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**SUBSTITUTE HOUSE BILL 1903**

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**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 82.18.040; adding new sections to chapter 43.155 RCW; and creating a  
3 new section.

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 The job development fund is created in the state treasury. All  
17 receipts from section 5 of this act must be deposited into the account.  
18 Money in the fund may be spent only after appropriation. Expenditures

1 from the account shall be used to make grants to local governments for  
2 public infrastructure projects to stimulate community and economic  
3 development as provided in this act.

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

6 (1) In administering the job development fund, the board shall  
7 establish a competitive process to request and prioritize proposals for  
8 public infrastructure projects, the primary objective of which is to  
9 stimulate community and economic development through development or  
10 redevelopment of an area.

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

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

24 (b) The present level of economic activity in the community and the  
25 existing local financial capacity to increase economic activity in the  
26 community;

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

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

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

35 (f) Whether or not the project is a partnership of multiple  
36 jurisdictions.

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

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

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

13 (6) Beginning September 1, 2010, and continuing every five years  
14 thereafter, the joint legislative audit and review committee shall  
15 submit a report to the appropriate committees of the legislature. The  
16 report, at a minimum, should evaluate the effectiveness of the job  
17 development fund grant program, including a project by project review.  
18 The report should include information regarding the criteria and  
19 performance measures used, whether the performance measures were met,  
20 and how the funds were used.

21 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.155 RCW  
22 to read as follows:

23 (1) For the 2005-2007 biennium, the board may solicit and rank  
24 applications as provided in section 3(2) of this act, and need not  
25 submit the list for approval to the legislature, to the extent funding  
26 is included in the 2005-2007 capital budget for purposes of this  
27 section and to the extent the legislature has not specified otherwise  
28 in the appropriation.

29 (2)(a) Beginning with the 2007-2009 biennium, for seventy percent  
30 of any biennial appropriation, the board may not sign contracts or  
31 otherwise financially obligate funds until the legislature has approved  
32 a specific list of projects. Beginning with the 2007-2009 biennium and  
33 thereafter, the board shall submit a prioritized list of recommended  
34 projects to the governor and the legislature. The legislature may  
35 remove projects from the list recommended by the board.

36 The legislature may not change the order of the priorities  
37 recommended for funding by the board. For purposes of the biennial

1 capital budget request, the board shall base their request on the  
2 available money in the job development fund at the beginning of the  
3 last fiscal year of a biennium. The total amount of the board's  
4 recommended state funding for projects on a biennial project list  
5 submitted by the board may not exceed seventy percent of the available  
6 money in the job development fund at the beginning of the last fiscal  
7 year of a biennium. The board may provide an additional alternate  
8 project list up to ten million dollars. The list shall include a  
9 description of each project, the amount of recommended state funding,  
10 and documentation of nonstate funds to be used for the project. The  
11 board shall also describe the expected community or economic  
12 development benefits for each of the recommended projects in its budget  
13 request.

14 (b) The remaining funds not expended or obligated under (a) of this  
15 subsection may be expended or obligated by the governor, in  
16 consultation with the legislature, for applications not on the list  
17 approved by the legislature if:

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

23 (ii)(A) The application was submitted after the board's biennial  
24 application deadline through no fault of the applicant; (B) the  
25 application meets the criteria developed pursuant to section 3(2) of  
26 this act; (C) the application would have ranked high on the list had it  
27 been submitted in time; and (D) the applicant cannot wait for the next  
28 biennial application period due to exigent or emergency circumstances;  
29 or

30 (iii)(A) Through no fault of the applicant, the project was not  
31 proposed in time for consideration in the board's biennial application  
32 solicitation; (B) the project meets the criteria developed pursuant to  
33 section 3(2) of this act; (C) the project would have ranked high had it  
34 been submitted; and (D) the project cannot wait for the next biennial  
35 application period due to exigent or emergency circumstances.

36 (c) As used in (b) of this subsection, "consultation with the  
37 legislature" means the board notifies in writing the speaker of the  
38 house of representatives and the majority leader of the senate, or

1 their designees, and waits ten business days to give the legislature an  
2 opportunity to comment on the governor's proposed action before the  
3 department expends or obligates the funds. If the governor receives a  
4 letter from either the speaker of the house of representatives or the  
5 majority leader of the senate, or their designees, within the ten  
6 business days opposing the funding of the project, the project will not  
7 receive any funds under (b) of this subsection.

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

14 **Sec. 5.** RCW 82.18.040 and 2000 c 103 s 11 are each amended to read  
15 as follows:

16 Taxes collected under this chapter shall be held in trust until  
17 paid to the state. Taxes received by the state shall be deposited in  
18 the (~~(public works assistance account created in RCW 43.155.050)~~) job  
19 development fund created in section 2 of this act. Any person  
20 collecting the tax who appropriates or converts the tax collected shall  
21 be guilty of a gross misdemeanor if the money required to be collected  
22 is not available for payment on the date payment is due. If a taxpayer  
23 fails to pay the tax imposed by this chapter to the person charged with  
24 collection of the tax and the person charged with collection fails to  
25 pay the tax to the department, the department may, in its discretion,  
26 proceed directly against the taxpayer for collection of the tax.

27 The tax shall be due from the taxpayer within twenty-five days from  
28 the date the taxpayer is billed by the person collecting the tax.

29 The tax shall be due from the person collecting the tax at the end  
30 of the tax period in which the tax is received from the taxpayer. If  
31 the taxpayer remits only a portion of the total amount billed for  
32 taxes, consideration, and related charges, the amount remitted shall be  
33 applied first to payment of the solid waste collection tax and this tax  
34 shall have priority over all other claims to the amount remitted.

35 NEW SECTION. **Sec. 6.** If any provision of this act or its

1 application to any person or circumstance is held invalid, the  
2 remainder of the act or the application of the provision to other  
3 persons or circumstances is not affected.

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