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**SUBSTITUTE HOUSE BILL 1231**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Berg, Chapman, Wylie, Waters, Reed, Volz, Peterson, Taylor, Leavitt, Doglio, Riccelli, Paul, Fey, McEntire, Ramel, Tharinger, Lekanoff, Slatter, Barkis, and Stonier)

AN ACT Relating to accelerating rural job growth and promoting economic recovery across Washington through site readiness grants; amending RCW 43.160.060 and 43.160.900; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The legislature finds that while many of Washington's high-wage industries, particularly those clustered around the Puget Sound corridor, have weathered both public health and economic crises well, many rural communities continue to struggle to recover without adequate access to resources. This has negative impacts on rural communities' broader ability to retain and grow family-wage jobs and local businesses, grow their tax base, and provide basic government services.

(2) The legislature further finds that reliable, modern infrastructure is critical for successful economic recovery and development. The underpinning of all commerce is physical infrastructure: Roads, transit, airports, railroads, water and sewer, broadband, and energy. Public investments in infrastructure create construction jobs, set the stage for future private investment, and shape an area's prospects for generations. New or relocating businesses often factor in the degree of certainty in timing of permitting and predevelopment work in selecting a site to locate.

(3) Therefore, the legislature intends to promote permanent job growth, ensure equitable recovery, and provide businesses as much predictability and certainty as possible through supporting site readiness and investments in predevelopment work to help give new or relocating businesses the assurance and confidence they need to choose Washington communities as their next home.

**Sec.**  RCW 43.160.060 and 2014 c 112 s 108 are each amended to read as follows:

(1) The board is authorized to make direct loans to political subdivisions of the state and to federally recognized Indian tribes for the purposes of assisting the political subdivisions and federally recognized Indian tribes in financing the cost of public facilities, including development of land and improvements for public facilities, project-specific environmental, capital facilities, land use, permitting, feasibility, and marketing studies and plans; project design, site planning, and analysis; project debt and revenue impact analysis; as well as the construction, rehabilitation, alteration, expansion, or improvement of the facilities. A grant may also be authorized for purposes designated in this chapter, but only when, and to the extent that, a loan is not reasonably possible, given the limited resources of the political subdivision or the federally recognized Indian tribe and the finding by the board that financial circumstances require grant assistance to enable the project to move forward. However, no more than twenty-five percent of all financial assistance approved by the board in any biennium may consist of grants to political subdivisions and federally recognized Indian tribes.

(2) Application for funds must be made in the form and manner as the board may prescribe. In making grants or loans the board must conform to the following requirements:

(a) The board may not provide financial assistance:

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

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

(iii) For a project the primary purpose of which is to facilitate or promote gambling.

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

(b) The board may only provide financial assistance:

(i) For a project demonstrating convincing evidence that a specific private development or expansion is ready to occur and will occur only if the public facility improvement is made that:

(A) Results in the creation of significant private sector jobs or significant private sector capital investment as determined by the board; and

(B) Will improve the opportunities for the successful maintenance, establishment, or expansion of industrial or commercial plants or will otherwise assist in the creation or retention of long-term economic opportunities;

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

(A) Results in the creation of significant private sector jobs or significant private sector capital investment as determined by the board;

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

(C) Can demonstrate project feasibility using standard economic principles; and

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

(iii) For site-specific plans, studies, and analyses that address environmental impacts, capital facilities, land use, permitting, feasibility, marketing, project engineering, design, site planning, costs of achieving site readiness, and project debt and revenue impacts, as grants ((~~not to exceed fifty thousand dollars~~)). After December 31, 2028, such grants may not exceed $200,000.

(c) The board must develop guidelines for local participation and allowable match and activities.

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

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

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

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

(h) The board must prioritize each proposed project according to:

(i) The relative benefits provided to the community by the jobs the project would create, not just the total number of jobs it would create after the project is completed, but also giving consideration to the unemployment rate in the area in which the jobs would be located;

(ii) The rate of return of the state's investment, including, but not limited to, the leveraging of private sector investment, anticipated job creation and retention, and expected increases in state and local tax revenues associated with the project;

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

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

(v) Whether the applicant's permitting process has been certified as streamlined by the office of regulatory assistance; and

(vi) Whether the applicant has developed and adhered to guidelines regarding its permitting process for those applying for development permits consistent with section 1(2), chapter 231, Laws of 2007.

(i) A responsible official of the political subdivision or the federally recognized Indian tribe must be present during board deliberations and provide information that the board requests.

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

**Sec.**  RCW 43.160.900 and 2014 c 112 s 109 are each amended to read as follows:

(1) The community economic revitalization board shall conduct biennial outcome-based evaluations of the financial assistance provided under this chapter. The evaluations shall include the following:

(a) Information on the number of applications for community economic revitalization board assistance;

(b) The number and types of projects approved;

(c) The grant or loan amount awarded each project;

(d) The projected number of jobs created or retained by each project;

(e) The actual number and cost of jobs created or retained by each project;

(f) The wages and health benefits associated with the jobs;

(g) The amount of state funds and total capital invested in projects;

(h) The number and types of businesses assisted by funded projects;

(i) The location of funded projects;

(j) The transportation infrastructure available for completed projects;

(k) The local match and local participation obtained;

(l) The number of delinquent loans; ((~~and~~))

(m) The number of project terminations; and

(n) Certain information identifying the biennial total number, percentage, and dollar amount of projects' utilization of: Businesses certified by the office of minority and women's business enterprises under chapter 39.19 RCW and department of veterans affairs under chapter 43.60A RCW, and businesses not yet certified with these organizations but which self-report as meeting the requirements of certification.

(2) The evaluations may also include additional performance measures and recommendations for programmatic changes.

((~~(2)~~)) (3) The evaluation must be presented to the governor and appropriate committees of the legislature by December 31st of each even-numbered year. ((~~The initial evaluation must be submitted by December 31, 2010.~~))

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