

SENATE BILL REPORT

HB 1952

As Reported by Senate Committee On:
Ways & Means, March 2, 2020

Title: An act relating to the building communities fund program.

Brief Description: Concerning the building communities fund program.

Sponsors: Representatives Ortiz-Self, Kilduff, Lovick, Thai and Fey.

Brief History: Passed House: 3/06/19, 86-11; 1/30/20, 89-6.

Committee Activity: Ways & Means: 3/18/19, 2/29/20, 3/02/20 [DPF, DNP, w/oRec].

Brief Summary of Bill

- Modifies the state match for the Building Communities Fund.
- Adjusts conditions for providing technical assistance grants.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Corban Nemeth (786-7736)

Background: The Building Communities Fund (BCF) program was created in 2008 to provide competitive grants to nonprofit, community-based organizations for nonresidential community service projects, including social service centers and multipurpose community centers. The projects must be located in a distressed community or serve a substantial number of low-income or disadvantaged people.

To be considered qualified, the applicants for the BCF must demonstrate the project meets certain criteria including the project increases services provided, offers three or more distinct activities, reflects the long-term vision of the community, accomplishes a usable phase of the project, makes timely use of funds, and fills an unmet community need.

The Department of Commerce (Commerce) administers (1) the BCF application process; (2) project selection, with a citizen advisory committee; and (3) the contracts for awarded grants. Commerce may not set a monetary limit to the funding requests. A ranked list of qualified projects, including descriptions, total cost, and amount of state funds requested must be submitted to the Governor and Legislature biennially. The total amount of state capital

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funding available for BCF projects is determined by the capital budget. If cash funds have been appropriated, up to \$3 million may be used for technical assistance grants. In 2017-19, \$30.9 million in general obligation bonds was appropriated for 26 projects.

Commerce must include provisions in the contracts requiring the capital improvements be held by the grantee for a specified period of time and that the facilities be used for the express purpose of the grant. If a grantee is found out of compliance, they must repay the principal amount of the grant plus interest to the state general fund.

The state match must not exceed 25 percent of the cost of the BCF project. In exceptional circumstances, the state assistance may exceed 25 percent; however, the total amount awarded for that project must not exceed 10 percent of the overall BCF grants awarded. Exceptional circumstances include, but are not limited to, natural disasters and emergencies beyond an applicant's control. The non-state portion of the project cost may include cash, the real value of propriety, and in-kind contributions.

Summary of Bill: For projects up to \$100,000, the state match may not exceed 100 percent of total costs. For projects that exceed \$100,000, up to \$250,000, the state match may not exceed 75 percent of the total costs. For projects that exceed \$250,000, up to \$500,000, the state match may not exceed 50 percent of the total costs. For projects that exceed \$500,000 the state match may not exceed 25 percent. For projects funded under exceptional circumstances, the total funding of the project is no longer limited to 10 percent of the overall BCF grant amount. The ability to provide up to \$3 million in technical assistance is not limited to a cash appropriation.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.