

# SENATE BILL REPORT

## SB 5455

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As Reported By Senate Committee On:  
Agriculture & Rural Economic Development, February 22, 2007  
Ways & Means, March 5, 2007

**Title:** An act relating to community revitalization partnerships in distressed counties.

**Brief Description:** Creating the community revitalization partnership pilot program.

**Sponsors:** Senators Morton and Rasmussen.

**Brief History:**

**Committee Activity:** Agriculture & Rural Economic Development: 2/15/07, 2/22/07[DPS-WM].

Ways & Means: 2/28/07, 3/5/07 [DP2S].

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### SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5455 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Hatfield, Vice Chair; Schoesler, Ranking Minority Member; Morton and Shin.

**Staff:** Sam Thompson (786-7413)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5455 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Richard Ramsey (786-7412)

**Background:** Rural Economically Distressed Counties: In 2006, the state Employment Security Department designated 15 counties as economically distressed because their unemployment rate was 20 percent or more above the statewide average over the previous three years. All 15 were also designated as "rural" because they had population densities of fewer than 100 persons per square mile. Rural economically distressed counties are

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characterized by high unemployment rates, low per capita incomes, inadequate infrastructure, remote locations, and lack of health care, recreational, training, and public safety services and facilities.

Rural Empowerment Zones and Rural Enterprise Communities: The U.S. Department of Agriculture (USDA) may designate Rural Empowerment Zones and Rural Enterprise Communities to help revitalize economically distressed areas. The agency provides grants under these programs to communities to develop and carry out projects promoting economic growth, infrastructure improvement, and other beneficial purposes.

In 1998, USDA designated a region in northeast Washington for assistance under the Rural Enterprise Community program. The Five Star Rural Enterprise Community includes parts of Ferry, Stevens and Pend Oreille Counties, Newport/Kalispel, and the Spokane and Colville Reservations. The USDA has informed Enterprise Communities nationwide that the program will be terminated by the end of 2008.

**Summary of Bill:** Community Revitalization Partnership Pilot Program: A Community Revitalization Partnership Pilot Program is created to enable rural economically distressed areas to plan and carry out locally-determined, comprehensive and sustainable community development projects. The Department of Community, Trade & Economic Development (CTED) will administer the program.

Rural areas eligible to apply for inclusion in the program have: populations of less than 30,000; areas of 1,000 square miles or less (government-owned land may be excluded); poverty rates of at least 17 percent in all area census tracts and 19 percent in at least 90 percent of area census tracts; and other evidence of pervasive poverty, unemployment and general distress.

Eligible projects include: constructing infrastructure; retaining, diversifying and expanding businesses and jobs; developing safe and affordable housing; providing health, public safety, social and youth services; creating accessible cultural, artistic, and recreational facilities, equipment and services; and providing youth leadership, educational, entrepreneurial and workforce training opportunities.

Local Responsibilities: Participating partnerships include a lead managing entity and partner communities sharing primary decision-making authority and accountability for: developing and updating a strategic plan and work plans for priority projects; identifying and applying for public and private financial and technical assistance; allocating and accounting for funds to implement projects; implementing a strategic plan and locally-driven projects; and encouraging participation by area residents in developing and implementing projects.

CTED Responsibilities: By September 30, 2008, CTED must identify eligible areas, solicit and evaluate applications according to specified criteria, and designate up to five areas as pilot partnership programs.

In addition, CTED must: contract with the lead managing entity in each area to formalize program requirements and award funds to support priority projects and administrative costs; perform compliance checks on projects and funding; give final approval for projects to proceed; and work with participating partnerships to develop performance measures, evaluate

projects, and report results and recommendations to the Legislature on a biennial basis. The first report to the Legislature is due by January 1, 2010.

Awards and Preferences: Awards to designated areas take effect January 1, 2009. Participating partnerships will receive an equal share of state funding, excluding funds appropriated to CTED for its own administrative costs. Designated areas will be given preference by any other state program to which they apply for support either in terms of additional points in the evaluation process or set-asides of available funding. To help determine program feasibility, CTED must approve the Five Star Enterprise Community Program as a demonstration partnership project before approving any other application.

The demonstration partnership project and designated partnerships are expected to participate in the program for ten years. CTED must reassess key economic factors in each designated area every four years and, in consultation with lead managing entity and partner communities, make adjustments in geographic areas covered.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Agriculture & Rural Economic Development):** A clause is added providing that projects in the community revitalization partnership program must be consistent with applicable environmental and land use laws. Non-substantive grammatical changes are also made.

**EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means):** The substitute bill removes the appropriations.

**Appropriation:** For fiscal year (FY) 2008: \$50,000 from the General Fund to the Department of Community, Trade & Economic Development (CTED) for agency and program administration. For FY 2009: \$362,500 from the General Fund and \$487,500 from the State Building Construction Account, all to CTED.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on January 1, 2008.

**Staff Summary of Public Testimony (Agriculture & Rural Economic Development):**  
PRO: The program established in this legislation will foster economic sustainability and community pride in rural areas suffering from high rates of unemployment. This legislation recognizes the importance of grassroots involvement, and that it is better for local people to decide the best use of funding. Community projects funded under the 5-Star Enterprise Community program—which have involved tribes, communities, schools, and state and federal agencies—have been very successful in encouraging investment and economic development. These efforts should continue.

OTHER: Long range planning should be considered.

**Persons Testifying (Agriculture & Rural Economic Development):** PRO: Kyle Desautel, Jim Schumacher, Ray King, Jeni Forman, 5-Star Enterprise Community.

OTHER: Yoshe Revelle, Global Citizen.

**Staff Summary of Public Testimony (Ways & Means):** PRO: The bill is not just a hand-out; rather, it creates a guide for impoverished rural communities to help themselves.

**Persons Testifying (Ways & Means):** PRO: Senator Morton, prime sponsor.