

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 6855

Chapter 327, Laws of 2008

(partial veto)

60th Legislature
2008 Regular Session

ECONOMIC DEVELOPMENT--FUNDING

EFFECTIVE DATE: 06/12/08 - Except section 3, which becomes effective 04/01/08; and sections 1, 2, 4 through 11, and 17, which become effective 07/01/09.

Passed by the Senate March 12, 2008
YEAS 49 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House March 12, 2008
YEAS 64 NAYS 33

FRANK CHOPP

Speaker of the House of Representatives

Approved April 1, 2008, 4:31 p.m., with the exception of sections 10 and 12 which are vetoed.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 6855** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

April 2, 2008

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 6855

AS AMENDED BY THE HOUSE

Passed Legislature - 2008 Regular Session

State of Washington 60th Legislature 2008 Regular Session

By Senate Ways & Means (originally sponsored by Senators Kilmer, Brandland, Hatfield, and McAuliffe)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to dedicated funding for jobs, economic
2 development, and local capital projects; amending RCW 43.160.020,
3 43.160.030, 43.160.050, 43.160.060, 43.160.070, 43.160.074, 43.160.900,
4 43.160.080, and 43.63A.125; reenacting and amending RCW 43.160.010 and
5 43.160.076; adding a new section to chapter 43.162 RCW; adding new
6 sections to chapter 43.63A RCW; repealing RCW 43.160.100, 43.160.120,
7 43.160.130, 43.160.140, 43.160.150, 43.160.160, 43.160.170, 43.160.200,
8 43.160.210, 43.160.220, 43.160.230, 43.160.240, and 44.28.801;
9 providing an effective date; and declaring an emergency.

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

11 **Sec. 1.** RCW 43.160.010 and 1999 c 164 s 101 and 1999 c 94 s 5 are
12 each reenacted and amended to read as follows:

13 (1) The legislature finds that it is the public policy of the state
14 of Washington to direct financial resources toward the fostering of
15 economic development through the stimulation of investment and job
16 opportunities and the retention of sustainable existing employment for
17 the general welfare of the inhabitants of the state. Reducing
18 unemployment and reducing the time citizens remain jobless is important
19 for the economic welfare of the state. A valuable means of fostering

1 economic development is the construction of public facilities which
2 contribute to the stability and growth of the state's economic base.
3 (~~Strengthening the economic base through issuance of industrial~~
4 ~~development bonds, whether single or umbrella, further serves to reduce~~
5 ~~unemployment. Consolidating issues of industrial development bonds~~
6 ~~when feasible to reduce costs additionally advances the state's purpose~~
7 ~~to improve economic vitality.)) Expenditures made for these purposes
8 as authorized in this chapter are declared to be in the public
9 interest, and constitute a proper use of public funds. A community
10 economic revitalization board is needed which shall aid the development
11 of economic opportunities. The general objectives of the board should
12 include:~~

13 (a) Strengthening the economies of areas of the state which have
14 experienced or are expected to experience chronically high unemployment
15 rates or below average growth in their economies;

16 (b) Encouraging the diversification of the economies of the state
17 and regions within the state in order to provide greater seasonal and
18 cyclical stability of income and employment;

19 (c) Encouraging wider access to financial resources for both large
20 and small industrial development projects;

21 (d) Encouraging new economic development or expansions to maximize
22 employment;

23 (e) Encouraging the retention of viable existing firms and
24 employment; and

25 (f) Providing incentives for expansion of employment opportunities
26 for groups of state residents that have been less successful relative
27 to other groups in efforts to gain permanent employment.

28 (2) The legislature also finds that the state's economic
29 development efforts can be enhanced by, in certain instances, providing
30 funds to improve state highways, county roads, or city streets for
31 industries considering locating or expanding in this state.

32 (~~(a)~~) (3) The legislature finds it desirable to provide a process
33 whereby the need for diverse public works improvements necessitated by
34 planned economic development can be addressed in a timely fashion and
35 with coordination among all responsible governmental entities.

36 (~~(b)~~) ~~All transportation improvements on state highways must first~~
37 ~~be approved by the state transportation commission and the community~~

1 ~~economic revitalization board in accordance with the procedures~~
2 ~~established by RCW 43.160.074 and 47.01.280.~~

3 ~~(3))~~ (4) The legislature also finds that the state's economic
4 development efforts can be enhanced by, in certain instances, providing
5 funds to assist development of telecommunications infrastructure that
6 supports business development, retention, and expansion in ~~((rural~~
7 ~~natural resources impact areas and rural counties of))~~ the state.

8 ~~((4))~~ (5) The legislature also finds that the state's economic
9 development efforts can be enhanced by providing funds to improve
10 markets for those recyclable materials representing a large fraction of
11 the waste stream. The legislature finds that public facilities which
12 result in private construction of processing or remanufacturing
13 facilities for recyclable materials are eligible for consideration from
14 the board.

15 ~~((5))~~ (6) The legislature finds that sharing economic growth
16 statewide is important to the welfare of the state. ~~((Rural counties~~
17 ~~and rural natural resources impact areas do not share in the economic~~
18 ~~vitality of the Puget Sound region.))~~ The ability of ~~((these))~~
19 communities to pursue business and job retention, expansion, and
20 development opportunities depends on their capacity to ready necessary
21 economic development project plans, sites, permits, and infrastructure
22 for private investments. Project-specific planning, predevelopment,
23 and infrastructure are critical ingredients for economic development.
24 ~~((Rural counties and rural natural resources impact areas generally~~
25 ~~lack these necessary tools and resources to diversify and revitalize~~
26 ~~their economies.))~~ It is, therefore, the intent of the legislature to
27 increase the amount of funding available through the community economic
28 revitalization board ~~((for rural counties and rural natural resources~~
29 ~~impact areas,))~~ and to authorize flexibility for available resources in
30 these areas to help fund planning, predevelopment, and construction
31 costs of infrastructure and facilities and sites that foster economic
32 vitality and diversification.

33 **Sec. 2.** RCW 43.160.020 and 2004 c 252 s 1 are each amended to read
34 as follows:

35 Unless the context clearly requires otherwise, the definitions in
36 this section apply throughout this chapter.

37 (1) "Board" means the community economic revitalization board.

1 ~~(2) ("Bond" means any bond, note, debenture, interim certificate,~~
2 ~~or other evidence of financial indebtedness issued by the board~~
3 ~~pursuant to this chapter.~~

4 ~~(3))~~ "Department" means the department of community, trade, and
5 economic development.

6 ~~((4) "Financial institution" means any bank, savings and loan~~
7 ~~association, credit union, development credit corporation, insurance~~
8 ~~company, investment company, trust company, savings institution, or~~
9 ~~other financial institution approved by the board and maintaining an~~
10 ~~office in the state.~~

11 ~~(5) "Industrial development facilities" means "industrial~~
12 ~~development facilities" as defined in RCW 39.84.020.~~

13 ~~(6) "Industrial development revenue bonds" means tax exempt revenue~~
14 ~~bonds used to fund industrial development facilities.~~

15 ~~(7))~~ (3) "Local government" or "political subdivision" means any
16 port district, county, city, town, special purpose district, and any
17 other municipal corporations or quasi-municipal corporations in the
18 state providing for public facilities under this chapter.

19 ~~((8) "Sponsor" means any of the following entities which~~
20 ~~customarily provide service or otherwise aid in industrial or other~~
21 ~~financing and are approved as a sponsor by the board: A bank, trust~~
22 ~~company, savings bank, investment bank, national banking association,~~
23 ~~savings and loan association, building and loan association, credit~~
24 ~~union, insurance company, or any other financial institution,~~
25 ~~governmental agency, or holding company of any entity specified in this~~
26 ~~subsection.~~

27 ~~(9) "Umbrella bonds" means industrial development revenue bonds~~
28 ~~from which the proceeds are loaned, transferred, or otherwise made~~
29 ~~available to two or more users under this chapter.~~

30 ~~(10) "User" means one or more persons acting as lessee, purchaser,~~
31 ~~mortgagor, or borrower under a financing document and receiving or~~
32 ~~applying to receive revenues from bonds issued under this chapter.~~

33 ~~(11))~~ (4) "Public facilities" means a project of a local
34 government or a federally recognized Indian tribe for the planning,
35 acquisition, construction, repair, reconstruction, replacement,
36 rehabilitation, or improvement of bridges, roads, domestic and
37 industrial water, earth stabilization, sanitary sewer, storm sewer,

1 railroad, electricity, telecommunications, transportation, natural gas,
2 buildings or structures, and port facilities, all for the purpose of
3 job creation, job retention, or job expansion.

4 ~~((12))~~ (5) "Rural county" means a county with a population
5 density of fewer than one hundred persons per square mile or a county
6 smaller than two hundred twenty-five square miles, as determined by the
7 office of financial management and published each year by the
8 department for the period July 1st to June 30th.

9 ~~((13))~~ "Rural natural resources impact area" means:

10 ~~(a) A nonmetropolitan county, as defined by the 1990 decennial~~
11 ~~census, that meets three of the five criteria set forth in subsection~~
12 ~~(14) of this section;~~

13 ~~(b) A nonmetropolitan county with a population of less than forty~~
14 ~~thousand in the 1990 decennial census, that meets two of the five~~
15 ~~criteria as set forth in subsection (14) of this section; or~~

16 ~~(c) A nonurbanized area, as defined by the 1990 decennial census,~~
17 ~~that is located in a metropolitan county that meets three of the five~~
18 ~~criteria set forth in subsection (14) of this section.~~

19 ~~(14) For the purposes of designating rural natural resources impact~~
20 ~~areas, the following criteria shall be considered:~~

21 ~~(a) A lumber and wood products employment location quotient at or~~
22 ~~above the state average;~~

23 ~~(b) A commercial salmon fishing employment location quotient at or~~
24 ~~above the state average;~~

25 ~~(c) Projected or actual direct lumber and wood products job losses~~
26 ~~of one hundred positions or more;~~

27 ~~(d) Projected or actual direct commercial salmon fishing job losses~~
28 ~~of one hundred positions or more; and~~

29 ~~(e) An unemployment rate twenty percent or more above the state~~
30 ~~average. The counties that meet these criteria shall be determined by~~
31 ~~the employment security department for the most recent year for which~~
32 ~~data is available. For the purposes of administration of programs~~
33 ~~under this chapter, the United States post office five digit zip code~~
34 ~~delivery areas will be used to determine residence status for~~
35 ~~eligibility purposes. For the purpose of this definition, a zip code~~
36 ~~delivery area of which any part is ten miles or more from an urbanized~~
37 ~~area is considered nonurbanized. A zip code totally surrounded by zip~~
38 ~~codes qualifying as nonurbanized under this definition is also~~

1 ~~considered nonurbanized. The office of financial management shall make~~
2 ~~available a zip code listing of the areas to all agencies and~~
3 ~~organizations providing services under this chapter.)~~

4 **Sec. 3.** RCW 43.160.030 and 2004 c 252 s 2 are each amended to read
5 as follows:

6 (1) The community economic revitalization board is hereby created
7 to exercise the powers granted under this chapter.

8 (2) The board shall consist of one member from each of the two
9 major caucuses of the house of representatives to be appointed by the
10 speaker of the house and one member from each of the two major caucuses
11 of the senate to be appointed by the president of the senate. The
12 board shall also consist of the following members appointed by the
13 governor: A recognized private or public sector economist; one port
14 district official; one county official; one city official; one
15 representative of a federally recognized Indian tribe; one
16 representative of the public; one representative of small businesses
17 each from: (a) The area west of Puget Sound, (b) the area east of
18 Puget Sound and west of the Cascade range, (c) the area east of the
19 Cascade range and west of the Columbia river, and (d) the area east of
20 the Columbia river; one executive from large businesses each from the
21 area west of the Cascades and the area east of the Cascades. The
22 appointive members shall initially be appointed to terms as follows:
23 Three members for one-year terms, three members for two-year terms, and
24 three members for three-year terms which shall include the chair.
25 Thereafter each succeeding term shall be for three years. The chair of
26 the board shall be selected by the governor. The members of the board
27 shall elect one of their members to serve as vice-chair. The director
28 of community, trade, and economic development, the director of revenue,
29 the commissioner of employment security, and the secretary of
30 transportation shall serve as nonvoting advisory members of the board.

31 (3) Management services, including fiscal and contract services,
32 shall be provided by the department to assist the board in implementing
33 this chapter (~~(and the allocation of private activity bonds)~~).

34 (4) Members of the board shall be reimbursed for travel expenses as
35 provided in RCW 43.03.050 and 43.03.060.

36 (5) If a vacancy occurs by death, resignation, or otherwise of
37 appointive members of the board, the governor shall fill the same for

1 the unexpired term. Members of the board may be removed for
2 malfeasance or misfeasance in office, upon specific written charges by
3 the governor, under chapter 34.05 RCW.

4 (6) A member appointed by the governor may not be absent from more
5 than fifty percent of the regularly scheduled meetings in any one
6 calendar year. Any member who exceeds this absence limitation is
7 deemed to have withdrawn from the office and may be replaced by the
8 governor.

9 (7) A majority of members currently appointed constitutes a quorum.

10 **Sec. 4.** RCW 43.160.050 and 1996 c 51 s 4 are each amended to read
11 as follows:

12 The board may:

13 (1) Adopt bylaws for the regulation of its affairs and the conduct
14 of its business.

15 (2) Adopt an official seal and alter the seal at its pleasure.

16 (3) Utilize the services of other governmental agencies.

17 (4) Accept from any federal agency loans or grants for the planning
18 or financing of any project and enter into an agreement with the agency
19 respecting the loans or grants.

20 (5) Conduct examinations and investigations and take testimony at
21 public hearings of any matter material for its information that will
22 assist in determinations related to the exercise of the board's lawful
23 powers.

24 (6) Accept any gifts, grants, or loans of funds, property, or
25 financial or other aid in any form from any other source on any terms
26 and conditions which are not in conflict with this chapter.

27 ~~(7) ((Exercise all the powers of a public corporation under chapter~~
28 ~~39.84 RCW.~~

29 ~~(8) Invest any funds received in connection with industrial~~
30 ~~development revenue bond financing not required for immediate use, as~~
31 ~~the board considers appropriate, subject to any agreements with owners~~
32 ~~of bonds.~~

33 ~~(9) Arrange for lines of credit for industrial development revenue~~
34 ~~bonds from and enter into participation agreements with any financial~~
35 ~~institution.~~

36 ~~(10) Issue industrial development revenue bonds in one or more~~

1 ~~series for the purpose of defraying the cost of acquiring or improving~~
2 ~~any industrial development facility or facilities and securing the~~
3 ~~payment of the bonds as provided in this chapter.~~

4 ~~(11)) Enter into agreements or other transactions with and accept~~
5 ~~grants and the cooperation of any governmental agency in furtherance of~~
6 ~~this chapter.~~

7 ~~((12) Sell, purchase, or insure loans to finance the costs of~~
8 ~~industrial development facilities.~~

9 ~~(13) Service, contract, and pay for the servicing of loans for~~
10 ~~industrial development facilities.~~

11 ~~(14) Provide financial analysis and technical assistance for~~
12 ~~industrial development facilities when the board reasonably considers~~
13 ~~it appropriate.~~

14 ~~(15) Collect, with respect to industrial development revenue bonds,~~
15 ~~reasonable interest, fees, and charges for making and servicing its~~
16 ~~lease agreements, loan agreements, mortgage loans, notes, bonds,~~
17 ~~commitments, and other evidences of indebtedness. Interest, fees, and~~
18 ~~charges are limited to the amounts required to pay the costs of the~~
19 ~~board, including operating and administrative expenses and reasonable~~
20 ~~allowances for losses that may be incurred.~~

21 ~~(16) Procure insurance or guarantees from any party as allowable~~
22 ~~under law, including a governmental agency, against any loss in~~
23 ~~connection with its lease agreements, loan agreements, mortgage loans,~~
24 ~~and other assets or property.~~

25 ~~(17)) (8) Adopt rules under chapter 34.05 RCW as necessary to~~
26 ~~carry out the purposes of this chapter.~~

27 ~~((18)) (9) Do all acts and things necessary or convenient to~~
28 ~~carry out the powers expressly granted or implied under this chapter.~~

29 **Sec. 5.** RCW 43.160.060 and 2007 c 231 s 3 are each amended to read
30 as follows:

31 The board is authorized to make direct loans to political
32 subdivisions of the state and to federally recognized Indian tribes for
33 the purposes of assisting the political subdivisions and federally
34 recognized Indian tribes in financing the cost of public facilities,
35 including development of land and improvements for public facilities,
36 project-specific environmental, capital facilities, land use,
37 permitting, feasibility, and marketing studies and plans; project

1 design, site planning, and analysis; project debt and revenue impact
2 analysis; as well as the construction, rehabilitation, alteration,
3 expansion, or improvement of the facilities. A grant may also be
4 authorized for purposes designated in this chapter, but only when, and
5 to the extent that, a loan is not reasonably possible, given the
6 limited resources of the political subdivision or the federally
7 recognized Indian tribe and the finding by the board that financial
8 circumstances require grant assistance to enable the project to move
9 forward. However, ~~((at least ten))~~ no more than twenty-five percent of
10 all financial assistance ~~((provided))~~ approved by the board in any
11 biennium ~~((shall))~~ may consist of grants to political subdivisions and
12 federally recognized Indian tribes.

13 Application for funds shall be made in the form and manner as the
14 board may prescribe. In making grants or loans the board shall conform
15 to the following requirements:

16 (1) The board shall not provide financial assistance:

17 (a) For a project the primary purpose of which is to facilitate or
18 promote a retail shopping development or expansion.

19 (b) For any project that evidence exists would result in a
20 development or expansion that would displace existing jobs in any other
21 community in the state.

22 ~~((For the acquisition of real property, including buildings and
23 other fixtures which are a part of real property.~~

24 ~~((d))~~) For a project the primary purpose of which is to facilitate
25 or promote gambling.

26 (d) For a project located outside the jurisdiction of the applicant
27 political subdivision or federally recognized Indian tribe.

28 (2) The board shall only provide financial assistance:

29 (a) For ~~((those projects which would result in specific private
30 developments or expansions (i) in manufacturing, production, food
31 processing, assembly, warehousing, advanced technology, research and
32 development, and industrial distribution; (ii) for processing
33 recyclable materials or for facilities that support recycling,
34 including processes not currently provided in the state, including but
35 not limited to, de-inking facilities, mixed waste paper, plastics, yard
36 waste, and problem waste processing; (iii) for manufacturing facilities
37 that rely significantly on recyclable materials, including but not
38 limited to waste tires and mixed waste paper; (iv) which support the~~

1 relocation of businesses from nondistressed urban areas to rural
2 counties or rural natural resources impact areas; or (v) which
3 substantially support the trading of goods or services outside of the
4 state's borders.

5 ~~(b) For projects which it finds)) a project demonstrating~~
6 convincing evidence that a specific private development or expansion is
7 ready to occur and will occur only if the public facility improvement
8 is made 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 and

15 (ii) Will improve the opportunities for the successful maintenance,
16 establishment, or expansion of industrial or commercial plants or will
17 otherwise assist in the creation or retention of long-term economic
18 opportunities((-

19 ~~(c) When the application includes convincing evidence that a~~
20 ~~specific private development or expansion is ready to occur and will~~
21 ~~occur only if the public facility improvement is made));~~

22 (b) For a project that cannot meet the requirement of (a) of this
23 subsection but is a project that:

24 (i) Results in the creation of significant private sector jobs or
25 significant private sector capital investment as determined by the
26 board and is consistent with the state comprehensive economic
27 development plan developed by the Washington economic development
28 commission pursuant to chapter 43.162 RCW, once the plan is adopted;

29 (ii) Is part of a local economic development plan consistent with
30 applicable state planning requirements;

31 (iii) Can demonstrate project feasibility using standard economic
32 principles; and

33 (iv) Is located in a rural community as defined by the board, or a
34 rural county;

35 (c) For site-specific plans, studies, and analyses that address
36 environmental impacts, capital facilities, land use, permitting,
37 feasibility, marketing, project engineering, design, site planning, and

1 project debt and revenue impacts, as grants not to exceed fifty
2 thousand dollars.

3 (3) The board shall develop guidelines for local participation and
4 allowable match and activities.

5 (4) An application must demonstrate local match and local
6 participation, in accordance with guidelines developed by the board.

7 (5) An application must be approved by the political subdivision
8 and supported by the local associate development organization or local
9 workforce development council or approved by the governing body of the
10 federally recognized Indian tribe.

11 (6) The board may allow de minimis general system improvements to
12 be funded if they are critically linked to the viability of the
13 project.

14 (7) An application must demonstrate convincing evidence that the
15 median hourly wage of the private sector jobs created after the project
16 is completed will exceed the countywide median hourly wage.

17 (8) The board shall prioritize each proposed project according to:

18 (a) The relative benefits provided to the community by the jobs the
19 project would create, not just the total number of jobs it would create
20 after the project is completed (~~and according~~), but also giving
21 consideration to the unemployment rate in the area in which the jobs
22 would be located;

23 (b) The rate of return of the state's investment, (~~that includes~~
24 the)) including, but not limited to, the leveraging of private sector
25 investment, anticipated job creation and retention, and expected
26 increases in state and local tax revenues associated with the project;
27 (~~and~~)

28 (c) Whether the proposed project offers a health insurance plan for
29 employees that includes an option for dependents of employees;

30 (d) Whether the public facility investment will increase existing
31 capacity necessary to accommodate projected population and employment
32 growth in a manner that supports infill and redevelopment of existing
33 urban or industrial areas that are served by adequate public
34 facilities. Projects should maximize the use of existing
35 infrastructure and provide for adequate funding of necessary
36 transportation improvements; and

37 (e) Whether the applicant has developed and adhered to guidelines

1 regarding its permitting process for those applying for development
2 permits consistent with section 1(2), chapter 231, Laws of 2007.

3 ~~((4))~~ (9) A responsible official of the political subdivision or
4 the federally recognized Indian tribe shall be present during board
5 deliberations and provide information that the board requests.

6 Before any financial assistance application is approved, the
7 political subdivision or the federally recognized Indian tribe seeking
8 the assistance must demonstrate to the community economic
9 revitalization board that no other timely source of funding is
10 available to it at costs reasonably similar to financing available from
11 the community economic revitalization board.

12 **Sec. 6.** RCW 43.160.070 and 1999 c 164 s 104 are each amended to
13 read as follows:

14 Public facilities financial assistance, when authorized by the
15 board, is subject to the following conditions:

16 (1) The moneys in the public facilities construction loan revolving
17 account ~~((and the distressed county public facilities construction loan
18 account))~~ shall be used solely to fulfill commitments arising from
19 financial assistance authorized in this chapter ~~((or, during the 1989-
20 91 fiscal biennium, for economic development purposes as appropriated
21 by the legislature))~~. The total outstanding amount which the board
22 shall dispense at any time pursuant to this section shall not exceed
23 the moneys available from the account~~((s))~~. ~~((The total amount of
24 outstanding financial assistance in Pierce, King, and Snohomish
25 counties shall never exceed sixty percent of the total amount of
26 outstanding financial assistance disbursed by the board under this
27 chapter without reference to financial assistance provided under RCW
28 43.160.220.))~~

29 (2) On contracts made for public facilities loans the board shall
30 determine the interest rate which loans shall bear. The interest rate
31 shall not exceed ten percent per annum. The board may provide
32 reasonable terms and conditions for repayment for loans, including
33 partial forgiveness of loan principal and interest payments on projects
34 located in rural communities as defined by the board, or rural counties
35 ~~((or rural natural resources impact areas, as the board determines))~~.
36 The loans shall not exceed twenty years in duration.

1 (3) Repayments of loans made from the public facilities
2 construction loan revolving account under the contracts for public
3 facilities construction loans shall be paid into the public facilities
4 construction loan revolving account. (~~Repayments of loans made from~~
5 ~~the distressed county public facilities construction loan account under~~
6 ~~the contracts for public facilities construction loans shall be paid~~
7 ~~into the distressed county public facilities construction loan~~
8 ~~account.~~) Repayments of loans from moneys from the new appropriation
9 from the public works assistance account for the fiscal biennium ending
10 June 30, 1999, shall be paid into the public works assistance account.

11 (4) When every feasible effort has been made to provide loans and
12 loans are not possible, the board may provide grants upon finding that
13 unique circumstances exist.

14 **Sec. 7.** RCW 43.160.074 and 1985 c 433 s 5 are each amended to read
15 as follows:

16 (1) An application to the board from a political subdivision may
17 also include a request for improvements to an existing state highway or
18 highways. The application is subject to all of the applicable criteria
19 relative to qualifying types of development set forth in this chapter,
20 as well as procedures and criteria established by the board.

21 (2) Before board consideration of an application from a political
22 subdivision that includes a request for improvements to an existing
23 state highway or highways, the application shall be forwarded by the
24 board to the department of transportation (~~commission~~).

25 (3) The board may not make its final determination on any
26 application made under subsection (1) of this section before receiving
27 approval, as submitted or amended or disapproval from the department of
28 transportation (~~commission~~) as specified in RCW 47.01.280.
29 Notwithstanding its disposition of the remainder of any such
30 application, the board may not approve a request for improvements to an
31 existing state highway or highways without the approval as submitted or
32 amended of the department of transportation (~~commission~~) as specified
33 in RCW 47.01.280.

34 (4) The board shall notify the department of transportation
35 (~~commission~~) of its decision regarding any application made under
36 this section.

1 **Sec. 8.** RCW 43.160.076 and 1999 c 164 s 105 are each reenacted and
2 amended to read as follows:

3 (1) Except as authorized to the contrary under subsection (2) of
4 this section, from all funds available to the board for financial
5 assistance in a biennium under this chapter (~~((without reference to~~
6 ~~financial assistance provided under RCW 43.160.220))~~), the board shall
7 (~~((spend))~~) approve at least seventy-five percent of the first twenty
8 million dollars of funds available and at least fifty percent of any
9 additional funds for financial assistance for projects in rural
10 counties (~~((or rural natural resources impact areas))~~).

11 (2) If at any time during the last six months of a biennium the
12 board finds that the actual and anticipated applications for qualified
13 projects in rural counties (~~((or rural natural resources impact areas))~~)
14 are clearly insufficient to use up the (~~((seventy five percent))~~)
15 allocations under subsection (1) of this section, then the board shall
16 estimate the amount of the insufficiency and during the remainder of
17 the biennium may use that amount of the allocation for financial
18 assistance to projects not located in rural counties (~~((or rural natural~~
19 ~~resources impact areas))~~).

20 **Sec. 9.** RCW 43.160.900 and 1993 c 320 s 8 are each amended to read
21 as follows:

22 (1) The community economic revitalization board shall (~~((report to~~
23 ~~the appropriate standing committees of the legislature biennially on~~
24 ~~the implementation of))~~) conduct biennial outcome-based evaluations of
25 the financial assistance provided under this chapter. The (~~((report))~~)
26 evaluations shall include information on the number of applications for
27 community economic revitalization board assistance(~~((τ))~~); the number and
28 types of projects approved(~~((τ))~~); the grant or loan amount awarded each
29 project(~~((τ))~~); the projected number of jobs created or retained by each
30 project(~~((τ))~~); the actual number and cost of jobs created or retained by
31 each project(~~((τ))~~); the wages and health benefits associated with the
32 jobs; the amount of state funds and total capital invested in projects;
33 the number and types of businesses assisted by funded projects; the
34 location of funded projects; the transportation infrastructure
35 available for completed projects; the local match and local
36 participation obtained; the number of delinquent loans(~~((τ))~~); and the
37 number of project terminations. The (~~((report))~~) evaluations may also

1 include additional performance measures and recommendations for
2 programmatic changes. (~~The first report shall be submitted by~~
3 ~~December 1, 1994.~~)

4 (2)(a) By September 1st of each even-numbered year, the board shall
5 forward its draft evaluation to the Washington state economic
6 development commission for review and comment, as required in section
7 10 of this act. The board shall provide any additional information as
8 may be requested by the commission for the purpose of its review.

9 (b) Any written comments or recommendations provided by the
10 commission as a result of its review shall be included in the board's
11 completed evaluation. The evaluation must be presented to the governor
12 and appropriate committees of the legislature by December 31st of each
13 even-numbered year. The initial evaluation must be submitted by
14 December 31, 2010.

15 ****NEW SECTION. Sec. 10. A new section is added to chapter 43.162***
16 ***RCW to read as follows:***

17 ***The Washington state economic development commission shall review***
18 ***and provide written comments and recommendations for inclusion in the***
19 ***biennial evaluation conducted by the community economic revitalization***
20 ***board under RCW 43.160.900.***

**Sec. 10 was vetoed. See message at end of chapter.*

21 ***Sec. 11. RCW 43.160.080 and 1998 c 321 s 30 are each amended to***
22 ***read as follows:***

23 ***There shall be a fund in the state treasury known as the public***
24 ***facilities construction loan revolving account, which shall consist of***
25 ***all moneys collected under this chapter(~~(, except moneys of the board~~***
26 ***collected in connection with the issuance of industrial development***
27 ***revenue bonds and moneys deposited in the distressed county public***
28 ***facilities construction loan account under RCW 43.160.220,)) and any***
29 ***moneys appropriated to it by law((: PROVIDED, That seventy five***
30 ***percent of all principal and interest payments on loans made with the***
31 ***proceeds deposited in the account under section 901, chapter 57, Laws***
32 ***of 1983 1st ex. sess. shall be deposited in the general fund as***
33 ***reimbursement for debt service payments on the bonds authorized in RCW***
34 ***43.83.184)). Disbursements from the revolving account shall be on***
35 ***authorization of the board. In order to maintain an effective***

1 expenditure and revenue control, the public facilities construction
2 loan revolving account shall be subject in all respects to chapter
3 43.88 RCW.

4 ***NEW SECTION.** *Sec. 12. (1) The legislature recognizes that
5 although many regions of the state are thriving, there are still
6 distressed communities throughout rural and urban Washington where
7 capital investments in community services initiatives could create
8 vibrant local business districts and prosperous neighborhoods.*

9 *(2) The legislature also recognizes that nonprofit organizations
10 provide a variety of community services that serve the needs of the
11 citizens of Washington, including many services implemented under
12 contract with state agencies. The legislature also finds that the
13 efficiency and quality of these services may be enhanced by the
14 provision of safe, reliable, and sound facilities, and that, in certain
15 cases, it may be appropriate for the state to assist in the development
16 of these facilities.*

17 *(3) The legislature finds that providing these capital investments
18 is critical for the economic health of local distressed communities,
19 helps build strong relationships with the state, and expands life
20 opportunities for underserved, low-income populations.*

**Sec. 12 was vetoed. See message at end of chapter.*

21 **NEW SECTION.** **Sec. 13.** A new section is added to chapter 43.63A
22 RCW to read as follows:

23 The definitions in this section apply throughout RCW 43.63A.125,
24 this section, and sections 14 and 16 of this act unless the context
25 clearly requires otherwise.

26 (1) "Department" means the department of community, trade, and
27 economic development.

28 (2) "Distressed community" means: (a) A county that has an
29 unemployment rate that is twenty percent above the state average for
30 the immediately previous three years; (b) an area within a county that
31 the department determines to be a low-income community, using as
32 guidance the low-income community designations under the community
33 development financial institutions fund's new markets tax credit
34 program of the United States department of the treasury; or (c) a
35 school district in which at least fifty percent of local elementary
36 students receive free and reduced-price meals.

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

4 (4) "Technical assistance" means professional services provided
5 under contract to nonprofit organizations for feasibility studies,
6 planning, and project management related to acquiring, constructing, or
7 rehabilitating nonresidential community services facilities.

8 NEW SECTION. **Sec. 14.** A new section is added to chapter 43.63A
9 RCW to read as follows:

10 The building communities fund account is created in the state
11 treasury. The account shall consist of legislative appropriations and
12 gifts, grants, or endowments from other sources as permitted by law.
13 Moneys in the account may be spent only after appropriation.
14 Expenditures from the account may be used only for capital and
15 technical assistance grants as provided in RCW 43.63A.125.

16 **Sec. 15.** RCW 43.63A.125 and 2006 c 371 s 233 are each amended to
17 read as follows:

18 (1) The department shall establish ~~((a competitive process to~~
19 ~~solicit proposals for and prioritize projects that assist nonprofit~~
20 ~~organizations in))~~ the building communities fund program. Under the
21 program, capital and technical assistance grants may be made to
22 nonprofit organizations for acquiring, constructing, or rehabilitating
23 facilities used for the delivery of nonresidential ~~((social))~~ community
24 services, including social service centers and multipurpose community
25 centers, including those serving a distinct or ethnic population. Such
26 facilities must be located in a distressed community or serve a
27 substantial number of low-income or disadvantaged persons.

28 (2) The department shall establish a competitive process to
29 ~~((prioritize))~~ solicit and evaluate applications for the ~~((assistance))~~
30 building communities fund program as follows:

31 (a) The department shall conduct a statewide solicitation of
32 project applications from ~~((local governments,))~~ nonprofit
33 organizations~~((, and other entities, as determined by the department)).~~

34 (b) The department shall evaluate ~~((and rank))~~ applications in
35 consultation with a citizen advisory committee using objective

1 criteria. (~~At a minimum~~) To be considered qualified, applicants must
2 demonstrate that the (~~requested assistance~~) proposed project:

3 (i) Will increase the range, efficiency, or quality of the
4 (~~social~~) services (~~it provides~~) provided to citizens;

5 (ii) Will be located in a distressed community or will serve a
6 substantial number of low-income or disadvantaged persons;

7 (iii) Will offer a diverse set of activities that meet multiple
8 community service objectives, including but not limited to: Providing
9 social services; expanding employment opportunities for or increasing
10 the employability of community residents; or offering educational or
11 recreational opportunities separate from the public school system or
12 private schools, as long as recreation is not the sole purpose of the
13 facility;

14 (iv) Reflects a long-term vision for the development of the
15 community, shared by residents, businesses, leaders, and partners;

16 (v) Requires state funding to accomplish a discrete, usable phase
17 of the project;

18 (vi) Is ready to proceed and will make timely use of the funds;

19 (vii) Is sponsored by one or more entities that have the
20 organizational and financial capacity to fulfill the terms of the grant
21 agreement and to maintain the project into the future;

22 (viii) Fills an unmet need for community services;

23 (ix) Will achieve its stated objectives; and

24 (x) Is a community priority as shown through tangible commitments
25 of existing or future assets made to the project by community
26 residents, leaders, businesses, and government partners.

27 (c) The evaluation (~~and ranking~~) process shall also include an
28 examination of existing assets that applicants may apply to projects.
29 Grant assistance under this section shall not exceed twenty-five
30 percent of the total cost of the project, except, under exceptional
31 circumstances, the department may reduce the amount of nonstate match
32 required. The nonstate portion of the total project cost may include
33 cash, the value of real property when acquired solely for the purpose
34 of the project, and in-kind contributions.

35 (~~(b) The department shall submit a prioritized list of recommended~~
36 ~~projects to the governor and the legislature in the department's~~
37 ~~biennial capital budget request beginning with the 2001-2003 biennium~~
38 ~~and thereafter. For the 1999-2001 biennium, the department shall~~

1 ~~conduct a solicitation and ranking process, as described in (a) of this~~
2 ~~subsection, for projects to be funded by appropriations provided for~~
3 ~~this program in the 1999-2001 capital budget. The list shall include~~
4 ~~a description of each project, the amount of recommended state funding,~~
5 ~~and documentation of nonstate funds to be used for the project.~~

6 ~~The total amount of recommended state funding for projects on a~~
7 ~~biennial project list shall not exceed ten million dollars. Except for~~
8 ~~the 1999-2001 biennium, the department shall not sign contracts or~~
9 ~~otherwise financially obligate funds under this section until the~~
10 ~~legislature has approved a specific list of projects.~~

11 ~~(e)) (d) The department may not set a monetary limit to funding~~
12 ~~requests.~~

13 ~~(3) The department shall submit annually to the governor and the~~
14 ~~legislature in the department's capital budget request an unranked list~~
15 ~~of the qualified eligible projects for which applications were~~
16 ~~received. The list must include a description of each project, its~~
17 ~~total cost, and the amount of state funding requested. The appropriate~~
18 ~~fiscal committees of the legislature shall use this list to determine~~
19 ~~building communities fund projects that may receive funding in the~~
20 ~~capital budget. The total amount of state capital funding available~~
21 ~~for all projects on the annual list shall be determined by the capital~~
22 ~~budget beginning with the 2009-2011 biennium and thereafter. In~~
23 ~~addition, if cash funds have been appropriated, up to three million~~
24 ~~dollars may be used for technical assistance grants. The department~~
25 ~~shall not sign contracts or otherwise financially obligate funds under~~
26 ~~this section until the legislature has approved a specific list of~~
27 ~~projects.~~

28 ~~(4) In addition to the list of qualified eligible projects, the~~
29 ~~department shall submit to the appropriate fiscal committees of the~~
30 ~~legislature a summary report that describes the solicitation and~~
31 ~~evaluation processes, including but not limited to the number of~~
32 ~~applications received, the total amount of funding requested, issues~~
33 ~~encountered, if any, and any recommendations for process improvements.~~

34 ~~(5) After the legislature has approved a specific list of projects~~
35 ~~in law, the department shall develop and manage appropriate contracts~~
36 ~~with the selected applicants; monitor project expenditures and grantee~~
37 ~~performance; report project and contract information; and exercise due~~
38 ~~diligence and other contract management responsibilities as required.~~

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

11 NEW SECTION. **Sec. 16.** A new section is added to chapter 43.63A
12 RCW to read as follows:

13 (1) The department shall develop accountability and reporting
14 standards for grant recipients. At a minimum, the department shall use
15 the criteria listed in RCW 43.63A.125(2)(b) to evaluate the progress of
16 each grant recipient.

17 (2) Beginning January 1, 2011, the department shall submit an
18 annual report to the appropriate committees of the legislature,
19 including:

20 (a) A list of projects currently under contract with the department
21 under the building communities fund program; a description of each
22 project, its total cost, the amount of state funding awarded and
23 expended to date, the project status, the number of low-income people
24 served, and the extent to which the project has met the criteria in RCW
25 43.63A.125(2)(b); and

26 (b) Recommendations, if any, for policy and programmatic changes to
27 the building communities fund program to better achieve program
28 objectives.

29 NEW SECTION. **Sec. 17.** The following acts or parts of acts are
30 each repealed:

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

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

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

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

1 (5) RCW 43.160.150 (Faith and credit not pledged) and 1984 c 257 s
2 8;

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

4 (7) RCW 43.160.170 (Special reserve account) and 1984 c 257 s 10;

5 (8) RCW 43.160.200 (Economic development account--Eligibility for
6 assistance) and 2004 c 252 s 4, 1999 c 164 s 107, 1996 c 51 s 9, & 1995
7 c 226 s 16;

8 (9) RCW 43.160.210 (Distressed counties--Twenty percent of
9 financial assistance) and 1998 c 321 s 31 & 1998 c 55 s 5;

10 (10) RCW 43.160.220 (Distressed county public facilities
11 construction loan account) and 1998 c 321 s 9;

12 (11) RCW 43.160.230 (Job development fund program) and 2007 c 231
13 s 4 & 2005 c 425 s 2;

14 (12) RCW 43.160.240 (Job development fund program--Maximum grants)
15 and 2005 c 425 s 3; and

16 (13) RCW 44.28.801 (State public infrastructure programs and
17 funds--Inventory--Report) and 2006 c 371 s 229 & 2005 c 425 s 5.

18 NEW SECTION. **Sec. 18.** Sections 1, 2, 4 through 11, and 17 of this
19 act take effect July 1, 2009.

20 NEW SECTION. **Sec. 19.** Section 3 of this act is necessary for the
21 immediate preservation of the public peace, health, or safety, or
22 support of the state government and its existing public institutions,
23 and takes effect immediately.

Passed by the Senate March 12, 2008.

Passed by the House March 12, 2008.

Approved by the Governor April 1, 2008, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State April 2, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Sections 10 and 12, Second
Substitute Senate Bill 6855 entitled:

"AN ACT Relating to dedicated funding for jobs, economic
development, and local capital projects."

This bill expands upon the existing Community Services Facilities
program by creating the Building Communities Fund Account in the
State Treasury. I am very supportive of the policy underlying this
bill.

Section 10 gives responsibility to the Economic Development
Commission that it already has and this is not something the
Commission requested. Reiterating it in this legislation is
unnecessary. Therefore, I am vetoing Section 10 to avoid any

expectations about requirements either on the Community Economic Development Board or the Economic Development Commission.

I support the concept of expanding the existing Community Services Facilities Program, but it is unnecessary to outline legislative findings in this legislation. Therefore, I am vetoing Section 12.

For these reasons, I have vetoed Sections 10 and 12 of Second Substitute Senate Bill 6855.

With the exception of Sections 10 and 12, Second Substitute Senate Bill 6855 is approved."