

2SSB 6855 - H AMD 1558

By Representative Ormsby

WITHDRAWN 03/12/2008

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~~));  
12 the number and types of projects approved((~~τ~~));  
13 the grant or loan amount awarded each  
14 project((~~τ~~));  
15 the projected number of jobs created or retained by each  
16 project((~~τ~~));  
17 the actual number and cost of jobs created or retained by  
18 each project((~~τ~~));  
19 the wages and health benefits associated with the  
20 jobs; the amount of state funds and total capital invested in projects;  
21 the number and types of businesses assisted by funded projects; the  
22 location of funded projects; the transportation infrastructure  
23 available for completed projects; the local match and local  
24 participation obtained; the number of delinquent loans((~~τ~~));  
25 and the number of project terminations. The (~~report~~) evaluations may also  
26 include additional performance measures and recommendations for  
27 programmatic changes. (~~The first report shall be submitted by~~  
28 ~~December 1, 1994.~~)

29 (2)(a) By September 1st of each even-numbered year, the board shall  
30 forward its draft evaluation to the Washington state economic  
31 development commission for review and comment, as required in section  
32 10 of this act. The board shall provide any additional information as  
33 may be requested by the commission for the purpose of its review.

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27 each repealed:

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

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

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

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

33 (5) RCW 43.160.150 (Faith and credit not pledged) and 1984 c 257 s  
34 8;

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

36 (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. 18.** Sections 1, 2, 4 through 11, and 17 of this  
15 act take effect July 1, 2009.

16 NEW SECTION. **Sec. 19.** 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 substantive 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.

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