

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1903

Chapter 425, Laws of 2005

59th Legislature
2005 Regular Session

JOB DEVELOPMENT FUND

EFFECTIVE DATE: 7/24/05

Passed by the House April 22, 2005
Yeas 59 Nays 39

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 22, 2005
Yeas 39 Nays 7

BRAD OWEN

President of the Senate

Approved May 12, 2005.

CHRISTINE GREGOIRE

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 1903** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

May 12, 2005 - 2:07 p.m.

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1903

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 2005 Regular Session

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 43.160 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 with public infrastructure projects that
12 directly stimulate community and economic development by supporting the
13 creation of new jobs or the retention of existing 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 program is created to provide grants
17 for public infrastructure projects that will stimulate job creation or

1 assist in job retention. The program is to be administered by the
2 board. The board shall establish a competitive process to request and
3 prioritize proposals and make grant awards.

4 (2) For the purposes of this act, "public infrastructure projects"
5 has the same meaning as "public facilities" as defined in RCW
6 43.160.020(11).

7 (3) The board shall conduct a statewide request for project
8 applications. The board shall apply the following criteria for
9 evaluation and ranking of applications:

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

15 (b) The present level of economic activity in the community and the
16 existing local financial capacity to increase economic activity in the
17 community;

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

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

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

26 (f) Whether or not the project is a partnership of multiple
27 jurisdictions;

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

31 (h) The availability of existing assets that applicants may apply
32 to projects.

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

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

3 (b) Evidence exists that the project would result in a development
4 or expansion that would displace existing jobs in any other community
5 in the state.

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

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

14 The maximum grant from the job development fund for any one project
15 is ten million dollars. Grant assistance from the job development fund
16 may not exceed thirty-three percent of the total cost of the project.
17 The nonstate portion of the total project cost may include cash, the
18 value of real property when acquired solely for the purpose of the
19 project, and in-kind contributions.

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

22 (1) The public works assistance account is hereby established in
23 the state treasury. Money may be placed in the public works assistance
24 account from the proceeds of bonds when authorized by the legislature
25 or from any other lawful source. Money in the public works assistance
26 account shall be used to make loans and to give financial guarantees to
27 local governments for public works projects. Moneys in the account may
28 also be appropriated to provide for state match requirements under
29 federal law for projects and activities conducted and financed by the
30 board under the drinking water assistance account. Not more than
31 fifteen percent of the biennial capital budget appropriation to the
32 public works board from this account may be expended or obligated for
33 preconstruction loans, emergency loans, or loans for capital facility
34 planning under this chapter; of this amount, not more than ten percent
35 of the biennial capital budget appropriation may be expended for

1 emergency loans and not more than one percent of the biennial capital
2 budget appropriation may be expended for capital facility planning
3 loans.

4 (2) The job development fund is hereby established in the state
5 treasury. Up to fifty million dollars each biennium from the public
6 works assistance account may be transferred into the job development
7 fund. Money in the job development fund may be used solely for job
8 development fund program grants, administrative expenses related to the
9 administration of the job development fund program created in section
10 2 of this act, and for the report prepared by the joint legislative
11 audit and review committee pursuant to section 5(2) of this act.
12 Moneys in the job development fund may be spent only after
13 appropriation. The board shall prepare a prioritized list of proposed
14 projects of up to fifty million dollars as part of the department's
15 2007-09 biennial budget request. The board may provide an additional
16 alternate job development fund project list of up to ten million
17 dollars. The legislature may remove projects from the list recommended
18 by the board. The legislature may not change the prioritization of
19 projects recommended for funding by the board, but may add projects
20 from the alternate list in order of priority, as long as the total
21 funding does not exceed fifty million dollars.

22 NEW SECTION. Sec. 5. (1) The joint legislative audit and review
23 committee shall conduct an inventory of all state public infrastructure
24 programs and funds. The inventory shall identify: The public
25 infrastructure state programs and funds and the purposes each serve;
26 how the program or fund is implemented; the types of public
27 infrastructure projects supported by the program or fund; the dollar
28 amount of the projects funded by each program or fund; the balance of
29 a fund, if applicable; and the geographic distribution of projects
30 supported by a program or fund. Where applicable, the inventory shall
31 identify overlaps or gaps in types of public infrastructure projects
32 supported through state programs or funds. Where appropriate, the
33 inventory shall evaluate the return on investment for economic
34 development infrastructure programs. The inventory shall be delivered
35 to the appropriate committees of the legislature by December 1, 2006.

36 (2) By September 1, 2010, the joint legislative audit and review
37 committee shall submit a report on the outcomes of the job development

1 fund program to the appropriate committees of the legislature. The
2 report shall apply the performance and evaluation criteria developed by
3 the community economic revitalization board and the committee and shall
4 include a project by project review detailing how the funds were used
5 and whether the performance measures were met. The report shall also
6 include impacts to the availability of low-interest and interest-free
7 loans to local governments under RCW 43.155.055, 43.155.060,
8 43.155.065, and 43.155.068, resulting from appropriations to the job
9 development fund. Information in the report shall include, but not be
10 limited to:

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

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

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

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

21 (e) Assessment of increased costs for otherwise qualifying projects
22 where local governments were compelled to seek alternate funding
23 sources.

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

25 NEW SECTION. **Sec. 7.** If any provision of this act or its
26 application to any person or circumstance is held invalid, the
27 remainder of the act or the application of the provision to other
28 persons or circumstances is not affected.

Passed by the House April 22, 2005.

Passed by the Senate April 22, 2005.

Approved by the Governor May 12, 2005.

Filed in Office of Secretary of State May 12, 2005.