

HOUSE BILL REPORT

SSB 5229

As Reported by House Committee On:

Innovation, Community & Economic Development, & Veterans
Capital Budget

Title: An act relating to accelerating rural job growth and promoting economic recovery across Washington through site readiness grants.

Brief Description: Accelerating rural job growth and promoting economic recovery across Washington through site readiness grants.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Frame, Warnick, Kuderer, Lovelett, Nobles, Randall, Salomon, Shewmake and Torres).

Brief History:

Committee Activity:

Innovation, Community & Economic Development, & Veterans: 3/10/23, 3/15/23
[DP];

Capital Budget: 3/21/23, 3/31/23 [DP].

Brief Summary of Substitute Bill

- Allows the Community Economic Revitalization Board (CERB) to provide planning program grants to qualifying projects for the costs of achieving site readiness.
- Increases the maximum award limit on the CERB planning program grants.
- Requires the CERB's biennial outcome-based evaluations to include certain information relating to projects' use of businesses certified by the Office of Minority and Women's Business Enterprises, the Department of Veterans Affairs, and businesses that self-report meeting certification requirements.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON INNOVATION, COMMUNITY & ECONOMIC DEVELOPMENT, & VETERANS

Majority Report: Do pass. Signed by 14 members: Representatives Ryu, Chair; Donaghy, Vice Chair; Rule, Vice Chair; Volz, Ranking Minority Member; Barnard, Assistant Ranking Minority Member; Chambers, Christian, Corry, Cortes, Senn, Shavers, Street, Waters and Ybarra.

Staff: Cassie Jones (786-7303).

Background:

Community Economic Revitalization Board.

The Community Economic Revitalization Board (CERB) provides financial assistance to local governments and federally recognized tribes for public infrastructure that encourages new business development and economic growth. The Department of Commerce provides administrative support for the CERB.

The CERB is authorized to make direct loans and grants to political subdivisions of the state and to federally recognized tribes to finance public facility projects. Grants are available for eligible planning and construction projects.

Community Economic Revitalization Board Planning Program Grants.

The CERB provides grant funding for studies to evaluate economic development projects. When considering planning grants, the CERB gives priority to projects that could result in a type of project eligible for CERB construction funds. Eligible uses include site-specific plans, studies, and analyses that address environmental impacts, capital facilities, land use, permitting, feasibility, marketing, project engineering, design, and site planning.

The CERB offers grants for planning projects up to 80 percent of the total project cost. The project applicant must match the CERB's funding with at least 20 percent of the total project cost. The maximum award limit for planning grants is \$50,000.

Biennial Outcome-Based Evaluations.

The CERB is required to conduct biennial outcome-based evaluations of the financial assistance provided. The evaluations must include a number of elements specific to projects funded by the CERB, including the number and types of businesses assisted by the funded projects. The biennial evaluations must be submitted to the Governor and the Legislature by December 31 of every even-numbered year.

Summary of Bill:

The CERB may award planning program grants to projects for the costs of achieving site readiness. The maximum award limit on planning grants is increased. Until December 31, 2028, there is no maximum award limit. Beginning January 1, 2029, grants may not exceed \$200,000. The CERB must be define "achieving site readiness."

The CERB must include in its biennial outcome-based evaluation the total number, percentage, and dollar amount of projects' use of businesses certified by the Office of Minority and Women's Business Enterprises and the Department of Veterans Affairs, as well as businesses not certified by these organizations but that self-report as meeting the requirements of certification.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Site readiness is an important element for communities to attract and retain businesses. The CERB planning program does not have site readiness as a specific allowed use; this bill would make this explicit. The cap for the CERB planning grants has not been updated since 1999. This bill would lift the cap temporarily to take advantage of federal funding opportunities for rural economic development. This bill is about equity and leveling the playing field for all communities and federally recognized tribes in Washington. There are some communities with large planning projects that cost more than the \$50,000 limit and they cannot make the projects work. These projects may have to be broken down into multiple projects with multiple applications, a heavy burden for small communities. The funding cap is a barrier to some communities that are trying to plan for their economic future. Removing the cap on planning grants will make the CERB planning program more inclusive of rural communities. Removing the funding cap will help Washington meet its manufacturing goals and will enable the undertaking of large economic development projects. The CERB investments have led to leveraging of private and federal funding for local projects.

(Opposed) None.

Persons Testifying: Senator Noel Frame, prime sponsor; Shawn Logan, City of Othello; and Michael Echanove and Janea Stark, Community Economic Revitalization Board.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 28 members: Representatives Tharinger, Chair; Callan, Vice Chair; Hackney, Vice Chair; Steele, Ranking Minority Member; Abbarno, Assistant Ranking Minority Member; Sandlin, Assistant Ranking Minority Member; Alvarado, Bateman, Cheney, Christian, Couture, Dye, Eslick, Farivar, Fosse, Kloba, Leavitt, Maycumber, McClintock, Morgan, Mosbrucker, Orwall, Peterson, Reed, Rule, Shavers, Stearns and Waters.

Staff: Dawn Eychaner (786-7135).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Innovation, Community & Economic Development, & Veterans:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Ports that access CERB's funding have their projects improved by working through CERB's planning grant process. The current grant cap is an outdated number and increasing the Board's capacity to better use these funds is important. This bill is about equity and leveling the playing field for all communities and tribes. Applicants often don't have the capacity to make a project whole and are forced to break the project into phases and submit multiple applications to CERB, resulting in several contracts which small communities don't have the capacity to manage. The CERB's work will support the creation of more manufacturing jobs. The \$50,000 limit has decreased in value over time. Planning grants funded by CERB often return to request funds for related construction projects and projects come from all over the state.

(Opposed) None.

Persons Testifying: Chris Herman, Washington Public Ports Association; and Michael Echanove and Mike Mason, Community Economic Revitalization Board.

Persons Signed In To Testify But Not Testifying: None.