
ENGROSSED SUBSTITUTE HOUSE BILL 1903

State of Washington

59th Legislature

2005 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Ericks, Haler, Linville, Springer, Kilmer, Morrell, O'Brien, Schual-Berke, P. Sullivan, Simpson, Pettigrew, Jarrett, Wallace, Sells, Strow, Grant, Upthegrove, Kessler, Dunn, Fromhold, Appleton, Chase, Green, Moeller, Hasegawa and Takko)

READ FIRST TIME 03/07/05.

1 AN ACT Relating to creating a job development fund; amending RCW
2 43.155.050; adding new sections to chapter 43.155 RCW; creating new
3 sections; and providing an expiration date.

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

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

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

16 (1) The job development fund program is created. In administering
17 the job development fund, the board shall establish a competitive
18 process to request and prioritize proposals for public infrastructure

1 projects, the primary objective of which is to stimulate community and
2 economic development through development or redevelopment of an area.
3 For the purposes of this act, "public infrastructure projects" has the
4 same meaning as "public facilities" as defined in RCW 43.160.020(11).

5 (2) The board shall conduct a statewide request for project
6 applications from political subdivisions or federally recognized Indian
7 tribes in partnership with a political subdivision. The board shall
8 develop criteria on which to evaluate and rank applications, and shall
9 develop performance and evaluation criteria to review how well
10 successful applicants met the community and economic development
11 objectives stated in their applications. Among the priorities for
12 ranking projects, the board shall include consideration of:

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

18 (b) The present level of economic activity in the community and the
19 existing local financial capacity to increase economic activity in the
20 community;

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

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

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

29 (f) Whether or not the project is a partnership of multiple
30 jurisdictions.

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

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

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

5 (6) By September 1, 2010, the joint legislative audit and review
6 committee shall submit a report to the appropriate committees of the
7 legislature. The report, at a minimum, should evaluate the
8 effectiveness of the job development fund grant program, including a
9 project by project review. The report should include information
10 regarding the criteria and performance measures used, whether the
11 performance measures were met, and how the funds were used.

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

14 (1) For the 2005-2007 biennium, the board may solicit and rank
15 applications to the job development fund as provided in section 2(2) of
16 this act, and need not submit the list for approval to the legislature,
17 to the extent funding is included in the 2005-2007 capital budget for
18 purposes of this section and to the extent the legislature has not
19 specified otherwise in the appropriation.

20 (2)(a) Beginning with the 2007-2009 biennium, the board may not
21 sign contracts or otherwise financially obligate job development funds
22 until the legislature has approved a specific list of projects.
23 Beginning with the 2007-2009 biennium and thereafter, the board shall
24 submit a prioritized list of recommended projects to the governor and
25 the legislature. The legislature may remove projects from the list
26 recommended by the board.

27 The legislature may not change the prioritization of projects
28 recommended for funding by the board. For purposes of the job
29 development fund's biennial capital budget request, the board shall
30 request fifty million dollars per biennium. The total amount of the
31 board's recommended state funding for projects on a biennial job
32 development fund project list submitted by the board may not exceed
33 seventy percent of the biennial budget request. The board may provide
34 an additional alternate job development fund project list up to ten
35 million dollars. The list shall include a description of each project,
36 the amount of recommended state funding, and documentation of nonstate

1 funds to be used for the project. The board shall also describe the
2 expected community or economic development benefits for each of the
3 recommended projects in its budget request.

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

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

13 (ii)(A) The application was submitted after the board's biennial
14 application deadline through no fault of the applicant; (B) the
15 application meets the criteria developed pursuant to section 2(2) of
16 this act; and (C) the applicant cannot wait for the next biennial
17 application period due to exigent or emergency circumstances; or

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

23 (c) When funds are expended or obligated pursuant to (b) of this
24 subsection, the governor shall inform the speaker and minority leader
25 of the house of representatives, and the president, majority leader,
26 and minority leader of the senate in writing within ten business days
27 of expending or obligating the funds.

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

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

36 The public works assistance account is hereby established in the
37 state treasury. Money may be placed in the public works assistance

1 account from the proceeds of bonds when authorized by the legislature
2 or from any other lawful source. Money in the public works assistance
3 account shall be used to make loans and to give financial guarantees to
4 local governments for public works projects. Moneys in the account may
5 also be appropriated to provide for state match requirements under
6 federal law for projects and activities conducted and financed by the
7 board under the drinking water assistance account. Not more than
8 fifteen percent of the biennial capital budget appropriation to the
9 public works board from this account may be expended or obligated for
10 preconstruction loans, emergency loans, or loans for capital facility
11 planning under this chapter; of this amount, not more than ten percent
12 of the biennial capital budget appropriation may be expended for
13 emergency loans and not more than one percent of the biennial capital
14 budget appropriation may be expended for capital facility planning
15 loans. Beginning July 1, 2007, fifty million dollars from the public
16 works assistance account will be appropriated each biennium for the job
17 development fund program grants and administrative expenses.

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

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

33 NEW SECTION. **Sec. 7.** If any provision of this act or its
34 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

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