

HOUSE BILL REPORT

HB 3265

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to assistance to nonprofit organizations.

Brief Description: Regarding assistance to nonprofit organizations.

Sponsors: Representatives Ormsby, Kenney, Lias, Santos and Wood.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/4/08, 2/5/08 [DP].

Brief Summary of Bill

- Expands the Community Services Facilities Program to include facilities used for the delivery of nonresidential community services, specifically social service centers and multipurpose community and cultural centers.
- Requires the Department of Community, Trade and Economic Development and its citizen advisory committee to prioritize distressed area projects.
- Removes the \$10 million limit on total recommended state funding and authorizes up to \$5 million for technical assistance and planning if cash funds are provided.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass. Signed by 5 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Darneille, Rolfes and Sullivan.

Minority Report: Do not pass. Signed by 4 members: Representatives Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase and Haler.

Staff: Meg Van Schoorl (786-7105).

Background:

Community Services Facilities Program

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Department of Community, Trade and Economic Development (DCTED) administers the Community Services Facilities Program under Chapter 43.63A.125. The program offers grants on a competitive basis to non-profit organizations and other entities as determined by the DCTED for the acquisition, construction, or rehabilitation of facilities used for the delivery of nonresidential social services. The DCTED evaluates and ranks applications in consultation with a citizen advisory committee using objective criteria. Applicants must demonstrate that the assistance will increase the efficiency or quality of social services. Grant assistance cannot exceed 25 percent of the total project cost. The non-state portion of the total project cost may include cash, the value of real property when acquired solely for the project purpose, and in-kind contributions. The DCTED must submit a prioritized list of recommended projects to the Governor and Legislature in its biennial Capital Budget submission. The total state cost cannot exceed \$10 million. The DCTED cannot financially obligate funds until the Legislature has approved a specific list of projects.

Public Infrastructure Study Committee Recommendation

A proviso in the 2007-09 Capital Budget established the Study Committee on Public Infrastructure Programs and Funding Structures (Committee). The joint House-Senate bipartisan Committee was charged with making "recommendations for a comprehensive funding structure and a systematic approach to support the integration, consolidation and standardization of processes and procedures for community and economic development infrastructure programs."

Among the recommendations contained in its January 1, 2008 final report, the Committee proposed that the existing Community Services Facilities Program (Program) within the DCTED be expanded beyond nonresidential social services to also cover nonresidential community services including multipurpose community and cultural centers and that the Program prioritize projects in distressed communities. The Committee recommended that "distressed communities" be defined on the basis of school district free and reduced meals; county unemployment 20 percent above the state average for the previous three years; and/or the Small Business Administration's Historically Underutilized Business (HUB) Zones Criteria. While the focus would continue to be on capital projects, the Committee recommended that if "cash" funds were appropriated, up to \$5 million may be used for technical assistance and planning.

Distressed Area Designations

Washington's Countywide Designation. The Employment Security Department compiles an annual Distressed Areas List identifying all counties with three-year average unemployment rates equal to or greater than 120 percent of the statewide unemployment rate for the previous three years. With the statewide three year average unemployment rate at 5.6 percent from January 2004 to December 2006, 16 of Washington's 39 counties are on the Distressed Areas List for 2007.

Small Business Administration (SBA) Historically Underutilized Business (HUB) Zones. This program is designed to stimulate economic development and create jobs in urban and rural

communities. It provides federal contracting preferences to small businesses that obtain HUB Zone certification by employing staff who live in a HUB Zone and by maintaining a principal office in one of these areas. To be designated a HUB Zone, an area must be one of the following: a qualified census tract (over 175 Washington tracts qualify); a qualified non-metropolitan county (24 Washington counties qualify); lands within the external boundaries of an Indian reservation (29 Washington areas qualify); or a qualified base closure area (5 Washington areas qualify).

Federal Free and Reduced School Meals: The National School Lunch Program and the School Breakfast Program are designed to promote the health and well-being of children most in need by providing nutritious meals to children in public and private schools and residential child care institutions. Updated annually, the eligibility criteria is 130 percent of the income poverty guidelines for free meals and 185 percent for reduced-price meals. There are currently 277 public school districts, 46 private schools, and 56 residential child care institutions in Washington that participate in these programs. Participation in the programs by children from eligible families is voluntary.

Summary of Bill:

The Community Services Facilities Program is expanded to include facilities used for the delivery of nonresidential community services, specifically social service centers and multipurpose community and cultural centers. Applicants must demonstrate that the proposed project will increase the range of services provided to citizens. The DCTED and its advisory committee must prioritize projects located in distressed communities in which: a significant percentage of local elementary students receive free and reduced-price meals; or, the county unemployment rate exceeds the statewide average by 120 percent for the previous three years; or, the community meets the SBA's HUB Zones criteria. The current total limit of \$10 million in recommended projects on a biennial project list is removed. If cash funds are appropriated, up to \$5 million may be used for technical assistance and planning.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.