivision. The
26 board shall develop criteria on which to evaluate and rank
27 applications, and shall develop performance and evaluation criteria
28 to review how well successful applicants met the community and
29 economic development objectives stated in their applications.

1 Among the priorities for ranking projects, the board shall include
2 consideration of:

3 (a) The relative benefits provided to the community by the jobs
4 the project would create, including, but not limited to: (i) The
5 total number of jobs; (ii) the total number of full-time, family
6 wage jobs; (iii) the unemployment rate in the area; and (iv) the
7 increase in employment in comparison to total community population;

8 (b) The present level of economic activity in the community and
9 the existing local financial capacity to increase economic activity
10 in the community;

11 (c) The rate of return of the state's investment, that includes
12 the expected increase in state and local tax revenues associated
13 with the project;

14 (d) The lack of another timely source of funding available to
15 finance the project which would likely prevent the proposed
16 community or economic development, absent the financing available
17 under this act;

18 (e) The ability of the project to improve the viability of
19 existing business entities in the project area; and

20 (f) Whether or not the project is a partnership of multiple
21 jurisdictions.

22 (3) At a minimum, applicants shall demonstrate that the
23 requested assistance will directly stimulate community and economic
24 development by facilitating the creation of new jobs or the
25 retention of existing jobs. The evaluation and ranking process
26 shall also include an examination of existing assets that
27 applicants may apply to projects.

28 (4) The board shall not provide financial assistance if the
29 funds will not be used within the jurisdiction or jurisdictions of
30 the local government deemed in need of the community or economic
31 development.

32 (5) The board shall not provide financial assistance for any
33 project for which evidence exists that the project would result in
34 a development or expansion that would displace existing jobs in any
35 other community in the state.

36 (6) By September 1, 2010, the joint legislative audit and
37 review committee shall submit a report to the appropriate
38 committees of the legislature. The report, at a minimum, should
39 evaluate the effectiveness of the job development fund grant

1 program, including a project by project review. The report should
2 include information regarding the criteria and performance measures
3 used, whether the performance measures were met, and how the funds
4 were used.

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.155
6 RCW to read as follows:

7 (1) For the 2005-2007 biennium, the board may solicit and rank
8 applications to the job development fund as provided in section
9 2(2) of this act, and need not submit the list for approval to the
10 legislature, to the extent funding is included in the 2005-2007
11 capital budget for purposes of this section and to the extent the
12 legislature has not specified otherwise in the appropriation.

13 (2)(a) Beginning with the 2007-2009 biennium, the board may not
14 sign contracts or otherwise financially obligate job development
15 funds until the legislature has approved a specific list of
16 projects. Beginning with the 2007-2009 biennium and thereafter,
17 the board shall submit a prioritized list of recommended projects
18 to the governor and the legislature. The legislature may remove
19 projects from the list recommended by the board.

20 The legislature may not change the prioritization of projects
21 recommended for funding by the board. For purposes of the job
22 development funds's biennial capital budget request, the board
23 shall request fifty million dollars per biennium. The total amount
24 of the board's recommended state funding for projects on a biennial
25 job development fund project list submitted by the board may not
26 exceed seventy percent of the biennial budget request. The board
27 may provide an additional alternate job development fund project
28 list up to ten million dollars. The list shall include a
29 description of each project, the amount of recommended state
30 funding, and documentation of nonstate funds to be used for the
31 project. The board shall also describe the expected community or
32 economic development benefits for each of the recommended projects
33 in its budget request.

34 (b) The remaining funds not expended or obligated under (a) of
35 this subsection may be expended or obligated by the governor, with
36 the approval of the board, for projects not on the list approved by
37 the legislature if:

1 (i) The application was submitted for consideration in the
2 board's biennial application solicitation and ranking process,
3 meets the criteria developed pursuant to section 2(2) of this act,
4 but circumstances have subsequently changed that make the project
5 more urgent and more highly ranked;

6 (ii)(A) The application was submitted after the board's
7 biennial application deadline through no fault of the applicant;
8 (B) the application meets the criteria developed pursuant to
9 section 2(2) of this act; and (C) the applicant cannot wait for the
10 next biennial application period due to exigent or emergency
11 circumstances; or

12 (iii)(A) Through no fault of the applicant, the project was not
13 proposed in time for consideration in the board's biennial
14 application solicitation; (B) the project meets the criteria
15 developed pursuant to section 2(2) of this act; and (C) the project
16 cannot wait for the next biennial application period due to exigent
17 or emergency circumstances.

18 (c) When funds are expended or obligated pursuant to (b) of
19 this subsection, the governor shall inform the speaker and minority
20 leader of the house of representatives, and the president, majority
21 leader, and minority leader of the senate in writing within ten
22 business days of expending or obligating the funds.

23 (3) The maximum grant from the job development fund for any one
24 project is ten million dollars. Grant assistance from the job
25 development fund may not exceed thirty-three percent of the total
26 cost of the project. The nonstate portion of the total project
27 cost may include cash, the value of real property when acquired
28 solely for the purpose of the project, and in-kind contributions.

29 **Sec. 4.** RCW 43.155.050 and 2001 c 131 s 2 are each amended to
30 read as follows:

31 The public works assistance account is hereby established in
32 the state treasury. Money may be placed in the public works
33 assistance account from the proceeds of bonds when authorized by
34 the legislature or from any other lawful source. Money in the
35 public works assistance account shall be used to make loans and to
36 give financial guarantees to local governments for public works
37 projects. Moneys in the account may also be appropriated to
38 provide for state match requirements under federal law for projects

1 and activities conducted and financed by the board under the
2 drinking water assistance account. Not more than fifteen percent
3 of the biennial capital budget appropriation to the public works
4 board from this account may be expended or obligated for
5 preconstruction loans, emergency loans, or loans for capital
6 facility planning under this chapter; of this amount, not more than
7 ten percent of the biennial capital budget appropriation may be
8 expended for emergency loans and not more than one percent of the
9 biennial capital budget appropriation may be expended for capital
10 facility planning loans. Beginning July 1, 2007, fifty million
11 dollars from the public works assistance account will be
12 appropriated each biennium for the job development fund program
13 grants and administrative expenses.

14 NEW SECTION. **Sec. 5.** The joint legislative audit and review
15 committee shall conduct an inventory of all state public
16 infrastructure programs and funds. The inventory shall identify:
17 the public infrastructure state programs and funds and the purposes
18 each serve; how the program or fund is implemented; the types of
19 public infrastructure projects supported by the program or fund;
20 the dollar amount of the projects funded by each program or fund;
21 the balance of a fund, if applicable; and the geographic
22 distribution of projects supported by a program or fund. Where
23 applicable, the inventory shall identify overlaps or gaps in types
24 of public infrastructure projects supported through state programs
25 or funds. Where appropriate, the inventory shall evaluate the
26 return on investment for economic development infrastructure
27 programs. The inventory shall be delivered to the appropriate
28 committees of the legislature by December 1, 2005.

29 NEW SECTION. **Sec. 6.** This act shall expire June 30, 2011.

30 NEW SECTION. **Sec. 7.** If any provision of this act or its
31 application to any person or circumstance is held invalid, the
32 remainder of the act or the application of the provision to other
33 persons or circumstances is not affected."

34 Correct the title.

EFFECT: (1) Adds a definition for "public infrastructure projects." (2) Authorizes the Governor to expend or obligate moneys from the Job Development Fund 30 percent reserve fund with approval from the Public Works Board. Directs the Governor to notify the Legislature in writing within 10 working days of obligating or expending the moneys. (3) Eliminates the dedication of the refuse tax proceeds solely to the Job Development Fund. Appropriates \$50 million per biennium beginning in the 2007-09 biennium for Job Development Fund grants and related administrative expenses. (4) Eliminates the requirement that a project would have been highly ranked had it been submitted in order to qualify for the Job Development Funds' 30 percent reserve. (5) Directs the Joint Legislative Audit and Review Committee (JLARC) to inventory all state public infrastructure programs and funds and report to the appropriate legislative committees by December 1, 2005. (6) Eliminates the requirement that JLARC submit a report every five years after September 1, 2008. (7) Expires the Job Development Fund program after the JLARC review on June 30, 2011. (8) Eliminates the creation of a separate Job Development Fund account.