

CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE HOUSE BILL 1577**

Chapter 160, Laws of 2005

59th Legislature  
2005 Regular Session

CAPITAL PROJECTS--NONPROFIT ORGANIZATIONS

EFFECTIVE DATE: 7/24/05

Passed by the House March 8, 2005  
Yeas 79 Nays 19

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 11, 2005  
Yeas 46 Nays 3

BRAD OWEN

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**President of the Senate**

Approved April 22, 2005.

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1577** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

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**Chief Clerk**

FILED

April 22, 2005 - 4:11 p.m.

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 1577**

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Passed Legislature - 2005 Regular Session

**State of Washington                      59th Legislature                      2005 Regular Session**

**By** House Committee on Capital Budget (originally sponsored by Representatives Lantz, Hankins, Morrell, Jarrett, Moeller, Clibborn, Flannigan, Darneille, Dunshee and Kilmer)

READ FIRST TIME 02/25/05.

1            AN ACT Relating to capital projects for local nonprofit art,  
2 cultural, heritage, youth, and social service organizations; amending  
3 RCW 43.63A.125, 43.63A.750, 27.34.330, and 43.63A.135; and repealing  
4 1999 c 295 s 4 (uncodified).

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

6            **Sec. 1.** RCW 43.63A.125 and 1999 c 295 s 3 are each amended to read  
7 as follows:

8            (1) The department shall establish a competitive process to solicit  
9 proposals for and prioritize projects that assist nonprofit  
10 organizations in acquiring, constructing, or rehabilitating facilities  
11 used for the delivery of nonresidential social services.

12            (2) The department shall establish a competitive process to  
13 prioritize applications for the assistance as follows:

14            (a) The department shall conduct a statewide solicitation of  
15 project applications from local governments, nonprofit organizations,  
16 and other entities, as determined by the department. The department  
17 shall evaluate and rank applications in consultation with a citizen  
18 advisory committee using objective criteria. At a minimum, applicants  
19 must demonstrate that the requested assistance will increase the

1 efficiency or quality of the social services it provides to citizens.  
2 The evaluation and ranking process shall also include an examination of  
3 existing assets that applicants may apply to projects. Grant  
4 assistance under this section shall not exceed twenty-five percent of  
5 the total cost of the project. The nonstate portion of the total  
6 project cost may include cash, the value of real property when acquired  
7 solely for the purpose of the project, and in-kind contributions.

8 (b) The department shall submit a prioritized list of recommended  
9 projects to the governor and the legislature in the department's  
10 biennial capital budget request beginning with the 2001-2003 biennium  
11 and thereafter. For the 1999-2001 biennium, the department shall  
12 conduct a solicitation and ranking process, as described in (a) of this  
13 subsection, for projects to be funded by appropriations provided for  
14 this program in the 1999-2001 capital budget. The list shall include  
15 a description of each project, the amount of recommended state funding,  
16 and documentation of nonstate funds to be used for the project. The  
17 total amount of recommended state funding for projects on a biennial  
18 project list shall not exceed four million dollars. The department may  
19 provide an additional prioritized alternate project list which shall  
20 not exceed (~~five hundred thousand~~) two million dollars. Except for  
21 the 1999-2001 biennium, the department shall not sign contracts or  
22 otherwise financially obligate funds under this section until the  
23 legislature has approved a specific list of projects.

24 (c) In contracts for grants authorized under this section the  
25 department shall include provisions which require that capital  
26 improvements shall be held by the grantee for a specified period of  
27 time appropriate to the amount of the grant and that facilities shall  
28 be used for the express purpose of the grant. If the grantee is found  
29 to be out of compliance with provisions of the contract, the grantee  
30 shall repay to the state general fund the principal amount of the grant  
31 plus interest calculated at the rate of interest on state of Washington  
32 general obligation bonds issued most closely to the date of  
33 authorization of the grant.

34 **Sec. 2.** RCW 43.63A.750 and 1999 c 295 s 1 are each amended to read  
35 as follows:

36 (1) A competitive grant program to assist nonprofit organizations

1 in acquiring, constructing, or rehabilitating performing arts, art  
2 museums, and cultural facilities is created.

3 (2)(a) The department shall submit a list of recommended performing  
4 arts, art museum projects, and cultural organization projects eligible  
5 for funding to the governor and the legislature in the department's  
6 biennial capital budget request beginning with the 2001-2003 biennium  
7 and thereafter. The list, in priority order, shall include a  
8 description of each project, the amount of recommended state funding,  
9 and documentation of nonstate funds to be used for the project. The  
10 total amount of recommended state funding for projects on a biennial  
11 project list shall not exceed four million dollars. The department may  
12 provide an additional prioritized alternate project list which shall  
13 not exceed (~~five hundred thousand~~) two million dollars.

14 (b) The department shall establish a competitive process to  
15 prioritize applications for state assistance as follows:

16 (i) The department shall conduct a statewide solicitation of  
17 project applications from nonprofit organizations, local governments,  
18 and other entities, as determined by the department. The department  
19 shall evaluate and rank applications in consultation with a citizen  
20 advisory committee, including a representative from the state arts  
21 commission, using objective criteria. The evaluation and ranking  
22 process shall also consider local community support for projects and an  
23 examination of existing assets that applicants may apply to projects.

24 (ii) The department may establish the amount of state grant  
25 assistance for individual project applications but the amount shall not  
26 exceed twenty percent of the estimated total capital cost or actual  
27 cost of a project, whichever is less. The remaining portions of the  
28 project capital cost shall be a match from nonstate sources. The  
29 nonstate match may include cash, the value of real property when  
30 acquired solely for the purpose of the project, and in-kind  
31 contributions. The department is authorized to set matching  
32 requirements for individual projects. State assistance may be used to  
33 fund separate definable phases of a project if the project demonstrates  
34 adequate progress and has secured the necessary match funding.

35 (iii) The department shall not sign contracts or otherwise  
36 financially obligate funds under this section until the legislature has  
37 approved a specific list of projects. In contracts for grants  
38 authorized under this section, the department shall include provisions

1 requiring that capital improvements be held by the grantee for a  
2 specified period of time appropriate to the amount of the grant and  
3 that facilities be used for the express purpose of the grant. If the  
4 grantee is found to be out of compliance with provisions of the  
5 contract, the grantee shall repay to the state general fund the  
6 principal amount of the grant plus interest calculated at the rate of  
7 interest on state of Washington general obligation bonds issued most  
8 closely to the date of authorization of the grant.

9       **Sec. 3.** RCW 27.34.330 and 1999 c 295 s 2 are each amended to read  
10 as follows:

11       The Washington state historical society shall establish a  
12 competitive process to solicit proposals for and prioritize heritage  
13 capital projects for potential funding in the state capital budget.  
14 The society shall adopt rules governing project eligibility and  
15 evaluation criteria. Application for funding of specific projects may  
16 be made to the society by local governments, public development  
17 authorities, nonprofit corporations, tribal governments, and other  
18 entities, as determined by the society. The society, with the advice  
19 of leaders in the heritage field, including but not limited to  
20 representatives from the office of the secretary of state, the eastern  
21 Washington state historical society, and the state office of  
22 archaeology and historic preservation, shall establish and submit a  
23 prioritized list of heritage capital projects to the governor and the  
24 legislature in the society's biennial capital budget request. The list  
25 shall include a description of each project, the amount of recommended  
26 state funding, and documentation of nonstate funds to be used for the  
27 project. The total amount of recommended state funding for projects on  
28 a biennial project list shall not exceed four million dollars. The  
29 department may provide an additional prioritized alternate project list  
30 which shall not exceed (~~(five hundred thousand)~~) two million dollars.  
31 The prioritized list shall be developed through open and public  
32 meetings and the amount of state funding shall not exceed thirty-three  
33 percent of the total cost of the project. The nonstate portion of the  
34 total project cost may include cash, the value of real property when  
35 acquired solely for the purpose of the project, and in-kind  
36 contributions. The department shall not sign contracts or otherwise  
37 financially obligate funds under this section until the legislature has

1 approved a specific list of projects. In contracts for grants  
2 authorized under this section, the society shall include provisions  
3 requiring that capital improvements be held by the grantee for a  
4 specified period of time appropriate to the amount of the grant and  
5 that facilities be used for the express purpose of the grant. If the  
6 grantee is found to be out of compliance with provisions of the  
7 contract, the grantee shall repay to the state general fund the  
8 principal amount of the grant plus interest calculated at the rate of  
9 interest on state of Washington general obligation bonds issued most  
10 closely to the date of authorization of the grant.

11 **Sec. 4.** RCW 43.63A.135 and 2003 1st sp.s. c 7 s 2 are each amended  
12 to read as follows:

13 (1) The department of community, trade, and economic development  
14 must establish a competitive process to solicit proposals for and  
15 prioritize projects whose primary objective is to assist nonprofit  
16 youth organizations in acquiring, constructing, or rehabilitating  
17 facilities used for the delivery of nonresidential services, excluding  
18 outdoor athletic fields.

19 (2) The department of community, trade, and economic development  
20 must establish a competitive process to prioritize applications for the  
21 assistance as follows:

22 (a) The department of community, trade, and economic development  
23 must conduct a statewide solicitation of project applications from  
24 local governments, nonprofit organizations, and other entities, as  
25 determined by the department of community, trade, and economic  
26 development. The department of community, trade, and economic  
27 development must evaluate and rank applications in consultation with a  
28 citizen advisory committee using objective criteria. Projects must  
29 have a major recreational component, and must have either an  
30 educational or social service component. At a minimum, applicants must  
31 demonstrate that the requested assistance will increase the efficiency  
32 or quality of the services it provides to youth. The evaluation and  
33 ranking process must also include an examination of existing assets  
34 that applicants may apply to projects. Grant assistance under this  
35 section may not exceed twenty-five percent of the total cost of the  
36 project. The nonstate portion of the total project cost may include

1 cash, the value of real property when acquired solely for the purpose  
2 of the project, and in-kind contributions.

3 (b) The department of community, trade, and economic development  
4 must submit a prioritized list of recommended projects to the governor  
5 and the legislature in the department of community, trade, and economic  
6 development's biennial capital budget request beginning with the 2005-  
7 2007 biennium and thereafter. The list must include a description of  
8 each project, the amount of recommended state funding, and  
9 documentation of nonstate funds to be used for the project. The total  
10 amount of recommended state funding for projects on a biennial project  
11 list must not exceed two million dollars. The department of community,  
12 trade, and economic development may provide an additional prioritized  
13 alternate project list that must not exceed (~~five hundred thousand~~)  
14 one million dollars. The department of community, trade, and economic  
15 development may not sign contracts or otherwise financially obligate  
16 funds under this section until the legislature has approved a specific  
17 list of projects.

18 (c) In contracts for grants authorized under this section the  
19 department of community, trade, and economic development must include  
20 provisions that require that capital improvements be held by the  
21 grantee for a specified period of time appropriate to the amount of the  
22 grant and that facilities be used for the express purpose of the grant.  
23 If the grantee is found to be out of compliance with provisions of the  
24 contract, the grantee must repay to the state general fund the  
25 principal amount of the grant plus interest calculated at the rate of  
26 interest on state of Washington general obligation bonds issued most  
27 closely to the date of authorization of the grant.

28 NEW SECTION. Sec. 5. 1999 c 295 s 4 (uncodified) is repealed.

Passed by the House March 8, 2005.

Passed by the Senate April 11, 2005.

Approved by the Governor April 22, 2005.

Filed in Office of Secretary of State April 22, 2005.