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HOUSE BILL 1441

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State of Washington

60th Legislature

2007 Regular Session

**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 01/19/2007. Referred to Committee on Community & Economic Development & Trade.

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 new sections; 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 must include legislators from rural and urban  
25 communities who have expertise in local economic development, social  
26 and human services, education, and local infrastructure development.

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

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

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

1 (3) The administration of the committee is subject to RCW  
2 44.04.260.

3 NEW SECTION. **Sec. 5.** COMMITTEE POWERS AND DUTIES. Subject to RCW  
4 44.04.260, the committee has the power and duty to:

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (c) Evidence that the project will achieve its stated goals  
12 including:

13 (i) Creating new or retaining existing jobs;

14 (ii) Increasing local economic development opportunities;

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

16 (iv) Providing the workforce and youth with needed education and  
17 training opportunities;

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

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

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

31 (5) 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 as the committee  
35 may request; and exercise due diligence and other contract management  
36 responsibilities as required. The department may not sign agreements  
37 or otherwise financially obligate funds under this section until the  
38 legislature has approved a specific list of projects in law.

1 (6) In contracts for grants authorized under this section, the  
2 department shall include provisions which require that capital  
3 improvements must be held by the grantee for a specific period of time  
4 appropriate to the amount of the grant and that facilities must be used  
5 for the express purpose of the grant. If the grantee is found to be  
6 out of compliance with provisions of the contract, the grantee shall  
7 repay to the community development fund the principal amount of the  
8 grant plus interest calculated at the rate of interest on state of  
9 Washington general obligation bonds issued most closely to the date of  
10 authorization of the grant.

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

15 NEW SECTION. **Sec. 7.** PILOT PROJECTS. (1) Notwithstanding the  
16 competitive process contained in section 6 of this act, for the 2007-  
17 2009 biennium, the following pilot projects are authorized to determine  
18 the feasibility of the community development fund, subject to the  
19 following limitations:

20 (a) The KNDA community center project award shall not exceed  
21 \$500,000 from the state building construction account;

22 (b) The Casa Latina project award shall not exceed \$250,000 from  
23 the state building construction account;

24 (c) The Sea Mar family housing community project award shall not  
25 exceed \$1,500,000 from the state building construction account;

26 (d) The El Centro de la Raza project award shall not exceed  
27 \$821,000 from the state building construction account;

28 (e) The refugee and immigrant community development project award  
29 shall not exceed \$100,000 from the community development fund;

30 (f) The Hill top renaissance community project award shall not  
31 exceed \$7,000,000 from the state building construction account,  
32 including \$5,000,000 for the Martin Luther King housing development  
33 authority and \$2,000,000 for Centro Latino;

34 (g) The Salishan project award shall not exceed \$3,000,000 from the  
35 state building construction account;

36 (h) The Ilwaco community building project award shall not exceed  
37 \$2,800,000 from the state building construction account;

1 (i) The Spokane community programs project award shall not exceed  
2 \$1,000,000 from the state building construction account for the Spokane  
3 northeast community center, \$470,000 from the state building  
4 construction account for the Spokane Emmanuel center, and \$150,000 from  
5 the state building construction account for the Spokane east central  
6 community center;

7 (j) The Homesight center project award shall not exceed \$300,000  
8 from the state building construction account;

9 (k) The north helpline project award shall not exceed \$350,000 from  
10 the state building construction account;

11 (l) The Japanese cultural center of Washington project award shall  
12 not exceed \$1,300,000 from the state building construction account; and

13 (m) The divine alternatives for dads services (DADS) center project  
14 award shall not exceed \$20,000 from the state building construction  
15 account.

16 (2) After the legislature has approved a specific list of pilot  
17 projects in law, the department shall develop and manage appropriate  
18 contracts with the grantees; monitor project expenditures and grantee  
19 performance; report project and contract information as the committee  
20 may request; and exercise due diligence and other contract management  
21 responsibilities as required. The department may not sign agreements  
22 or otherwise financially obligate funds under this section until the  
23 legislature has approved a specific list of pilot projects in law.

24 (3) In contracts for grants authorized under this section, the  
25 department shall include provisions which require that capital  
26 improvements must be held by the grantee for a specific period of time  
27 appropriate to the amount of the grant and that facilities must be used  
28 for the express purpose of the grant. If the grantee is found to be  
29 out of compliance with provisions of the contract, the grantee shall  
30 repay to the community development fund the principal amount of the  
31 grant plus interest calculated at the rate of interest on state of  
32 Washington general obligation bonds issued most closely to the date of  
33 authorization of the grant.

34 NEW SECTION. **Sec. 8. ACCOUNTABILITY AND REPORTS.** (1) The  
35 committee shall develop accountability and reporting standards for  
36 grant recipients.

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

3 (a) The results of projects funded during the current biennium;

4 (b) Recommendations for policy and programmatic changes to the  
5 community development fund; and

6 (c) A list of prioritized projects and amounts proposed for funding  
7 in the subsequent biennium.

8 (3) The committee shall submit its initial report by January 1,  
9 2009, when, in addition to providing the information required in  
10 subsection (2) of this section, the committee shall propose one or more  
11 sources of ongoing funding for the community development fund.

12 **Sec. 9.** RCW 44.04.260 and 2005 c 319 s 112 are each amended to  
13 read as follows:

14 The joint legislative audit and review committee, the joint  
15 transportation committee, the select committee on pension policy, the  
16 legislative evaluation and accountability program committee, the joint  
17 legislative community development fund committee, and the joint  
18 legislative systems committee are subject to such operational policies,  
19 procedures, and oversight as are deemed necessary by the facilities and  
20 operations committee of the senate and the executive rules committee of  
21 the house of representatives to ensure operational adequacy of the  
22 agencies of the legislative branch. As used in this section,  
23 "operational policies, procedures, and oversight" includes the  
24 development process of biennial budgets, contracting procedures,  
25 personnel policies, and compensation plans, selection of a chief  
26 administrator, facilities, and expenditures. This section does not  
27 grant oversight authority to the facilities and operations committee of  
28 the senate over any standing committee of the house of representatives  
29 or oversight authority to the executive rules committee of the house of  
30 representatives over any standing committee of the senate.

31 NEW SECTION. **Sec. 10.** STATE GENERAL FUND APPROPRIATION TO THE  
32 COMMUNITY DEVELOPMENT FUND. The sum of seven hundred thousand dollars,  
33 or as much thereof as may be necessary, is appropriated for the fiscal  
34 year ending June 30, 2007, from the state general fund to the community  
35 development fund for the purposes of this act.

1        NEW SECTION.    **Sec. 11.**    COMMUNITY DEVELOPMENT FUND APPROPRIATION TO  
2 THE COMMITTEE.    The sum of three hundred fifty thousand dollars, or as  
3 much thereof as may be necessary, is appropriated for the biennium  
4 ending June 30, 2009, from the community development fund to the joint  
5 legislative community development fund committee for the purposes of  
6 this act.

7        NEW SECTION.    **Sec. 12.**    COMMUNITY DEVELOPMENT FUND APPROPRIATION  
8 FOR DEPARTMENT ADMINISTRATION.    The sum of one hundred thousand  
9 dollars, or as much thereof as may be necessary, is appropriated for  
10 the biennium ending June 30, 2009, from the community development fund  
11 to the department of community, trade, and economic development for  
12 administrative costs associated with implementing section 7 of this  
13 act.

14        NEW SECTION.    **Sec. 13.**    COMMUNITY DEVELOPMENT FUND APPROPRIATION  
15 FOR TECHNICAL ASSISTANCE GRANTS.    The sum of one hundred fifty thousand  
16 dollars, or as much thereof as may be necessary, is appropriated for  
17 the biennium ending June 30, 2009, from the community development fund  
18 to the department of community, trade, and economic development for  
19 technical assistance grants to support the development of the pilot  
20 projects authorized in section 7 of this act.

21        NEW SECTION.    **Sec. 14.**    COMMUNITY DEVELOPMENT FUND APPROPRIATION TO  
22 THE DEPARTMENT FOR PILOT PROJECTS.    The sum of one hundred thousand  
23 dollars, or as much thereof as may be necessary, is appropriated for  
24 the biennium ending June 30, 2009, from the community development fund  
25 to the department of community, trade, and economic development for the  
26 purpose of implementing section 7 of this act.

27        NEW SECTION.    **Sec. 15.**    STATE BUILDING CONSTRUCTION ACCOUNT  
28 APPROPRIATION TO THE DEPARTMENT.    The sum of nineteen million four  
29 hundred sixty-one thousand dollars, or as much thereof as may be  
30 necessary, is appropriated for the biennium ending June 30, 2009, from  
31 the state building construction account to the department of community,  
32 trade, and economic development for the purpose of implementing section  
33 7 of this act.

1        NEW SECTION.   **Sec. 16.**   CAPTIONS.   Captions used in this act are  
2   not any part of the law.

3        NEW SECTION.   **Sec. 17.**   CODIFICATION.   Sections 1 through 6 and 8  
4   of this act constitute a new chapter in Title 44 RCW.

5        NEW SECTION.   **Sec. 18.**   Section 10 of this act is necessary for the  
6   support of state government by providing funding for vital community  
7   projects and takes effect immediately.

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