

2SSB 6855 - H AMD 1428

By Representative Ormsby

ADOPTED 03/06/2008

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.160.010 and 1999 c 164 s 101 and 1999 c 94 s 5 are
4 each reenacted and amended to read as follows:

5 (1) The legislature finds that it is the public policy of the state
6 of Washington to direct financial resources toward the fostering of
7 economic development through the stimulation of investment and job
8 opportunities and the retention of sustainable existing employment for
9 the general welfare of the inhabitants of the state. Reducing
10 unemployment and reducing the time citizens remain jobless is important
11 for the economic welfare of the state. A valuable means of fostering
12 economic development is the construction of public facilities which
13 contribute to the stability and growth of the state's economic base.
14 (~~Strengthening the economic base through issuance of industrial~~
15 ~~development bonds, whether single or umbrella, further serves to reduce~~
16 ~~unemployment. Consolidating issues of industrial development bonds~~
17 ~~when feasible to reduce costs additionally advances the state's purpose~~
18 ~~to improve economic vitality.)) Expenditures made for these purposes
19 as authorized in this chapter are declared to be in the public
20 interest, and constitute a proper use of public funds. A community
21 economic revitalization board is needed which shall aid the development
22 of economic opportunities. The general objectives of the board should
23 include:~~

24 (a) Strengthening the economies of areas of the state which have
25 experienced or are expected to experience chronically high unemployment
26 rates or below average growth in their economies;

27 (b) Encouraging the diversification of the economies of the state
28 and regions within the state in order to provide greater seasonal and
29 cyclical stability of income and employment;

1 (c) Encouraging wider access to financial resources for both large
2 and small industrial development projects;

3 (d) Encouraging new economic development or expansions to maximize
4 employment;

5 (e) Encouraging the retention of viable existing firms and
6 employment; and

7 (f) Providing incentives for expansion of employment opportunities
8 for groups of state residents that have been less successful relative
9 to other groups in efforts to gain permanent employment.

10 (2) The legislature also finds that the state's economic
11 development efforts can be enhanced by, in certain instances, providing
12 funds to improve state highways, county roads, or city streets for
13 industries considering locating or expanding in this state.

14 ~~((a))~~ (3) The legislature finds it desirable to provide a process
15 whereby the need for diverse public works improvements necessitated by
16 planned economic development can be addressed in a timely fashion and
17 with coordination among all responsible governmental entities.

18 ~~((b) All transportation improvements on state highways must first
19 be approved by the state transportation commission and the community
20 economic revitalization board in accordance with the procedures
21 established by RCW 43.160.074 and 47.01.280.~~

22 ~~(3))~~ (4) The legislature also finds that the state's economic
23 development efforts can be enhanced by, in certain instances, providing
24 funds to assist development of telecommunications infrastructure that
25 supports business development, retention, and expansion in ~~((rural
26 natural resources impact areas and rural counties of))~~ the state.

27 ~~((4))~~ (5) The legislature also finds that the state's economic
28 development efforts can be enhanced by providing funds to improve
29 markets for those recyclable materials representing a large fraction of
30 the waste stream. The legislature finds that public facilities which
31 result in private construction of processing or remanufacturing
32 facilities for recyclable materials are eligible for consideration from
33 the board.

34 ~~((5))~~ (6) The legislature finds that sharing economic growth
35 statewide is important to the welfare of the state. ~~((Rural counties
36 and rural natural resources impact areas do not share in the economic
37 vitality of the Puget Sound region.))~~ The ability of ~~((these))~~
38 communities to pursue business and job retention, expansion, and

1 development opportunities depends on their capacity to ready necessary
2 economic development project plans, sites, permits, and infrastructure
3 for private investments. Project-specific planning, predevelopment,
4 and infrastructure are critical ingredients for economic development.
5 (~~Rural counties and rural natural resources impact areas generally~~
6 ~~lack these necessary tools and resources to diversify and revitalize~~
7 ~~their economies.~~) It is, therefore, the intent of the legislature to
8 increase the amount of funding available through the community economic
9 revitalization board (~~for rural counties and rural natural resources~~
10 ~~impact areas,~~) and to authorize flexibility for available resources in
11 these areas to help fund planning, predevelopment, and construction
12 costs of infrastructure and facilities and sites that foster economic
13 vitality and diversification.

14 **Sec. 2.** RCW 43.160.020 and 2004 c 252 s 1 are each amended to read
15 as follows:

16 Unless the context clearly requires otherwise, the definitions in
17 this section apply throughout this chapter.

18 (1) "Board" means the community economic revitalization board.

19 (2) (~~"Bond" means any bond, note, debenture, interim certificate,~~
20 ~~or other evidence of financial indebtedness issued by the board~~
21 ~~pursuant to this chapter.~~

22 (3)) "Department" means the department of community, trade, and
23 economic development.

24 (~~(4) "Financial institution" means any bank, savings and loan~~
25 ~~association, credit union, development credit corporation, insurance~~
26 ~~company, investment company, trust company, savings institution, or~~
27 ~~other financial institution approved by the board and maintaining an~~
28 ~~office in the state.~~

29 (5) ~~"Industrial development facilities" means "industrial~~
30 ~~development facilities" as defined in RCW 39.84.020.~~

31 (6) ~~"Industrial development revenue bonds" means tax exempt revenue~~
32 ~~bonds used to fund industrial development facilities.~~

33 (7)) (3) "Local government" or "political subdivision" means any
34 port district, county, city, town, special purpose district, and any
35 other municipal corporations or quasi-municipal corporations in the
36 state providing for public facilities under this chapter.

1 ~~((8)) "Sponsor" means any of the following entities which~~
2 ~~customarily provide service or otherwise aid in industrial or other~~
3 ~~financing and are approved as a sponsor by the board: A bank, trust~~
4 ~~company, savings bank, investment bank, national banking association,~~
5 ~~savings and loan association, building and loan association, credit~~
6 ~~union, insurance company, or any other financial institution,~~
7 ~~governmental agency, or holding company of any entity specified in this~~
8 ~~subsection.~~

9 ~~(9) "Umbrella bonds" means industrial development revenue bonds~~
10 ~~from which the proceeds are loaned, transferred, or otherwise made~~
11 ~~available to two or more users under this chapter.~~

12 ~~(10) "User" means one or more persons acting as lessee, purchaser,~~
13 ~~mortgagor, or borrower under a financing document and receiving or~~
14 ~~applying to receive revenues from bonds issued under this chapter.~~

15 ~~(11))~~ (4) "Public facilities" means a project of a local
16 government or a federally recognized Indian tribe for the planning,
17 acquisition, construction, repair, reconstruction, replacement,
18 rehabilitation, or improvement of bridges, roads, domestic and
19 industrial water, earth stabilization, sanitary sewer, storm sewer,
20 railroad, electricity, telecommunications, transportation, natural gas,
21 buildings or structures, and port facilities, all for the purpose of
22 job creation, job retention, or job expansion.

23 ~~((12))~~ (5) "Rural county" means a county with a population
24 density of fewer than one hundred persons per square mile or a county
25 smaller than two hundred twenty-five square miles, as determined by the
26 office of financial management and published each year by the
27 department for the period July 1st to June 30th.

28 ~~((13) "Rural natural resources impact area" means:~~

29 ~~(a) A nonmetropolitan county, as defined by the 1990 decennial~~
30 ~~census, that meets three of the five criteria set forth in subsection~~
31 ~~(14) of this section;~~

32 ~~(b) A nonmetropolitan county with a population of less than forty~~
33 ~~thousand in the 1990 decennial census, that meets two of the five~~
34 ~~criteria as set forth in subsection (14) of this section; or~~

35 ~~(c) A nonurbanized area, as defined by the 1990 decennial census,~~
36 ~~that is located in a metropolitan county that meets three of the five~~
37 ~~criteria set forth in subsection (14) of this section.~~

1 ~~(14) For the purposes of designating rural natural resources impact~~
2 ~~areas, the following criteria shall be considered:~~

3 ~~(a) A lumber and wood products employment location quotient at or~~
4 ~~above the state average;~~

5 ~~(b) A commercial salmon fishing employment location quotient at or~~
6 ~~above the state average;~~

7 ~~(c) Projected or actual direct lumber and wood products job losses~~
8 ~~of one hundred positions or more;~~

9 ~~(d) Projected or actual direct commercial salmon fishing job losses~~
10 ~~of one hundred positions or more; and~~

11 ~~(e) An unemployment rate twenty percent or more above the state~~
12 ~~average. The counties that meet these criteria shall be determined by~~
13 ~~the employment security department for the most recent year for which~~
14 ~~data is available. For the purposes of administration of programs~~
15 ~~under this chapter, the United States post office five digit zip code~~
16 ~~delivery areas will be used to determine residence status for~~
17 ~~eligibility purposes. For the purpose of this definition, a zip code~~
18 ~~delivery area of which any part is ten miles or more from an urbanized~~
19 ~~area is considered nonurbanized. A zip code totally surrounded by zip~~
20 ~~codes qualifying as nonurbanized under this definition is also~~
21 ~~considered nonurbanized. The office of financial management shall make~~
22 ~~available a zip code listing of the areas to all agencies and~~
23 ~~organizations providing services under this chapter.))~~

24 **Sec. 3.** RCW 43.160.030 and 2004 c 252 s 2 are each amended to read
25 as follows:

26 (1) The community economic revitalization board is hereby created
27 to exercise the powers granted under this chapter.

28 (2) The board shall consist of one member from each of the two
29 major caucuses of the house of representatives to be appointed by the
30 speaker of the house and one member from each of the two major caucuses
31 of the senate to be appointed by the president of the senate. The
32 board shall also consist of the following members appointed by the
33 governor: A recognized private or public sector economist; one port
34 district official; one county official; one city official; one
35 representative of a federally recognized Indian tribe; one
36 representative of the public; one representative of small businesses
37 each from: (a) The area west of Puget Sound, (b) the area east of

1 Puget Sound and west of the Cascade range, (c) the area east of the
2 Cascade range and west of the Columbia river, and (d) the area east of
3 the Columbia river; one executive from large businesses each from the
4 area west of the Cascades and the area east of the Cascades. The
5 appointive members shall initially be appointed to terms as follows:
6 Three members for one-year terms, three members for two-year terms, and
7 three members for three-year terms which shall include the chair.
8 Thereafter each succeeding term shall be for three years. The chair of
9 the board shall be selected by the governor. The members of the board
10 shall elect one of their members to serve as vice-chair. The director
11 of community, trade, and economic development, the director of revenue,
12 the commissioner of employment security, and the secretary of
13 transportation shall serve as nonvoting advisory members of the board.

14 (3) Management services, including fiscal and contract services,
15 shall be provided by the department to assist the board in implementing
16 this chapter (~~(and the allocation of private activity bonds)~~).

17 (4) Members of the board shall be reimbursed for travel expenses as
18 provided in RCW 43.03.050 and 43.03.060.

19 (5) If a vacancy occurs by death, resignation, or otherwise of
20 appointive members of the board, the governor shall fill the same for
21 the unexpired term. Members of the board may be removed for
22 malfeasance or misfeasance in office, upon specific written charges by
23 the governor, under chapter 34.05 RCW.

24 (6) A member appointed by the governor may not be absent from more
25 than fifty percent of the regularly scheduled meetings in any one
26 calendar year. Any member who exceeds this absence limitation is
27 deemed to have withdrawn from the office and may be replaced by the
28 governor.

29 (7) A majority of members currently appointed constitutes a quorum.

30 **Sec. 4.** RCW 43.160.050 and 1996 c 51 s 4 are each amended to read
31 as follows:

32 The board may:

33 (1) Adopt bylaws for the regulation of its affairs and the conduct
34 of its business.

35 (2) Adopt an official seal and alter the seal at its pleasure.

36 (3) Utilize the services of other governmental agencies.

1 (4) Accept from any federal agency loans or grants for the planning
2 or financing of any project and enter into an agreement with the agency
3 respecting the loans or grants.

4 (5) Conduct examinations and investigations and take testimony at
5 public hearings of any matter material for its information that will
6 assist in determinations related to the exercise of the board's lawful
7 powers.

8 (6) Accept any gifts, grants, or loans of funds, property, or
9 financial or other aid in any form from any other source on any terms
10 and conditions which are not in conflict with this chapter.

11 ~~(7) ((Exercise all the powers of a public corporation under chapter~~
12 ~~39.84 RCW.~~

13 ~~(8) Invest any funds received in connection with industrial~~
14 ~~development revenue bond financing not required for immediate use, as~~
15 ~~the board considers appropriate, subject to any agreements with owners~~
16 ~~of bonds.~~

17 ~~(9) Arrange for lines of credit for industrial development revenue~~
18 ~~bonds from and enter into participation agreements with any financial~~
19 ~~institution.~~

20 ~~(10) Issue industrial development revenue bonds in one or more~~
21 ~~series for the purpose of defraying the cost of acquiring or improving~~
22 ~~any industrial development facility or facilities and securing the~~
23 ~~payment of the bonds as provided in this chapter.~~

24 ~~(11)) Enter into agreements or other transactions with and accept~~
25 ~~grants and the cooperation of any governmental agency in furtherance of~~
26 ~~this chapter.~~

27 ~~((12) Sell, purchase, or insure loans to finance the costs of~~
28 ~~industrial development facilities.~~

29 ~~(13) Service, contract, and pay for the servicing of loans for~~
30 ~~industrial development facilities.~~

31 ~~(14) Provide financial analysis and technical assistance for~~
32 ~~industrial development facilities when the board reasonably considers~~
33 ~~it appropriate.~~

34 ~~(15) Collect, with respect to industrial development revenue bonds,~~
35 ~~reasonable interest, fees, and charges for making and servicing its~~
36 ~~lease agreements, loan agreements, mortgage loans, notes, bonds,~~
37 ~~commitments, and other evidences of indebtedness. Interest, fees, and~~

1 charges are limited to the amounts required to pay the costs of the
2 board, including operating and administrative expenses and reasonable
3 allowances for losses that may be incurred.

4 ~~(16) Procure insurance or guarantees from any party as allowable~~
5 ~~under law, including a governmental agency, against any loss in~~
6 ~~connection with its lease agreements, loan agreements, mortgage loans,~~
7 ~~and other assets or property.~~

8 ~~(17))~~ (8) Adopt rules under chapter 34.05 RCW as necessary to
9 carry out the purposes of this chapter.

10 ~~((18))~~ (9) Do all acts and things necessary or convenient to
11 carry out the powers expressly granted or implied under this chapter.

12 **Sec. 5.** RCW 43.160.060 and 2007 c 231 s 3 are each amended to read
13 as follows:

14 The board is authorized to make direct loans to political
15 subdivisions of the state and to federally recognized Indian tribes for
16 the purposes of assisting the political subdivisions and federally
17 recognized Indian tribes in financing the cost of public facilities,
18 including development of land and improvements for public facilities,
19 project-specific environmental, capital facilities, land use,
20 permitting, feasibility, and marketing studies and plans; project
21 design, site planning, and analysis; project debt and revenue impact
22 analysis; as well as the construction, rehabilitation, alteration,
23 expansion, or improvement of the facilities. A grant may also be
24 authorized for purposes designated in this chapter, but only when, and
25 to the extent that, a loan is not reasonably possible, given the
26 limited resources of the political subdivision or the federally
27 recognized Indian tribe and the finding by the board that financial
28 circumstances require grant assistance to enable the project to move
29 forward. However, ~~((at least ten))~~ no more than twenty-five percent of
30 all financial assistance ~~((provided))~~ approved by the board in any
31 biennium ~~((shall))~~ may consist of grants to political subdivisions and
32 federally recognized Indian tribes.

33 Application for funds shall be made in the form and manner as the
34 board may prescribe. In making grants or loans the board shall conform
35 to the following requirements:

36 (1) The board shall not provide financial assistance:

1 (a) For a project the primary purpose of which is to facilitate or
2 promote a retail shopping development or expansion.

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

6 ~~(c) ((For the acquisition of real property, including buildings and
7 other fixtures which are a part of real property.~~

8 ~~(d))~~ For a project the primary purpose of which is to facilitate
9 or promote gambling.

10 (d) For a project located outside the jurisdiction of the applicant
11 political subdivision or federally recognized Indian tribe.

12 (2) The board shall only provide financial assistance:

13 (a) For ~~((those projects which would result in specific private
14 developments or expansions (i) in manufacturing, production, food
15 processing, assembly, warehousing, advanced technology, research and
16 development, and industrial distribution; (ii) for processing
17 recyclable materials or for facilities that support recycling,
18 including processes not currently provided in the state, including but
19 not limited to, de-inking facilities, mixed waste paper, plastics, yard
20 waste, and problem waste processing; (iii) for manufacturing facilities
21 that rely significantly on recyclable materials, including but not
22 limited to waste tires and mixed waste paper; (iv) which support the
23 relocation of businesses from nondistressed urban areas to rural
24 counties or rural natural resources impact areas; or (v) which
25 substantially support the trading of goods or services outside of the
26 state's borders.~~

27 ~~(b) For projects which it finds))~~ a project demonstrating
28 convincing evidence that a specific private development or expansion is
29 ready to occur and will occur only if the public facility improvement
30 is made that:

31 (i) Results in the creation of significant private sector jobs or
32 significant private sector capital investment as determined by the
33 board and is consistent with the state comprehensive economic
34 development plan developed by the Washington economic development
35 commission pursuant to chapter 43.162 RCW, once the plan is adopted;
36 and

37 (ii) Will improve the opportunities for the successful maintenance,

1 establishment, or expansion of industrial or commercial plants or will
2 otherwise assist in the creation or retention of long-term economic
3 opportunities((-

4 ~~(c) When the application includes convincing evidence that a~~
5 ~~specific private development or expansion is ready to occur and will~~
6 ~~occur only if the public facility improvement is made));~~

7 (b) For a project that cannot meet the requirement of (a) of this
8 subsection but is a project that:

9 (i) Results in the creation of significant private sector jobs or
10 significant private sector capital investment as determined by the
11 board and is consistent with the state comprehensive economic
12 development plan developed by the Washington economic development
13 commission pursuant to chapter 43.162 RCW, once the plan is adopted;

14 (ii) Is part of a local economic development plan consistent with
15 applicable state planning requirements;

16 (iii) Can demonstrate project feasibility using standard economic
17 principles; and

18 (iv) Is located in a rural community as defined by the board, or a
19 rural county;

20 (c) For site-specific plans, studies, and analyses that address
21 environmental impacts, capital facilities, land use, permitting,
22 feasibility, marketing, project engineering, design, site planning, and
23 project debt and revenue impacts, as grants not to exceed fifty
24 thousand dollars.

25 (3) The board shall develop guidelines for local participation and
26 allowable match and activities.

27 (4) An application must demonstrate local match and local
28 participation, in accordance with guidelines developed by the board.

29 (5) An application must be approved by the political subdivision
30 and supported by the local associate development organization or local
31 workforce development council or approved by the governing body of the
32 federally recognized Indian tribe.

33 (6) The board may allow de minimis general system improvements to
34 be funded if they are critically linked to the viability of the
35 project.

36 (7) An application must demonstrate convincing evidence that the
37 median hourly wage of the private sector jobs created after the project
38 is completed will exceed the countywide median hourly wage.

1 (8) The board shall prioritize each proposed project according to:

2 (a) The relative benefits provided to the community by the jobs the
3 project would create, not just the total number of jobs it would create
4 after the project is completed (~~and according~~), but also giving
5 consideration to the unemployment rate in the area in which the jobs
6 would be located;

7 (b) The rate of return of the state's investment, (~~that includes~~
8 ~~the~~) including, but not limited to, the leveraging of private sector
9 investment, anticipated job creation and retention, and expected
10 increases in state and local tax revenues associated with the project;
11 (~~and~~)

12 (c) Whether the proposed project offers a health insurance plan for
13 employees that includes an option for dependents of employees;

14 (d) Whether the public facility investment will increase existing
15 capacity necessary to accommodate projected population and employment
16 growth in a manner that supports infill and redevelopment of existing
17 urban or industrial areas that are served by adequate public
18 facilities. Projects should maximize the use of existing
19 infrastructure and provide for adequate funding of necessary
20 transportation improvements; and

21 (e) Whether the applicant has developed and adhered to guidelines
22 regarding its permitting process for those applying for development
23 permits consistent with section 1(2), chapter 231, Laws of 2007.

24 (~~(4)~~) (9) A responsible official of the political subdivision or
25 the federally recognized Indian tribe shall be present during board
26 deliberations and provide information that the board requests.

27 Before any financial assistance application is approved, the
28 political subdivision or the federally recognized Indian tribe seeking
29 the assistance must demonstrate to the community economic
30 revitalization board that no other timely source of funding is
31 available to it at costs reasonably similar to financing available from
32 the community economic revitalization board.

33 **Sec. 6.** RCW 43.160.070 and 1999 c 164 s 104 are each amended to
34 read as follows:

35 Public facilities financial assistance, when authorized by the
36 board, is subject to the following conditions:

1 (1) The moneys in the public facilities construction loan revolving
2 account (~~((and the distressed county public facilities construction loan~~
3 ~~account))~~) shall be used solely to fulfill commitments arising from
4 financial assistance authorized in this chapter (~~(or, during the 1989-~~
5 ~~91 fiscal biennium, for economic development purposes as appropriated~~
6 ~~by the legislature)).~~ The total outstanding amount which the board
7 shall dispense at any time pursuant to this section shall not exceed
8 the moneys available from the account(~~(s)~~). (~~The total amount of~~
9 ~~outstanding financial assistance in Pierce, King, and Snohomish~~
10 ~~counties shall never exceed sixty percent of the total amount of~~
11 ~~outstanding financial assistance disbursed by the board under this~~
12 ~~chapter without reference to financial assistance provided under RCW~~
13 ~~43.160.220.)~~)

14 (2) On contracts made for public facilities loans the board shall
15 determine the interest rate which loans shall bear. The interest rate
16 shall not exceed ten percent per annum. The board may provide
17 reasonable terms and conditions for repayment for loans, including
18 partial forgiveness of loan principal and interest payments on projects
19 located in rural communities as defined by the board, or rural counties
20 (~~(or rural natural resources impact areas, as the board determines)~~).
21 The loans shall not exceed twenty years in duration.

22 (3) Repayments of loans made from the public facilities
23 construction loan revolving account under the contracts for public
24 facilities construction loans shall be paid into the public facilities
25 construction loan revolving account. (~~Repayments of loans made from~~
26 ~~the distressed county public facilities construction loan account under~~
27 ~~the contracts for public facilities construction loans shall be paid~~
28 ~~into the distressed county public facilities construction loan~~
29 ~~account.)~~) Repayments of loans from moneys from the new appropriation
30 from the public works assistance account for the fiscal biennium ending
31 June 30, 1999, shall be paid into the public works assistance account.

32 (4) When every feasible effort has been made to provide loans and
33 loans are not possible, the board may provide grants upon finding that
34 unique circumstances exist.

35 **Sec. 7.** RCW 43.160.074 and 1985 c 433 s 5 are each amended to read
36 as follows:

37 (1) An application to the board from a political subdivision may

1 also include a request for improvements to an existing state highway or
2 highways. The application is subject to all of the applicable criteria
3 relative to qualifying types of development set forth in this chapter,
4 as well as procedures and criteria established by the board.

5 (2) Before board consideration of an application from a political
6 subdivision that includes a request for improvements to an existing
7 state highway or highways, the application shall be forwarded by the
8 board to the department of transportation (~~(commission)~~).

9 (3) The board may not make its final determination on any
10 application made under subsection (1) of this section before receiving
11 approval, as submitted or amended or disapproval from the department of
12 transportation (~~(commission)~~) as specified in RCW 47.01.280.
13 Notwithstanding its disposition of the remainder of any such
14 application, the board may not approve a request for improvements to an
15 existing state highway or highways without the approval as submitted or
16 amended of the department of transportation (~~(commission)~~) as specified
17 in RCW 47.01.280.

18 (4) The board shall notify the department of transportation
19 (~~(commission)~~) of its decision regarding any application made under
20 this section.

21 **Sec. 8.** RCW 43.160.076 and 1999 c 164 s 105 are each reenacted and
22 amended to read as follows:

23 (1) Except as authorized to the contrary under subsection (2) of
24 this section, from all funds available to the board for financial
25 assistance in a biennium under this chapter (~~(without reference to~~
26 ~~financial assistance provided under RCW 43.160.220)~~), the board shall
27 (~~(spend)~~) approve at least seventy-five percent of the first twenty
28 million dollars of funds available and at least fifty percent of any
29 additional funds for financial assistance for projects in rural
30 counties (~~(or rural natural resources impact areas)~~).

31 (2) If at any time during the last six months of a biennium the
32 board finds that the actual and anticipated applications for qualified
33 projects in rural counties (~~(or rural natural resources impact areas)~~)
34 are clearly insufficient to use up the (~~(seventy five percent)~~)
35 allocations under subsection (1) of this section, then the board shall
36 estimate the amount of the insufficiency and during the remainder of

1 the biennium may use that amount of the allocation for financial
2 assistance to projects not located in rural counties (~~or rural natural~~
3 ~~resources impact areas~~)).

4 **Sec. 9.** RCW 43.160.900 and 1993 c 320 s 8 are each amended to read
5 as follows:

6 (1) The community economic revitalization board shall (~~report to~~
7 ~~the appropriate standing committees of the legislature biennially on~~
8 ~~the implementation of~~) conduct biennial outcome-based evaluations of
9 the financial assistance provided under this chapter. The (~~report~~)
10 evaluations shall include information on the number of applications for
11 community economic revitalization board assistance((~~τ~~)); the number and
12 types of projects approved((~~τ~~)); the grant or loan amount awarded each
13 project((~~τ~~)); the projected number of jobs created or retained by each
14 project((~~τ~~)); the actual number and cost of jobs created or retained by
15 each project((~~τ~~)); the wages and health benefits associated with the
16 jobs; the amount of state funds and total capital invested in projects;
17 the number and types of businesses assisted by funded projects; the
18 location of funded projects; the transportation infrastructure
19 available for completed projects; the local match and local
20 participation obtained; the number of delinquent loans((~~τ~~)); and the
21 number of project terminations. The (~~report~~) evaluations may also
22 include additional performance measures and recommendations for
23 programmatic changes. (~~The first report shall be submitted by~~
24 ~~December 1, 1994.~~)

25 (2)(a) By September 1st of each even-numbered year, the board shall
26 forward its draft evaluation to the Washington state economic
27 development commission for review and comment, as required in section
28 10 of this act. The board shall provide any additional information as
29 may be requested by the commission for the purpose of its review.

30 (b) Any written comments or recommendations provided by the
31 commission as a result of its review shall be included in the board's
32 completed evaluation. The evaluation must be presented to the governor
33 and appropriate committees of the legislature by December 31st of each
34 even-numbered year. The initial evaluation must be submitted by
35 December 31, 2010.

1 cases, it may be appropriate for the state to assist in the development
2 of these facilities.

3 (3) The legislature finds that providing these capital investments
4 is critical for the economic health of local distressed communities,
5 helps build strong relationships with the state, and expands life
6 opportunities for underserved, low-income populations.

7 NEW SECTION. **Sec. 13.** A new section is added to chapter 43.63A
8 RCW to read as follows:

9 The definitions in this section apply throughout RCW 43.63A.125,
10 this section, and sections 14 and 16 of this act unless the context
11 clearly requires otherwise.

12 (1) "Department" means the department of community, trade, and
13 economic development.

14 (2) "Distressed community" means: (a) A county that has an
15 unemployment rate that is twenty percent above the state average for
16 the immediately previous three years; (b) an area within a county that
17 the department determines to be a low-income community, using as
18 guidance the low-income community designations under the community
19 development financial institutions fund's new markets tax credit
20 program of the United States department of the treasury; or (c) a
21 school district in which at least fifty percent of local elementary
22 students receive free and reduced-price meals.

23 (3) "Nonprofit organization" means an organization that is tax
24 exempt, or not required to apply for an exemption, under section
25 501(c)(3) or 501(c)(6) of the federal internal revenue code of 1986, as
26 amended.

27 (4) "Technical assistance" means professional services provided
28 under contract to nonprofit organizations for feasibility studies,
29 planning, and project management related to acquiring, constructing, or
30 rehabilitating nonresidential community services facilities.

31 NEW SECTION. **Sec. 14.** A new section is added to chapter 43.63A
32 RCW to read as follows:

33 The building communities fund account is created in the state
34 treasury. The account shall consist of legislative appropriations and
35 gifts, grants, or endowments from other sources as permitted by law.

1 Moneys in the account may be spent only after appropriation.
2 Expenditures from the account may be used only for capital and
3 technical assistance grants as provided in RCW 43.63A.125.

4 **Sec. 15.** RCW 43.63A.125 and 2006 c 371 s 233 are each amended to
5 read as follows:

6 (1) The department shall establish ~~((a competitive process to~~
7 ~~solicit proposals for and prioritize projects that assist nonprofit~~
8 ~~organizations in))~~ the building communities fund program. Under the
9 program, capital and technical assistance grants may be made to
10 nonprofit organizations for acquiring, constructing, or rehabilitating
11 facilities used for the delivery of nonresidential ~~((social))~~ community
12 services, including social service centers and multipurpose community
13 centers, including those serving a distinct or ethnic population. Such
14 facilities must be located in a distressed community or serve a
15 substantial number of low-income or disadvantaged persons.

16 (2) The department shall establish a competitive process to
17 solicit, evaluate, and prioritize applications for the ~~((assistance))~~
18 building communities fund program as follows:

19 (a) The department shall conduct a statewide solicitation of
20 project applications from ~~((local governments,))~~ nonprofit
21 organizations~~((, and other entities, as determined by the department)).~~

22 (b) The department shall evaluate and rank applications in
23 consultation with a citizen advisory committee using objective
24 criteria. ~~((At a minimum,))~~ Applicants must demonstrate that the
25 ~~((requested assistance))~~ proposed project:

26 (i) Will increase the range, efficiency, or quality of the
27 ~~((social))~~ services ((it provides)) provided to citizens;

28 (ii) Will be located in a distressed community or will serve a
29 substantial number of low-income or disadvantaged persons;

30 (iii) Will offer a diverse set of activities that meet multiple
31 community service objectives, including but not limited to: Providing
32 social services; expanding employment opportunities for or increasing
33 the employability of community residents; or offering educational or
34 recreational opportunities separate from the public school system or
35 private schools, as long as recreation is not the sole purpose of the
36 facility;

1 (iv) Reflects a long-term vision for the development of the
2 community, shared by residents, businesses, leaders, and partners;

3 (v) Requires state funding to accomplish a discrete, usable phase
4 of the project;

5 (vi) Is ready to proceed and will make timely use of the funds;

6 (vii) Is sponsored by one or more entities that have the
7 organizational and financial capacity to fulfill the terms of the grant
8 agreement and to maintain the project into the future;

9 (viii) Fills an unmet need for community services;

10 (ix) Will achieve its stated objectives; and

11 (x) Is a community priority as shown through tangible commitments
12 of existing or future assets made to the project by community
13 residents, leaders, businesses, and government partners.

14 (c) The evaluation and ranking process shall also include an
15 examination of existing assets that applicants may apply to projects.
16 ((Grant assistance under this section shall not exceed twenty five
17 percent of the total cost of the project.)) The department shall
18 require a nonstate match for grant assistance under this section. The
19 nonstate portion of the total project cost may include cash, the value
20 of real property when acquired solely for the purpose of the project,
21 and in-kind contributions. Grant assistance may not exceed fifty
22 percent of the total cost of the project.

23 ~~((b))~~ (d) The department may not:

24 (i) Set a monetary limit to funding requests; or

25 (ii) Require that state funds be the last to be spent on a project.

26 (3)(a) The department shall submit a ~~((prioritized))~~ ranked list of
27 recommended projects annually to the governor and the legislature in
28 the department's ~~((biennial))~~ capital budget requests beginning with
29 the ~~((2001-2003))~~ 2009-2011 biennium and thereafter. ~~((For the 1999-~~
30 2001 biennium, the department shall conduct a solicitation and ranking
31 process, as described in (a) of this subsection, for projects to be
32 funded by appropriations provided for this program in the 1999-2001
33 capital budget.)) The list shall include a description of each
34 project, its total cost, the amount of requested state funding, and the
35 amount of recommended state funding(~~(, and documentation of nonstate~~
36 funds to be used for the project)).

37 (b) The total amount of recommended state capital funding for
38 projects on ~~((a biennial))~~ the annual ranked project list shall be

1 determined by the capital budget beginning with the 2009-2011 biennium
2 and thereafter, and shall not exceed ((ten million dollars)) forty
3 percent of the total amount appropriated for the building communities
4 fund program. In addition, if cash funds have been appropriated, up to
5 three million dollars may be used for technical assistance grants.
6 ((Except for the 1999-2001 biennium,)) The department shall not sign
7 contracts or otherwise financially obligate funds under this section
8 until the legislature has approved a specific list of projects.

9 ((+e)) (4) The department shall also submit to the legislature an
10 unranked list of the remaining eligible projects for which applications
11 were received. The list must include a description of each project,
12 its total cost, and the amount of state funding requested. The
13 appropriate fiscal committees of the legislature shall use this list to
14 determine, in the legislature's sole discretion, any additional
15 building communities fund projects that may receive funding in the
16 capital budget. The total amount of state capital funding available
17 for all projects on the annual unranked list shall be determined by the
18 capital budget beginning with the 2009-2011 biennium and thereafter,
19 and shall not exceed sixty percent of the total amount appropriated for
20 the building communities fund program.

21 (5) In addition to the ranked and the unranked lists, the
22 department shall submit to the appropriate fiscal committees of the
23 legislature:

24 (a) All application materials it received and all working papers it
25 developed during its evaluation process; and

26 (b) A summary report that describes the solicitation, evaluation
27 and prioritization processes, including but not limited to the number
28 of applications received, the total amount of funding requested, issues
29 encountered, if any, and any recommendations for process improvements
30 for future competitive rounds.

31 (6) After the legislature has approved a specific list of projects
32 in law, the department shall develop and manage appropriate contracts
33 with the selected applicants; monitor project expenditures and grantee
34 performance; report project and contract information; and exercise due
35 diligence and other contract management responsibilities as required.

36 (7) In contracts for grants authorized under this section the
37 department shall include provisions which require that capital
38 improvements shall be held by the grantee for a specified period of

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

8 NEW SECTION. **Sec. 16.** A new section is added to chapter 43.63A
9 RCW to read as follows:

10 (1) The department shall develop accountability and reporting
11 standards for grant recipients. At a minimum, the department shall use
12 the criteria listed in RCW 43.63A.125(2)(b) to evaluate the progress of
13 each grant recipient.

14 (2) Beginning January 1, 2011, the department shall submit an
15 annual report to the appropriate committees of the legislature,
16 including:

17 (a) A list of projects currently under contract with the department
18 under the building communities fund program; a description of each
19 project, its total cost, the amount of state funding awarded and
20 expended to date, the project status, the number of low-income people
21 served, and the extent to which the project has met the criteria in RCW
22 43.63A.125(2)(b); and

23 (b) Recommendations, if any, for policy and programmatic changes to
24 the building communities fund program to better achieve program
25 objectives.

26 NEW SECTION. **Sec. 17.** The legislature finds that communities
27 surrounding Washington's military bases should reflect our state's
28 appreciation of the armed forces and the value of the sacrifice of
29 military personnel stationed in our region. Declining resources for
30 new infrastructure has increased pressure on cities and counties and,
31 as urban areas have grown near Washington's military bases, these areas
32 have often developed in a pattern that has not supported the needs of
33 the military for housing and services.

34 The legislature finds that local governments can implement funding
35 options to encourage high-quality redevelopment of the neighborhoods

1 nearest the state's military bases, and infrastructure consistent with
2 the highest public health, safety, and welfare standards in a manner
3 supportive to the military's esprit de corps.

4 NEW SECTION. **Sec. 18.** A new section is added to chapter 43.330
5 RCW to read as follows:

6 (1) The department must conduct a military improvement zone pilot
7 program. The principal purpose of the pilot program is to encourage
8 the development of high-quality infrastructure and affordable housing
9 in the areas nearest to federal military bases. The pilot program must
10 also determine the effectiveness of the program in increasing the
11 development of high-quality infrastructure and additional affordable
12 housing in improvement zones. The pilot program must be administered
13 by the department.

14 (2)(a) The department, for purposes of the pilot program authorized
15 by this section, must designate qualifying areas as military
16 improvement zones.

17 (b) Applications to designate qualifying areas as improvement zones
18 may be submitted by counties or cities. To be eligible for designation
19 as an improvement zone in the pilot program, an area must:

20 (i) Be a defined geographic area consisting of a neighborhood or
21 contiguous neighborhoods;

22 (ii) Be within two miles of not more than two federal military
23 bases, which base or bases have over thirty thousand personnel
24 combined, that are wholly contained within either tract 720 or 806 as
25 designated by the United States census bureau; and

26 (iii) Demonstrate a need for infrastructure improvements that
27 result from population growth, a limited property tax base, a
28 low-income population, a lack of affordable housing, or a designation
29 of a majority of the area as qualified census tracts by the United
30 States department of housing and urban development.

31 (3) The department must:

32 (a) Develop operational guidelines and criteria for the pilot
33 program; and

34 (b) Provide technical assistance to counties and cities
35 participating in the pilot program.

36 (4) Subject to the availability of amounts appropriated for this
37 specific purpose, the department must provide grants to counties and

1 cities participating in the pilot program authorized under this
2 section. The grants must only be for public infrastructure projects
3 related to affordable housing projects for the improvement zone.
4 Authorized uses include, but are not limited to:

5 (a) Street and road construction necessary to serve the improvement
6 zone;

7 (b) Water and sewer system construction; and

8 (c) Construction of storm water and drainage management systems.

9 (5)(a) The department must provide a comprehensive pilot program
10 status report to the governor and appropriate committees of the house
11 of representatives and the senate by September 30, 2010.

12 (b) The department must report its pilot program findings and
13 recommendations to the governor and appropriate committees of the house
14 of representatives and the senate by September 30, 2012.

15 (6) As used in this section, "affordable housing" has the same
16 meaning as in RCW 43.185A.010.

17 (7) This section expires June 30, 2013.

18 NEW SECTION. **Sec. 19.** A new section is added to chapter 82.32 RCW
19 to read as follows:

20 (1) To be eligible for distributions under section 20 of this act,
21 the county or city must:

22 (a) Submit an application to the department prior to the initiation
23 of construction of the affordable housing project. The application
24 must be in a form and manner required by the department and must
25 include provisions verifying that:

26 (i) The project is in a military improvement zone designated by the
27 department under section 18 of this act;

28 (ii) The expected completion date of the construction of the
29 affordable housing project is consistent with the requirements of the
30 department;

31 (iii) The proceeds distributed under section 20 of this act will be
32 used for infrastructure that is required for the development to occur;

33 (iv) At least twenty-five percent of the housing units in the
34 project qualify as affordable housing; and

35 (v) A development agreement has been made between the developer and
36 the applicable county or city providing for: (A) The number of
37 affordable housing units to be developed; (B) site and building design

1 specifications; and (C) the infrastructure necessary for the project to
2 be constructed. The department must rule on the application within
3 forty-five days of its receipt;

4 (b) Submit an expenditure plan to the department within one hundred
5 twenty days of the date the application is submitted under (a) of this
6 subsection (1). The plan must specify the intended use of proceeds
7 distributed under section 20 of this act. The department must notify
8 the county or city of any deficiencies in the expenditure plan within
9 ninety days of its submittal.

10 (2) Proceeds distributed under section 20 of this act may only be
11 used for public infrastructure projects related to a qualifying
12 affordable housing project. Authorized uses include, but are not
13 limited to:

14 (a) Street and road construction necessary to serve the improvement
15 zone;

16 (b) Water and sewer system construction; and

17 (c) Construction of storm water and drainage management systems.

18 (3) As used in this section, "affordable housing" has the same
19 meaning as in RCW 43.185A.010.

20 (4) As used in this section, "department" means the department of
21 community, trade, and economic development.

22 (5) The department may not transfer money to the account
23 established in section 20 of this act after July 1, 2013.

24 NEW SECTION. **Sec. 20.** A new section is added to chapter 43.330
25 RCW to read as follows:

26 (1) The military improvement zone account is created in the custody
27 of the state treasurer. Receipts from the proceeds of bond sales, tax
28 revenues, budget transfers, federal appropriations, gifts, or any other
29 lawful source, specifically designated for purposes of sections 18 and
30 19 of this act, must be deposited into the account. Expenditures from
31 the account may be used by a county or city only for public
32 infrastructure projects authorized under sections 19(2) and 18(4) of
33 this act. Only the director or the director's designee may authorize
34 expenditures from the account. The account is subject to allotment
35 procedures under chapter 43.88 RCW, but an appropriation is not
36 required for expenditures.

1 (2) The department of revenue must distribute proceeds under this
2 section annually at no cost to the receiving county or city. Proceeds
3 must be distributed to a city or county by July 1st of each year,
4 beginning in the state fiscal year following the fiscal year in which
5 initiation of construction of the affordable housing project begins.

6 (3) The department of revenue may not distribute proceeds under
7 this section for construction occurring after the date of completion
8 specified in section 19(1)(a)(ii) of this act. However, the department
9 of revenue, in consultation with the department, may extend the date of
10 completion for good cause shown.

11 NEW SECTION. **Sec. 21.** A new section is added to chapter 43.330
12 RCW to read as follows:

13 (1) The department must conduct an examination of land use tools
14 and funding options that local governments can implement to encourage:

15 (a) High-quality development of the neighborhoods nearest the
16 state's military bases;

17 (b) Affordable housing for military personnel; and

18 (c) Infrastructure for this housing that is consistent with the
19 highest public health, safety, and welfare standards.

20 (2) As used in this section, "affordable housing" has the same
21 meaning as in RCW 43.185A.010.

22 (3) The department must report its findings and recommendations to
23 the governor and the appropriate committees of the house of
24 representatives and the senate by January 30, 2009.

25 NEW SECTION. **Sec. 22.** The following acts or parts of acts are
26 each repealed:

27 (1) RCW 43.160.100 (Status of board) and 1984 c 257 s 3;

28 (2) RCW 43.160.120 (Commingling of funds prohibited) and 1984 c 257
29 s 5;

30 (3) RCW 43.160.130 (Personal liability) and 1984 c 257 s 6;

31 (4) RCW 43.160.140 (Accounts) and 1987 c 422 s 8 & 1984 c 257 s 7;

32 (5) RCW 43.160.150 (Faith and credit not pledged) and 1984 c 257 s
33 8;

34 (6) RCW 43.160.160 (Security) and 1984 c 257 s 9;

35 (7) RCW 43.160.170 (Special reserve account) and 1984 c 257 s 10;

1 (8) RCW 43.160.200 (Economic development account--Eligibility for
2 assistance) and 2004 c 252 s 4, 1999 c 164 s 107, 1996 c 51 s 9, & 1995
3 c 226 s 16;

4 (9) RCW 43.160.210 (Distressed counties--Twenty percent of
5 financial assistance) and 1998 c 321 s 31 & 1998 c 55 s 5;

6 (10) RCW 43.160.220 (Distressed county public facilities
7 construction loan account) and 1998 c 321 s 9;

8 (11) RCW 43.160.230 (Job development fund program) and 2007 c 231
9 s 4 & 2005 c 425 s 2;

10 (12) RCW 43.160.240 (Job development fund program--Maximum grants)
11 and 2005 c 425 s 3; and

12 (13) RCW 44.28.801 (State public infrastructure programs and
13 funds--Inventory--Report) and 2006 c 371 s 229 & 2005 c 425 s 5.

14 NEW SECTION. **Sec. 23.** Sections 1, 2, 4 through 11, and 22 of this
15 act take effect July 1, 2009.

16 NEW SECTION. **Sec. 24.** Section 3 of this act is necessary for the
17 immediate preservation of the public peace, health, or safety, or
18 support of the state government and its existing public institutions,
19 and takes effect immediately."

20 Correct the title.

EFFECT: Retains the underlying provisions related to the
Community Economic Revitalization Board program. Establishes the
Building Communities Fund program (the program) by expanding the
existing Community Services Facilities program within the Department of
Community, Trade, and Economic Development (the Department).
Authorizes capital grants to nonprofit organizations to acquire,
construct, or rehabilitate nonresidential community services
facilities. Authorizes up to \$3 million in technical assistance grants
for project-related feasibility studies, planning, and project
management, if cash funds are appropriated. Requires proposed
facilities to be located within a distressed community, as defined, or
serve a substantial number of low-income or disadvantaged persons.
Requires the Department to solicit, and in consultation with an
advisory committee, evaluate and rank projects according to specified
criteria. Limits state grant assistance to no more than 50 percent of
the total project cost. Provides that the program funding level will
be determined in each biennial capital budget. Requires the Department

to submit each year, beginning with the 2009-2011 biennium, a ranked recommended project list covering 40 percent of the total annual funds appropriated and an unranked list of remaining eligible projects. Authorizes the Legislature, in its sole discretion, to use the unranked list to make grant awards from the remaining 60 percent of funds appropriated. Requires the Department to submit, along with the annual lists, all application materials received, working papers developed, and a summary report of specified process information and recommendations for improvement. Requires the Department to develop reporting standards for grant recipients and report evaluative information to the Legislature beginning in 2011. Directs the Department to conduct a pilot Military Improvement Zone program (MIZ pilot program) to encourage the development of high quality infrastructure and affordable housing in areas nearest to federal military bases. Requires the Department to designate qualifying areas as MIZs from applications submitted by counties or cities that meet specified census tract and need criteria. Specifies that the MIZ account established in the bill may be populated with receipts from the proceeds of bond sales, tax revenues, budget transfers, federal appropriations, gifts, or other lawful source. Requires the Department to provide grants, subject to appropriated amounts, for specified types of public infrastructure projects related to affordable housing projects for the MIZ. Requires at least 25 percent of the housing units in the project to qualify as affordable housing. Requires the Department to conduct an examination of land use tools and funding options that local governments can use to encourage high quality neighborhood development near military bases, affordable housing for military personnel, and infrastructure consistent with the highest public health, safety, and welfare standards. Requires reports to the Governor and appropriate legislative committees in 2010 and 2012.

--- END ---