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HOUSE BILL 1903

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State of Washington

59th Legislature

2005 Regular Session

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 02/09/2005. Referred to Committee on Economic Development, Agriculture & Trade.

1 AN ACT Relating to creating a job development fund; adding new  
2 sections to chapter 43.160 RCW; and creating a new section.

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

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

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

16 (1) The job development fund is created in the state treasury.  
17 Money may be placed in the fund from the proceeds of bonds when  
18 authorized by the legislature or from any other lawful source. Moneys

1 in the fund may be spent only after appropriation. Expenditures from  
2 the fund shall be used to make grants to local governments for public  
3 infrastructure projects to stimulate community and economic development  
4 as provided in this section.

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

11 (3) For the 2005-07 biennium, the board may solicit and rank  
12 applications as provided in section 3(2) of this act, and need not  
13 submit the list for approval to the legislature, to the extent funding  
14 is included in the 2005-07 capital budget for purposes of this section  
15 and to the extent the legislature has not specified otherwise in the  
16 appropriation.

17 (4)(a) Beginning with the 2007-09 biennium, for seventy percent of  
18 any biennial appropriation, the board may not sign contracts or  
19 otherwise financially obligate funds until the legislature has approved  
20 a specific list of projects. Beginning with the 2007-09 biennium and  
21 thereafter, the board shall submit a prioritized list of recommended  
22 projects to the governor and the legislature. The legislature may  
23 remove projects from the list recommended by the board.

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

36 (b) The remaining funds not expended or obligated under (a) of this  
37 subsection may be expended or obligated by the board, after

1 consultation with the legislature, for applications not on the list  
2 approved by the legislature if:

3 (i) The application was submitted for consideration in the board's  
4 biennial application solicitation and ranking process but circumstances  
5 have subsequently changed that make the project more urgent and more  
6 highly ranked; or

7 (ii) The application was submitted after the board's biennial  
8 application deadline through no fault of the applicant, the application  
9 would have ranked high on the list had it been submitted in time, and  
10 the applicant cannot wait for the next biennial application period due  
11 to exigent or emergency circumstances.

12 (c) As used in (b) of this subsection, "consultation with the  
13 legislature" means the board notifies in writing the speaker of the  
14 house of representatives and majority leader of the senate and waits  
15 ten business days to give the legislature an opportunity to comment on  
16 the board's proposed action before the department expends or obligates  
17 the funds.

18 (5) In contracts for grants authorized under this section, the  
19 board shall include provisions that if the grantee is found to be out  
20 of compliance with provisions of the contract, including agreed-to  
21 performance criteria, the grantee shall repay to the state general fund  
22 the principal amount of the grant plus interest calculated at the rate  
23 of interest on state of Washington general obligation bonds issued most  
24 closely to the date of authorization of the grant, or an amount  
25 otherwise agreed to by the department.

26 (6) Grantees shall provide a report to the board by March 1st of  
27 each year. At a minimum, the report shall contain the following  
28 information:

29 (a) The names of any businesses locating within the grantee's  
30 jurisdiction as a result of the public improvements undertaken by the  
31 grantee and financed in whole or in part by the job development fund;

32 (b) The total number of permanent jobs created within the grantee's  
33 jurisdiction as a result of the public improvements financed in whole  
34 or in part by the job development fund; and

35 (c) The average wages and benefits received by all employees of  
36 businesses within the grantee's jurisdiction as a result of the public  
37 improvements undertaken by the grantee and financed in whole or in part  
38 by the job development fund.

1 (7) The board shall report to the governor and legislature on the  
2 implementation of this section by December 1, 2005, and by December 1st  
3 of each even-numbered year thereafter.

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

6 (1) In administering the job development fund, the board shall  
7 establish a competitive process to request proposals for and prioritize  
8 projects the primary objective of which is to stimulate community and  
9 economic development through redevelopment projects as defined in RCW  
10 35.81.015(18) and rehabilitation projects as defined in RCW  
11 35.81.015(19).

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

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

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

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

32 (4) Before any grant is approved, the applicant shall demonstrate  
33 to the board that no other timely source of funding is available to it  
34 at costs reasonably similar to financing available from the board.

35 (5) The board shall not provide financial assistance for any  
36 project for which evidence exists that the project would result in a

1 development or expansion that would displace existing jobs in any other  
2 community in the state.

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