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**HOUSE BILL 1057**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Representatives Barnard, Ryu, Leavitt, Barkis, Taylor, Jacobsen, and Reed

AN ACT Relating to promoting economic development by increasing support for local communities to access federal funds; amending RCW 43.330.088 and 43.330.260; adding new sections to chapter 43.330 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that many of Washington's communities, particularly in rural areas, face an economic development dilemma in which they need matching dollars to compete for federal funds that would increase the local tax base, local revenue, and local employment and incomes. Lacking a thriving local tax base, it is difficult to generate the financial resources to supply the needed matching dollars to compete for federal economic development funds.

The legislature further finds that there are thousands of federal funding opportunities available for a wide variety of economic development projects, including broadband, equity, housing, infrastructure, innovation, regional development, skills training, transportation, and workforce development. In fiscal year 2019, the federal government provided state and local governments $750 billion for health care, transportation, income security, education, job training, social services, community development, and environmental protection; while in fiscal year 2023, the grants totaled $1.1 trillion.

The legislature further finds that when the state provides matching dollars, it can leverage the state's contribution to attract substantially greater funds and private investment.

The legislature further finds that increasing state matching dollars will enable local communities to access federal funds which would, in the aggregate, provide benefits across a broad array of community priorities and thereby contribute to the state's economic development objectives.

The legislature further finds that the state recognized the value of matching dollars to access federal funds for clean energy, climate, clean technology, and resilience, and that it should expand its efforts to all types of economic development funds available from the federal government by expanding its grant writing assistance program, creating scoring criteria to prioritize projects, adopting grant award tiers, and establishing a state account with a pool of matching dollars to be available for local communities to secure matching dollars for applications for federal funds.

**Sec.**  RCW 43.330.088 and 2024 c 223 s 3 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~~)) local communities, including economic development organizations as defined in 13 C.F.R. Sec. 312.3 as it existed on October 10, 2024, frontier counties as defined in RCW 43.330.010, and rural counties as defined in RCW 43.160.020 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~~)) Eligible applicants must apply for the grant program in a manner to be determined by the department.

(3) ((~~Associate development organizations~~)) Entities that receive awards under this section must provide information on state matching dollars acquired, the use of the funds, including a description of the ((~~associate development organization's~~)) entity'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, if required under RCW 43.330.082.

(4) Beginning December 31, 2026, the department must include information on grant award funding and use and state matching dollars 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 2024 c 223 s 4 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~~)) shall:

(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;

(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 prepare a template letter to be used by an eligible entity to support its application for federal funds that will promote economic development. The letter shall identify the availability of state matching funds should the applicant successfully obtain federal funds. The department shall provide the letter to an applicant within five business days of request.

(5) The department shall create scoring criteria to prioritize applications for matching funds. The scoring criteria must include the number of jobs created, the number of households affected, the number of businesses impacted, the amount of the federal funding, and prioritize rural and frontier counties. The department shall solicit input from associate development organizations, ports, chambers of commerce, workforce development boards, and the governor's office to prioritize the federal funds that will have the most significant impact on economic development in Washington.

(6) Applicants for matching funds will be subject to the following grant amounts:

(a) Political subdivisions, federally recognized Indian tribes, institutions of higher education as defined in RCW 28B.10.016, consumer-owned utilities, small businesses, regional planning organizations, economic development organizations as defined in 13 C.F.R. Sec. 312.3 as it existed on October 10, 2024, and nonprofits may receive up to 100 percent of the required match.

(b) Investor-owned utilities and other eligible entities may receive a maximum of 50 percent of the required match.

(c) If no match is required, an eligible entity may receive up to $100,000 if the amount would increase the likelihood of receiving federal funds or increase the award of federal funds.

(d) If a project will benefit a distressed area as defined in RCW 43.168.020, the maximum amount awarded under (b) of this subsection may be increased to 100 percent, and the maximum amount awarded under (c) of this subsection may be increased to $500,000.

(7) By July 1, 2026, the department shall expand the fundhub.wa.gov website to include federal funds available for economic development.

NEW SECTION. **Sec.**  A new section is added to chapter 43.330 RCW to read as follows:

Beginning December 31, 2027, the department must report on the use of state matching dollars to obtain federal funds. 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 number of letters provided to eligible entities to support applications for federal funds, the number of successful applications, the awards for state matching funds, the amount of federal funds received, and the number of federal agencies and federal fund opportunities on the fundhub.wa.gov website.

NEW SECTION. **Sec.**  A new section is added to chapter 43.330 RCW to read as follows:

(1) The moving assets to create healthy economic development account is created in the custody of the state treasurer. Revenues to the account consist of appropriations and transfers made to the account by the legislature and all other moneys directed for deposit into the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. Only the director or the director's designee may authorize expenditures from the account. Expenditures from the account may only be used to provide matching funds for an eligible entity's award of federal funds that will promote economic development, as described in subsection (2) of this section.

(2) Expenditures may be authorized for projects such as, but not limited to:

(a) Broadband;

(b) Equity;

(c) Housing;

(d) Public infrastructure;

(e) Innovation;

(f) Regional development;

(g) Skills training;

(h) Transportation; or

(i) Workforce development.

(3) The funds shall be reserved for a project after the application is approved, but shall not be expended from the account unless:

(a) The applicant is successful in receiving federal funds for the project;

(b) The circumstances are such that time does not permit the director or the eligible entity to secure funding from other state sources;

(c) The project will produce significant long-term economic benefits to the state, a region of the state, or a particular community in the state;

(d) The project does not require continuing state support;

(e) The expenditure will result in new jobs, job retention, or higher incomes for citizens of the state; and

(f) The expenditure will not supplant private investment.

(4) Reserved funds are committed to a project and are unavailable for reservation or appropriation for other applications until the department receives written notice from the applicant that the application for federal funds has been withdrawn or denied.

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