H-3160.1

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**SUBSTITUTE HOUSE BILL 1870**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Barnard, Ryu, Leavitt, Connors, Couture, Schmidt, Duerr, Slatter, Reed, Chapman, Graham, Ormsby, Timmons, Donaghy, Paul, Doglio, Reeves, Hackney, and Griffey)

AN ACT Relating to promoting economic development by increasing opportunities for local communities to secure federal funding; amending RCW 43.330.070, 43.330.088, and 43.330.260; and creating new sections.

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

NEW SECTION. **Sec.**  The legislature finds that Washington ranks poorly among all states in the amount of federal grants received relative to income taxes collected from its residents.

The legislature also finds that many of Washington's communities, particularly in slow-growing rural areas, face an economic development "chicken and egg" dilemma in which they need to secure matching dollars in order to obtain federal economic development dollars that would increase the local tax base, local revenue, and local employment and incomes.

The legislature further finds that recent federal legislation provides funding for economic development clusters that Washington state has invested in as part of its economic development strategy, including broadband and clean energy, buildings, and transportation. The federal legislation includes the infrastructure investment and jobs act, P.L. 117-58, the creating helpful incentives to produce semiconductors and science act, P.L. 117-167, and the inflation reduction act, P.L. 117-169.

The legislature further finds that increasing the availability of federal grant dollars in local communities provides a benefit of a reasonably general character to a significant part of the public.

Therefore, the legislature intends to continue its efforts to increase the capacity of the department of commerce to assist local communities in successfully applying for federal grant dollars by creating the moving assets towards community health (MATCH) program based on a successful program started in other states that allows local communities to access matching funds that are needed to secure federal grants from a state funding pool.

**Sec.**  RCW 43.330.070 and 1993 c 280 s 10 are each amended to read as follows:

(1) The department shall work closely with local communities to increase their capacity to respond to economic, environmental, and social problems and challenges. The department shall coordinate the delivery of development services and technical assistance to local communities or regional areas. It shall promote partnerships between the public and private sectors and between state and local officials to encourage appropriate economic growth and opportunity in communities throughout the state. The department shall promote appropriate local development by: Supporting the ability of communities to develop and implement strategic development plans; assisting businesses to start up, maintain, or expand their operations; encouraging public infrastructure investment and private and public capital investment in local communities; supporting efforts to manage growth and provide affordable housing and housing services; providing for the identification and preservation of the state's historical and cultural resources; and expanding employment opportunities.

(2) The department shall define a set of services including training and technical assistance that it will make available to local communities, community-based nonprofit organizations, regional areas, or businesses. The department shall simplify access to these programs by providing more centralized and user-friendly information and referral. The department shall coordinate community and economic development efforts to minimize program redundancy and maximize accessibility. The department shall develop a set of criteria for targeting services to local communities. To the extent funding is made available for this specific purpose, the department shall provide technical assistance or enter into contracts to provide technical assistance to assist local communities in developing competitive applications for federal funding.

(3) The department shall develop a coordinated and systematic approach to providing training to community-based nonprofit organizations, local communities, and businesses. The approach shall be designed to increase the economic and community development skills available in local communities by providing training and funding for training for local citizens, nonprofit organizations, and businesses. The department shall emphasize providing training in those communities most in need of state assistance.

**Sec.**  RCW 43.330.088 and 2023 c 311 s 2 are each amended to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, by July 1, 2024, the department shall establish a grant program to support associate development organizations in the recruiting, hiring, and retention of grant writers. The department must award grants on an annual basis and must prioritize grants for distressed areas as defined under RCW 43.168.020 and grants for applications for federal funds.

(2) Associate development organizations must apply for the grant program in a manner to be determined by the department.

(3) Associate development organizations that receive awards under this section must provide information on the use of the funds, including a description of the associate development organization's recruiting and hiring efforts and, if applicable, the number and types of grants applied for by the grant writers funded by the state, in their annual reports to the department required under RCW 43.330.082.

(4) Beginning December 31, 2026, the department must include information on grant award funding and use in its reports to the legislature on associate development organizations contracts required under RCW 43.330.082.

(5) The department shall adopt rules to implement this section.

**Sec.**  RCW 43.330.260 and 2006 c 314 s 2 are each amended to read as follows:

(1) The department shall make available, within existing resources, an inventory of grant opportunities for state agencies, local governments, and other community organizations engaged in economic development activities.

(2) In developing the inventory of economic development grant opportunities, the department may:

(a) Regularly review the federal register for opportunities to apply for grants, research projects, and demonstration projects;

(b) Maintain an inventory of grant opportunities with private foundations and businesses; ((~~and~~))

(c) Provide a resource guide for applicants for federal grants, including links to federal applications and relevant resources, and contact information for department assistance; and

(d) Consult with federal officials, including but not limited to those in the small business administration, the department of labor, the department of commerce, the department of agriculture, the department of ecology, as well as private foundations and businesses, on the prospects for obtaining federal and private funds for economic development purposes in Washington state.

(3) The department may also facilitate joint efforts between agencies and between local organizations and state agencies that will increase the likelihood of success in grant seeking and the attraction of major events.

(4) The department shall establish and administer a moving assets towards community health program. The purpose of the program is to increase opportunities for local communities to compete for federal grants by providing a state pool of matching funds that eligible entities can access in the application process.

(a) The department may adopt rules to create and implement the program.

(b) Beginning December 31, 2027, the department must report on the program. The report shall be updated every two years and posted on the department's website and transmitted to the governor and the legislature. The report must identify the federal funds awarded to entities in receipt of moving assets towards community health program funds, describe efforts made to assist local communities with obtaining federal economic development funds, identify all federally awarded applicants and projects for the preceding two years, and contain an analysis of program effectiveness based on performance measurement requirements, including the amount of federal dollars obtained relative to the amount of state dollars expended.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2024, in the omnibus appropriations act, this act is null and void.

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