
SUBSTITUTE HOUSE BILL 1441

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Kenney, Haler, Pettigrew, Blake, Dickerson, Morrell, Hasegawa, Flannigan, Ormsby, McCoy, Santos, Sells, Haigh, Cody, Quall, VanDeWege, Ericks, Grant, Lantz, Hankins, Hudgins, P. Sullivan, Williams, Skinner, Conway, Wood and O'Brien)

READ FIRST TIME 01/31/07.

1 AN ACT Relating to the creation of the joint legislative community
2 development fund committee; amending RCW 44.04.260; adding a new
3 chapter to Title 44 RCW; creating a new section; making appropriations;
4 and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** INTENT. (1) The legislature recognizes that
7 although many regions of the state are thriving, there are still
8 distressed communities throughout rural and urban Washington where
9 investments in economic development and social services initiatives
10 could create vibrant local business districts and prosperous
11 neighborhoods. Communities, whether they are formed by cultural
12 identity, geography, or other characteristics, can grow strong with a
13 long-term vision and the synergy of crucial investments. Providing
14 these investments is critical for the economic health of local
15 communities, helps build strong relationships with the state, and
16 expands life opportunities for underserved populations.

17 (2) The legislature further recognizes that private nonprofit
18 corporations fill an important public purpose in providing health,
19 safety, and welfare services to our state's residents. Acting through

1 partnerships with governmental entities, these private sector providers
2 are able to increase the amount and quality of services available to
3 state residents, conferring a valuable benefit on the public.

4 (3) The legislature therefore finds that existing programs by
5 governmental entities and private nonprofit organizations to help
6 distressed communities and underserved populations could be enhanced by
7 creating the community development fund.

8 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
9 section apply throughout this chapter unless the context clearly
10 requires otherwise.

11 (1) "Access to human services" means resources to help people in
12 the communities access services including, but not limited to, health
13 care, state programs, education, and workforce development and
14 placement programs.

15 (2) "Capacity building" means supporting the development and
16 stability of community organizations and programs including building
17 cooperative relationships between communities with established
18 nonprofit organizations.

19 (3) "Committee" means the joint legislative community development
20 fund committee.

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

23 (5) "Director" means the executive officer of the joint legislative
24 community development fund committee.

25 (6) "Nonprofit organization" means an organization that is tax
26 exempt, or not required to apply for an exemption, under section
27 501(c)(3) or 501(c)(6) of the federal internal revenue code of 1986, as
28 amended.

29 (7) "Technical assistance" means providing professional services
30 under contract to emerging or expanding nonprofit organizations that
31 will enable them to initiate or improve service to their customers.

32 NEW SECTION. **Sec. 3.** FUND CREATION AND PURPOSE. The community
33 development fund is created in the state treasury. Moneys in the fund
34 may be spent only after appropriation. The fund shall be used for
35 capacity-building, technical assistance, and capital project grants

1 through a competitive process to qualifying governmental entities and
2 nonprofit organizations to:

3 (1) Support local economic development initiatives, particularly
4 those that encourage small business start-up and sustainability;

5 (2) Offer access to human services that help local communities care
6 for those in need;

7 (3) Provide education and recreational opportunities separate from
8 the public education system;

9 (4) Strengthen local capacity to establish goals, carry out
10 initiatives, and build cooperative relationships within their
11 communities; and

12 (5) Support capital projects that further community objectives.

13 NEW SECTION. **Sec. 4.** GOVERNANCE. (1)(a) The joint legislative
14 community development fund committee is created, which shall consist of
15 three members of the senate and three members of the house of
16 representatives.

17 (i) The president of the senate shall appoint three members to the
18 committee, two members from the majority caucus of the senate and one
19 member from the minority caucus of the senate.

20 (ii) The speaker of the house of representatives shall appoint
21 three members to the committee, two members from the majority caucus of
22 the house of representatives and one member from the minority caucus of
23 the house of representatives.

24 (b) The committee may include legislators from rural and urban
25 distressed areas.

26 (c) Members shall be appointed to two-year terms.

27 (d) Vacancies on the committee shall be filled by the appointing
28 official as designated in (a)(i) and (ii) of this subsection. All
29 vacancies shall be filled from the same political party and from the
30 same house of the legislature as the member whose seat was vacated.

31 (2) The members of the committee shall serve without additional
32 compensation, but shall be reimbursed for their travel expenses in
33 accordance with RCW 44.04.120 for attending meetings of the committee
34 or a subcommittee of the committee, or while engaged in other business
35 authorized by the committee.

36 (3) The administration of the committee is subject to RCW
37 44.04.260.

1 NEW SECTION. **Sec. 5.** COMMITTEE POWERS AND DUTIES. Subject to RCW
2 44.04.260, the committee has the power and duty to:

3 (1) Establish and conduct a competitive process to solicit,
4 evaluate, and prioritize project proposals to invest the community
5 development fund in economic development and social services
6 initiatives in distressed rural and urban areas;

7 (2) Hire and fix the salary of a director. Employee salaries,
8 other than the director's salary, shall be set by the director with the
9 approval of the committee;

10 (3) Appoint its own cochairs, one from the senate and one from the
11 house of representatives, and adopt rules and procedures for its
12 orderly operation. The committee may create subcommittees to perform
13 duties under this chapter; and

14 (4) Cooperate, act, and function with the Washington state
15 legislature including but not limited to: (a) Submitting a prioritized
16 list of projects for funding each biennium through the community
17 development fund; and (b) recommending statutory or budgetary changes
18 to enhance the effectiveness of, or the resources available in, the
19 community development fund.

20 NEW SECTION. **Sec. 6.** GRANT-MAKING PROCESS AND CRITERIA. The
21 committee shall establish and conduct a competitive process to solicit,
22 evaluate, and prioritize projects that propose to invest in economic
23 development and social services initiatives in distressed rural and
24 urban areas, as follows:

25 (1) The committee shall determine a process to notify qualifying
26 governmental entities and nonprofit organizations of the availability
27 of moneys through the community development fund.

28 (2) The committee shall conduct an application, evaluation, and
29 prioritization process according to the following criteria:

30 (a) The applicant demonstrates a long-term vision for the
31 development of the community, using the synergy of enhanced services,
32 infrastructure, and community improvements;

33 (b) The applicant demonstrates that the state's investment in the
34 project is critical; and

35 (c) The applicant demonstrates that the applicant has the ability
36 to fulfill the terms of the grant agreement.

1 (3) The committee may also consider the following criteria in its
2 evaluation of proposals:

3 (a) Severity of economic distress including poverty, unemployment,
4 low-income residents, dependence upon public assistance, job loss,
5 plant closures, outmigration, incidence of crime, abandoned housing
6 stock, deteriorated infrastructure, and other measures of distress;

7 (b) Evidence that there is an unmet need for human and social
8 services, youth education, or workforce training;

9 (c) Evidence that the project will achieve its stated goals
10 including:

11 (i) Creating new or retaining existing jobs;

12 (ii) Increasing local economic development opportunities;

13 (iii) Providing residents with needed human and social services; or

14 (iv) Providing the workforce and youth with needed education and
15 training opportunities;

16 (d) Extent to which the grassroots community, local leaders, and
17 partners are involved in developing and carrying out the project; and

18 (e) Other relevant criteria as determined by the committee.

19 (4) The committee must submit a prioritized list of recommended
20 projects for full legislative consideration either as a bill or as a
21 budget request. The list must include a description of each
22 prioritized project and the amount of recommended funding. In addition
23 to the prioritized list, an alternate list of prioritized grants may
24 also be submitted. The legislature may remove projects from the list
25 recommended by the committee; however, the legislature may not change
26 the prioritization of the list. If a project is removed from the list,
27 the legislature may add projects from the alternate list in order of
28 priority.

29 (5) After the legislature has approved a specific list of projects
30 in law, the department shall develop and manage appropriate contracts
31 with the selected applicants; monitor project expenditures and grantee
32 performance; report project and contract information as the committee
33 may request; and exercise due diligence and other contract management
34 responsibilities as required. The department may not sign agreements
35 or otherwise financially obligate funds under this section until the
36 legislature has approved a specific list of projects in law.

37 (6) In contracts for grants authorized under this section, the
38 department shall include provisions which require that capital

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

9 (7) The grant-making process and criteria described in this section
10 shall be used by the committee for community development fund grants
11 beginning with the 2009-2011 fiscal biennium, and each biennium
12 thereafter.

13 NEW SECTION. **Sec. 7.** ACCOUNTABILITY AND REPORTS. (1) The
14 committee shall develop accountability and reporting standards for
15 grant recipients.

16 (2) The committee shall submit a report each biennium to the
17 appropriate committees of the legislature, including at a minimum:

- 18 (a) The results of projects funded during the current biennium;
19 (b) Recommendations for policy and programmatic changes to the
20 community development fund; and
21 (c) A list of prioritized projects and amounts proposed for funding
22 in the subsequent biennium.

23 (3) The committee shall submit its initial report by January 1,
24 2009, when, in addition to providing the information required in
25 subsection (2) of this section, the committee shall propose one or more
26 sources of ongoing funding for the community development fund.

27 **Sec. 8.** RCW 44.04.260 and 2005 c 319 s 112 are each amended to
28 read as follows:

29 The joint legislative audit and review committee, the joint
30 transportation committee, the select committee on pension policy, the
31 legislative evaluation and accountability program committee, the joint
32 legislative community development fund committee, and the joint
33 legislative systems committee are subject to such operational policies,
34 procedures, and oversight as are deemed necessary by the facilities and
35 operations committee of the senate and the executive rules committee of
36 the house of representatives to ensure operational adequacy of the

1 agencies of the legislative branch. As used in this section,
2 "operational policies, procedures, and oversight" includes the
3 development process of biennial budgets, contracting procedures,
4 personnel policies, and compensation plans, selection of a chief
5 administrator, facilities, and expenditures. This section does not
6 grant oversight authority to the facilities and operations committee of
7 the senate over any standing committee of the house of representatives
8 or oversight authority to the executive rules committee of the house of
9 representatives over any standing committee of the senate.

10 NEW SECTION. **Sec. 9.** STATE GENERAL FUND APPROPRIATION TO THE
11 COMMUNITY DEVELOPMENT FUND. The sum of three hundred fifty thousand
12 dollars, or as much thereof as may be necessary, is appropriated for
13 the fiscal year ending June 30, 2007, from the state general fund to
14 the community development fund for the purposes of this act.

15 NEW SECTION. **Sec. 10.** COMMUNITY DEVELOPMENT FUND APPROPRIATION TO
16 THE COMMITTEE. The sum of three hundred fifty thousand dollars, or as
17 much thereof as may be necessary, is appropriated for the biennium
18 ending June 30, 2009, from the community development fund to the joint
19 legislative community development fund committee for the purposes of
20 this act.

21 NEW SECTION. **Sec. 11.** CAPTIONS. Captions used in this act are
22 not any part of the law.

23 NEW SECTION. **Sec. 12.** CODIFICATION. Sections 1 through 7 of this
24 act constitute a new chapter in Title 44 RCW.

25 NEW SECTION. **Sec. 13.** Section 9 of this act is necessary for the
26 support of state government by providing funding for vital community
27 projects and takes effect immediately.

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