

ESHB 1903 - CONF REPT  
By Conference Committee

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

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.160 RCW  
13 to read as follows:

14 (1) The job development fund program is created to provide grants  
15 for public infrastructure projects that will stimulate job creation or  
16 assist in job retention. The program is to be administered by the  
17 board. The board shall establish a competitive process to request and  
18 prioritize proposals and make grant awards.

19 (2) For the purposes of this act, "public infrastructure projects"  
20 has the same meaning as "public facilities" as defined in RCW  
21 43.160.020(11).

22 (3) The board shall conduct a statewide request for project  
23 applications. The board shall apply the following criteria for  
24 evaluation and ranking of applications:

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

1 (b) The present level of economic activity in the community and the  
2 existing local financial capacity to increase economic activity in the  
3 community;

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

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

10 (e) The ability of the project to improve the viability of existing  
11 business entities in the project area;

12 (f) Whether or not the project is a partnership of multiple  
13 jurisdictions;

14 (g) Demonstration that the requested assistance will directly  
15 stimulate community and economic development by facilitating the  
16 creation of new jobs or the retention of existing jobs; and

17 (h) The availability of existing assets that applicants may apply  
18 to projects.

19 (4) Job development fund program grants may only be awarded to  
20 those applicants that have entered into or expect to enter into a  
21 contract with a private developer relating to private investment that  
22 will result in the creation or retention of jobs upon completion of the  
23 project. Job development fund program grants shall not be provided for  
24 any project where:

25 (a) The funds will not be used within the jurisdiction or  
26 jurisdictions of the applicants; or

27 (b) Evidence exists that the project would result in a development  
28 or expansion that would displace existing jobs in any other community  
29 in the state.

30 (5) The board shall, with the joint legislative audit and review  
31 committee, develop performance criteria for each grant and evaluation  
32 criteria to be used to evaluate both how well successful applicants met  
33 the community and economic development objectives stated in their  
34 applications, and how well the job development fund program performed  
35 in creating and retaining jobs.

36 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.160 RCW  
37 to read as follows:

1           The maximum grant from the job development fund for any one project  
2 is ten million dollars. Grant assistance from the job development fund  
3 may not exceed thirty-three percent of the total cost of the project.  
4 The nonstate portion of the total project cost may include cash, the  
5 value of real property when acquired solely for the purpose of the  
6 project, and in-kind contributions.

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

9           (1) The public works assistance account is hereby established in  
10 the state treasury. Money may be placed in the public works assistance  
11 account from the proceeds of bonds when authorized by the legislature  
12 or from any other lawful source. Money in the public works assistance  
13 account shall be used to make loans and to give financial guarantees to  
14 local governments for public works projects. Moneys in the account may  
15 also be appropriated to provide for state match requirements under  
16 federal law for projects and activities conducted and financed by the  
17 board under the drinking water assistance account. Not more than  
18 fifteen percent of the biennial capital budget appropriation to the  
19 public works board from this account may be expended or obligated for  
20 preconstruction loans, emergency loans, or loans for capital facility  
21 planning under this chapter; of this amount, not more than ten percent  
22 of the biennial capital budget appropriation may be expended for  
23 emergency loans and not more than one percent of the biennial capital  
24 budget appropriation may be expended for capital facility planning  
25 loans.

26           (2) The job development fund is hereby established in the state  
27 treasury. Up to fifty million dollars each biennium from the public  
28 works assistance account may be transferred into the job development  
29 fund. Money in the job development fund may be used solely for job  
30 development fund program grants, administrative expenses related to the  
31 administration of the job development fund program created in section  
32 2 of this act, and for the report prepared by the joint legislative  
33 audit and review committee pursuant to section 5(2) of this act.  
34 Moneys in the job development fund may be spent only after  
35 appropriation. The board shall prepare a prioritized list of proposed  
36 projects of up to fifty million dollars as part of the department's  
37 2007-09 biennial budget request. The board may provide an additional

1 alternate job development fund project list of up to ten million  
2 dollars. The legislature may remove projects from the list recommended  
3 by the board. The legislature may not change the prioritization of  
4 projects recommended for funding by the board, but may add projects  
5 from the alternate list in order of priority, as long as the total  
6 funding does not exceed fifty million dollars.

7 NEW SECTION. Sec. 5. (1) The joint legislative audit and review  
8 committee shall conduct an inventory of all state public infrastructure  
9 programs and funds. The inventory shall identify: The public  
10 infrastructure state programs and funds and the purposes each serve;  
11 how the program or fund is implemented; the types of public  
12 infrastructure projects supported by the program or fund; the dollar  
13 amount of the projects funded by each program or fund; the balance of  
14 a fund, if applicable; and the geographic distribution of projects  
15 supported by a program or fund. Where applicable, the inventory shall  
16 identify overlaps or gaps in types of public infrastructure projects  
17 supported through state programs or funds. Where appropriate, the  
18 inventory shall evaluate the return on investment for economic  
19 development infrastructure programs. The inventory shall be delivered  
20 to the appropriate committees of the legislature by December 1, 2006.

21 (2) By September 1, 2010, the joint legislative audit and review  
22 committee shall submit a report on the outcomes of the job development  
23 fund program to the appropriate committees of the legislature. The  
24 report shall apply the performance and evaluation criteria developed by  
25 the community economic revitalization board and the committee and shall  
26 include a project by project review detailing how the funds were used  
27 and whether the performance measures were met. The report shall also  
28 include impacts to the availability of low-interest and interest-free  
29 loans to local governments under RCW 43.155.055, 43.155.060,  
30 43.155.065, and 43.155.068, resulting from appropriations to the job  
31 development fund. Information in the report shall include, but not be  
32 limited to:

33 (a) The total funds appropriated from the public works assistance  
34 account to the job development account;

35 (b) The ratio of loan requests submitted to the public works board  
36 as compared to actual money available for loans in the public works  
37 assistance account since the effective date of this act;

1 (c) The total amount that would have been available for loans from  
2 the public works assistance account had this act not taken effect;

3 (d) Identification of specific loan requests that would have  
4 qualified for funding under chapter 43.155 RCW had money been available  
5 in the public works assistance account;

6 (e) Assessment of increased costs for otherwise qualifying projects  
7 where local governments were compelled to seek alternate funding  
8 sources.

9 NEW SECTION. **Sec. 6.** This act expires June 30, 2011.

10 NEW SECTION. **Sec. 7.** 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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14 On page 1, line 1 of the title, after "fund;" strike the remainder  
15 of the title and insert "amending RCW 43.155.050; adding new sections  
16 to chapter 43.160 RCW; creating new sections; and providing an  
17 expiration date."

EFFECT: Removes references to a Job Development Loan program.  
Removes the definition of "political subdivision." Clarifies that up  
to \$50 million per biennium may be transferred from the Public Works  
Assistance Account into the Job Development Fund. Authorizes money  
from the Job Development Fund to be used for the Joint Legislative  
Audit and Review Committee (JLARC) report due in 2010. Delays JLARC  
inventory of public infrastructure programs until 2006.

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