

2 **ESSB 5555 - H COMM AMD ADOPTED 4-19-91**

3 By Committee on Trade & Economic Development

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. The legislature finds
8 that:

9 (1) The economic health and well-being of timber-dependent
10 communities is of substantial public concern. The significant
11 reduction in annual timber harvest levels likely will result in reduced
12 economic activity and persistent unemployment and underemployment over
13 time, which would be a serious threat to the safety, health, and
14 welfare of residents of the timber-dependent communities, decreasing
15 the value of private investments and jeopardizing the sources of public
16 revenue.

17 (2) The state is experiencing a dual economy, where growth is
18 occurring rapidly in some areas and is occurring slowly or not at all
19 in other areas. This uneven growth rate across the state is causing
20 some areas to suffer negative impacts from too much growth while other
21 areas experience difficulty in creating adequate economic development.
22 Inadequate economic development is a serious threat to the public
23 safety, health, and welfare of a community. The state has an interest
24 in encouraging growth state-wide, which reduces the negative impacts of
25 growth in rapidly growing areas and assists areas of the state in need
26 of economic development.

27 (3) Timber-dependent communities are most often located in areas
28 that are experiencing little or no economic growth, creating an even

1 greater risk to the health, safety, and welfare of these communities.
2 The ability to remedy problems caused by the substantial reduction in
3 harvest activity is beyond the power and control of the regulatory
4 process and influence of the state, and the ordinary operations of
5 private enterprise without additional governmental assistance are
6 insufficient to adequately remedy the resulting problems of poverty and
7 unemployment.

8 (4) The revitalization and diversification of the economies of
9 timber-dependent communities require the stimulation of private
10 investment, the development of new business ventures, the provision of
11 capital to ventures sponsored by local organizations and capable of
12 growth in the business markets, and assistance to viable, but
13 under-financed, small businesses in order to create and preserve jobs
14 that are sustainable in the local economy. Therefore, the legislature
15 declares there to be a substantial public purpose in providing capital
16 to promote economic development and job creation in distressed areas in
17 general and timber-dependent communities in particular. To accomplish
18 this purpose, it is the intent of the legislature to:

19 (a) Increase the public financing of infrastructure necessary for
20 economic development and make such financing more flexible;

21 (b) Increase and target the amount of public financing available to
22 businesses to better create or preserve jobs through formation or
23 expansion of viable enterprises;

24 (c) Provide technical and financial assistance to businesses to
25 increase the export of products from timber-dependent communities;

26 (d) Increase the resources available to associated development
27 organizations to provide economic and community development services in
28 timber-dependent communities and to provide resource and referral
29 services to the community regarding state and local economic and
30 community development services;

1 (e) Increase training and retraining services accessible to timber-
2 dependent communities; and

3 (f) Provide for coordination of noneconomic development services in
4 timber-dependent communities as economic development efforts will not
5 succeed unless social, housing, health, and other needs are addressed."

6 "Sec. 2. RCW 43.160.010 and 1989 c 431 s 61 are each amended to
7 read as follows:

8 INFRASTRUCTURE FINANCING--CERB--INTENT. (1) The legislature finds
9 that it is the public policy of the state of Washington to direct
10 financial resources toward the fostering of economic development
11 through the stimulation of investment and job opportunities and the
12 retention of sustainable existing employment for the general welfare of
13 the inhabitants of the state. Reducing unemployment and reducing the
14 time citizens remain jobless is important for the economic welfare of
15 the state. A valuable means of fostering economic development is the
16 construction of public facilities which contribute to the stability and
17 growth of the state's economic base. Strengthening the economic base
18 through issuance of industrial development bonds, whether single or
19 umbrella, further serves to reduce unemployment. Consolidating issues
20 of industrial development bonds when feasible to reduce costs
21 additionally advances the state's purpose to improve economic vitality.
22 Expenditures made for these purposes as authorized in this chapter are
23 declared to be in the public interest, and constitute a proper use of
24 public funds. A community economic revitalization board is needed
25 which shall aid the development of economic opportunities. The general
26 objectives of the board should include:

27 (a) Strengthening the economies of areas of the state which have
28 experienced or are expected to experience chronically high unemployment
29 rates or below average growth in their economies;

1 (b) Encouraging the diversification of the economies of the state
2 and regions within the state in order to provide greater seasonal and
3 cyclical stability of income and employment;

4 (c) Encouraging wider access to financial resources for both large
5 and small industrial development projects;

6 (d) Encouraging new economic development or expansions to maximize
7 employment;

8 (e) Encouraging the retention of viable existing firms and
9 employment; and

10 (f) Providing incentives for expansion of employment opportunities
11 for groups of state residents that have been less successful relative
12 to other groups in efforts to gain permanent employment.

13 (2) The legislature also finds that the state's economic
14 development efforts can be enhanced by, in certain instances, providing
15 funds to improve state highways in the vicinity of new industries
16 considering locating in this state or existing industries that are
17 considering significant expansion.

18 (a) The legislature finds it desirable to provide a process whereby
19 the need for diverse public works improvements necessitated by planned
20 economic development can be addressed in a timely fashion and with
21 coordination among all responsible governmental entities.

22 (b) It is the intent of the legislature to create an economic
23 development account within the motor vehicle fund from which
24 expenditures can be made by the department of transportation for state
25 highway improvements necessitated by planned economic development. All
26 such improvements must first be approved by the state transportation
27 commission and the community economic revitalization board in
28 accordance with the procedures established by RCW 43.160.074 and
29 47.01.280. It is further the intent of the legislature that such
30 improvements not jeopardize any other planned highway construction

1 projects. The improvements are intended to be of limited size and
2 cost, and to include such items as additional turn lanes,
3 signalization, illumination, and safety improvements.

4 (3) The legislature also finds that the state's economic
5 development efforts can be enhanced by providing funds to improve
6 markets for those recyclable materials representing a large fraction of
7 the waste stream. The legislature finds that public facilities which
8 result in private construction of processing or remanufacturing
9 facilities for recyclable materials are eligible for consideration from
10 the board.

11 (4) The legislature finds that sharing economic growth state-wide
12 is important to the welfare of the state. Distressed areas and timber-
13 dependent communities do not share in the economic vitality of the
14 Puget Sound region. Infrastructure is one of several ingredients that
15 are critical for economic development. Distressed areas and timber-
16 dependent communities generally lack the infrastructure necessary to
17 diversify and revitalize their economies. It is, therefore, the intent
18 of the legislature to increase the availability of funds to help
19 provide infrastructure to distressed areas and timber-dependent
20 communities."

21 "Sec. 3. RCW 43.160.020 and 1985 c 466 s 58 are each amended to
22 read as follows:

23 Unless the context clearly requires otherwise, the definitions in
24 this section apply throughout this chapter.

25 (1) "Board" means the community economic revitalization board.

26 (2) "Bond" means any bond, note, debenture, interim certificate, or
27 other evidence of financial indebtedness issued by the board pursuant
28 to this chapter.

1 (3) "Department" means the department of trade and economic
2 development or its successor with respect to the powers granted by this
3 chapter.

4 (4) "Financial institution" means any bank, savings and loan
5 association, credit union, development credit corporation, insurance
6 company, investment company, trust company, savings institution, or
7 other financial institution approved by the board and maintaining an
8 office in the state.

9 (5) "Industrial development facilities" means "industrial
10 development facilities" as defined in RCW 39.84.020.

11 (6) "Industrial development revenue bonds" means tax-exempt revenue
12 bonds used to fund industrial development facilities.

13 (7) "Local government" means any port district, county, city, or
14 town.

15 (8) "Sponsor" means any of the following entities which customarily
16 provide service or otherwise aid in industrial or other financing and
17 are approved as a sponsor by the board: A bank, trust company, savings
18 bank, investment bank, national banking association, savings and loan
19 association, building and loan association, credit union, insurance
20 company, or any other financial institution, governmental agency, or
21 holding company of any entity specified in this subsection.

22 (9) "Umbrella bonds" means industrial development revenue bonds
23 from which the proceeds are loaned, transferred, or otherwise made
24 available to two or more users under this chapter.

25 (10) "User" means one or more persons acting as lessee, purchaser,
26 mortgagor, or borrower under a financing document and receiving or
27 applying to receive revenues from bonds issued under this chapter.

28 (11) Until July 1, 1995, "timber-dependent community" means a
29 county, city, or town located in a county meeting two of the following
30 three criteria for the most recent year such data is available: (a) A

1 lumber and wood products employment location quotient at or above the
2 state average, (b) a direct lumber and wood products job loss of one
3 hundred or more, or (c) an annual unemployment rate twenty percent or
4 more above the state average.

5 (12) Until July 1, 1995, "small scale tourism project" means a
6 project that where added to the current facilities in the area attracts
7 additional visitors for overnight stays and will be used primarily by
8 nonresidents of the immediate area. A small scale tourism project may
9 be a new project or an expansion or refurbishment of an existing
10 facility."

11 "NEW SECTION. Sec. 4. A new section is added to chapter 43.160
12 RCW to read as follows:

13 (1) The economic development account is created within the public
14 facilities construction loan revolving fund under RCW 43.160.080.
15 Moneys in the account may be spent only after appropriation.
16 Expenditures from the account may be used only for the purposes of RCW
17 43.160.010(4) and this section. The account is subject to allotment
18 procedures under chapter 43.88 RCW.

19 (2) Applications under this section for assistance from the
20 economic development account are subject to all of the applicable
21 criteria set forth under this chapter, as well as procedures and
22 criteria established by the board, except as otherwise provided.

23 (3) Eligible applicants under this section are limited to political
24 subdivisions of the state in timber-dependent communities that
25 demonstrate, to the satisfaction of the board, the local economy's
26 dependence on the forest products industry.

27 (4) Applicants must demonstrate that their request is part of an
28 economic development plan consistent with applicable state planning
29 requirements. Industrial projects must be approved by the local

1 government and the associate development organization. Applicants must
2 demonstrate that small scale tourism projects have been approved by the
3 local government and are part of a regional tourism plan approved by
4 the local and regional tourism organizations.

5 (5) Publicly owned projects may be financed under this section upon
6 proof by the applicant that the public project is a necessary component
7 of, or constitutes in whole, a small scale tourism project.

8 (6) Applications must demonstrate local match and participation.
9 The amount of local match shall not be less than twenty percent of the
10 total dollar amount sought in the application. Such match may include:
11 Land donation, other public or private funds or both, or other means of
12 local commitment to the project.

13 (7) Board financing for feasibility studies shall not exceed
14 twenty-five thousand dollars per study. Board funds for feasibility
15 studies may be provided as a grant and require a dollar for dollar
16 match with up to one-half in-kind match allowed.

17 (8) Board financing for small scale tourism projects shall not
18 exceed two hundred fifty thousand dollars. Other public facility
19 projects under this section shall not exceed five hundred thousand
20 dollars. Loans with flexible terms and conditions to meet the needs of
21 the applicants shall be provided. Grants may also be authorized, but
22 only when, and to the extent that, a loan is not reasonably possible,
23 given the limited resources of the political subdivision.

24 (9) The board shall develop guidelines for allowable local match
25 and feasibility studies.

26 (10) Applications under this section need not demonstrate evidence
27 that specific private development or expansion is ready to occur or
28 will occur if funds are provided.

29 (11) The board shall establish guidelines for making grants and
30 loans under this section. The guidelines shall include:

1 (a) A process to equitably compare and evaluate applications from
2 competing communities;

3 (b) Criteria to ensure that approved projects will have a high
4 probability of success and are likely to provide long-term economic
5 benefits to the community. The criteria shall include: (i) A minimum
6 amount of local participation, determined by the board per application,
7 to verify community support for the project; (ii) an analysis that
8 establishes the project is feasible using standard economic principles;
9 and (iii) an explanation from the applicant regarding how the project
10 is consistent with the communities' economic strategy and goals; and

11 (c) A method of evaluating the impact of the loans or grants on the
12 economy of the community and whether the loans or grants achieved their
13 purpose.

14 (12) This section shall expire July 1, 1995."

15 "NEW SECTION. **Sec. 5.** A new section is added to chapter 43.160
16 RCW to read as follows:

17 (1) For the 1991-93 biennium, half of all funds appropriated to the
18 department for purposes of this chapter shall be used for section 4 of
19 this act.

20 (2) This section shall expire on July 1, 1993."

21 "**Sec. 6.** RCW 43.160.080 and 1987 c 422 s 6 are each amended to
22 read as follows:

23 INFRASTRUCTURE--CERB--REVOLVING LOAN FUND REPAYMENTS. There shall
24 be a fund known as the public facilities construction loan revolving
25 fund, which shall consist of all moneys collected under this chapter,
26 except moneys of the board collected in connection with the issuance of
27 industrial development revenue bonds, and any moneys appropriated to it
28 by law: PROVIDED, That seventy-five percent of all principal and

1 interest payments on loans made with the proceeds deposited in the fund
2 under section 901, chapter 57, Laws of 1983 1st ex. sess. shall be
3 deposited in the general fund as reimbursement for debt service
4 payments on the bonds authorized in RCW 43.83.184. The state treasurer
5 shall be custodian of the revolving fund. Disbursements from the
6 revolving fund shall be on authorization of the board. In order to
7 maintain an effective expenditure and revenue control, the public
8 facilities construction loan revolving fund shall be subject in all
9 respects to chapter 43.88 RCW(~~(, but no appropriation is required to~~
10 ~~permit expenditures and payment of obligations from the fund)~~).

11 Moneys in this fund not needed to meet the current expenses and
12 obligations of the board shall be invested in the manner authorized for
13 moneys in revolving funds. Any interest earned shall be deposited in
14 this fund and shall be used for the purposes specified in this chapter.
15 The state treasurer shall render reports to the board advising of the
16 status of any funds invested, the market value of the assets as of the
17 date the statement is rendered, and the income received from the
18 investments during the period covered by the report."

19 "NEW SECTION. Sec. 7. A new section is added to chapter 43.31 RCW
20 to read as follows:

21 INCREASING EXPORTS FROM TIMBER-DEPENDENT COMMUNITIES. (1)
22 Marketing is a vital element in expanding the economies of timber-
23 dependent communities. The export of products produced in timber-
24 dependent areas contributes substantial economic benefits to these
25 communities, including an increase in jobs and an increase in tax
26 revenues to the state and local governments.

27 (2)(a) Subject to funding for this subsection, the department shall
28 contract with the small business export finance assistance center,
29 created in chapter 43.210 RCW, to assist businesses in timber-dependent

1 communities obtain financing for the export of their products. The
2 department shall assist the small business export finance assistance
3 center to ensure the services available under this subsection are
4 understood and accessible in timber-dependent communities.

5 (b) Subject to funding for the necessary reserve funds, the
6 Washington economic development finance authority, created in chapter
7 43.163 RCW, shall provide financing for export transactions where the
8 product being exported is produced in timber-dependent communities.

9 (3) The department may make rules that are necessary to carry out
10 this section and to coordinate the services described in this section
11 and to prioritize the services based on greatest negative impact from
12 the harvest reductions.

13 (4) For purposes of this section, the definition of "timber-
14 dependent community" is the same as RCW 43.160.020."

15 "NEW SECTION. Sec. 8. A new section is added to chapter 43.31 RCW
16 to read as follows:

17 (1) The Washington wood products competitiveness commission is
18 created. The commission shall have nine members as follows:

19 (a) One representative each from the departments of trade and
20 economic development, community development, natural resources, and the
21 employment security department appointed by the directors or the
22 commissioners of the respective departments;

23 (b) One representative of the office of financial management, who
24 shall chair the commission, appointed by the governor;

25 (c) One representative of the Washington hardwoods commission
26 appointed by the hardwoods commission;

27 (d) One member representing primary wood products manufacturers
28 appointed by the director of the department; and

1 (e) Two members representing secondary wood products manufacturers
2 appointed by the director of the department.

3 (2) Since the best hope for quickly replacing some of the jobs
4 being lost in primary manufacturing may be in value-added and secondary
5 manufacturing, the legislature intends that the commission design a
6 set of programs to stimulate the growth of value-added and secondary
7 wood products manufacturing in Washington and increase the involvement
8 of the wood products industry in value-added products and business
9 networks.

10 (3) The legislature also intends that after two years, the
11 commission become industry supported and industry operated.

12 (4) Members not representing state government shall serve a term of
13 three years, with the initial members serving staggered terms of one
14 year, two years, and three years as determined by the director of the
15 department.

16 (5) Travel expenses may be reimbursed under RCW 43.03.050 and
17 43.03.060.

18 (6) Staff support for the commission shall be provided by the
19 department."

20 "NEW SECTION. **Sec. 9.** A new section is added to chapter 43.31 RCW
21 to read as follows:

22 The Washington wood products competitiveness commission shall:

23 (1) Gather, analyze, and disseminate information about the
24 competitiveness of the wood products industry in this state and make
25 that information available to the wood products industry, state
26 government, and the general public.

27 (2) Encourage cooperation among wood products firms through the
28 formation of business networks to develop solutions to technology and
29 product development problems, acquire and disseminate marketing

1 information, promote and market wood products of this state, and
2 address other common industry problems.

3 (3) Assist the department in the department's efforts to increase
4 the competitiveness of the industry and increase the production of
5 value-added products by contracting for feasibility studies and product
6 research and development. The contracts under this subsection shall:

7 (a) Be of general benefit to the industry rather than intended to
8 benefit a specific firm; and

9 (b) Be for such activities as identifying options, assessing
10 markets, evaluating business and financial risks, addressing production
11 issues, and assessing new technologies.

12 (4) Work with state agencies, wood products firms, wood products
13 industry associations, and institutions of higher education in this
14 state to assure close coordination of all efforts to improve the
15 competitiveness of the wood products industry in this state.

16 (5) Report periodically to the governor, the legislature, the wood
17 products industry, and the general public on the competitive position
18 of the wood products industry in this state, and make such
19 recommendations as the commission determines appropriate for public or
20 private actions needed to improve the competitiveness of the wood
21 products industry in this state. The commission shall recommend, by
22 January 1, 1992, how to change this public commission into a commodity-
23 style industry commission, and recommend a fair method of assessment
24 for the industry to fund the commission."

25 "NEW SECTION. Sec. 10. A new section is added to chapter 43.31
26 RCW to read as follows:

27 The Washington wood products competitiveness commission may:

28 (1) Engage, with private sector funds only, in informational and
29 promotional activities to increase the awareness and recognition of the

1 value of wood products in this state and of the contribution of wood
2 products to the economy of this state.

3 (2) Contract for research activities to develop and apply new
4 technologies for wood products manufacture related to the commission's
5 and the department's efforts to make value-added wood products
6 industries more competitive. Any public funds used for this subsection
7 shall be matched at least dollar for dollar by private funds. In
8 carrying out research for development and application of new
9 manufacture technologies, the commission may promote activities
10 including, but not limited to:

11 (a) Improved utilization of wood wastes;

12 (b) Improved utilization of lower grade and underutilized lumber;

13 (c) Alternative uses for underutilized species of softwood and
14 hardwood;

15 (d) New and improved utilization of select and clear grade lumber
16 to produce high quality and high value-added wood products in
17 Washington;

18 (e) Identifying unique properties and characteristics of wood
19 species of this state and determining products particularly suited to
20 those properties and characteristics; or

21 (f) Providing access to testing facilities and services for wood
22 products firms in this state."

23 "NEW SECTION. **Sec. 11.** A new section is added to chapter 43.06
24 RCW to read as follows:

25 COORDINATION OF STATE AND LOCAL SERVICES. (1) The governor, or the
26 governor's designee, shall coordinate state noneconomic development
27 related assistance provided to timber-dependent communities to ensure
28 state services are delivered effectively and efficiently and
29 coordinated locally with minimal duplication and maximum local access.

1 (2) Associate development organizations located in timber-dependent
2 communities shall assist the governor in coordinating the delivery of
3 state economic development related services locally. The associate
4 development organization, as the primary local coordinating
5 organization for state and local economic development services, shall
6 provide resource and referral services to ensure state and local
7 economic development services are delivered effectively and efficiently
8 with minimal duplication and maximum local access."

9 "NEW SECTION. Sec. 12. Subject to an appropriation in the 1991
10 omnibus appropriations act by June 30, 1991, for the purposes of this
11 section, the department of trade and economic development shall
12 contract with associate development organizations in timber-dependent
13 communities to provide additional coordination and economic development
14 services. For purposes of this subsection "timber-dependent community"
15 means a distressed county, as defined in RCW 43.160.020, that meets at
16 least one of the following two criteria for the most recent year such
17 data is available: (1) A lumber and wood products employment location
18 quotient at or above the state average or (2) a direct lumber and wood
19 products job loss of one hundred or more. Associate development
20 organizations shall provide representation on their board of directors
21 of cities, counties, businesses, and community-based public service
22 organizations."

23 "NEW SECTION. Sec. 13. TITLE. This act may be referred to as
24 "the omnibus timber community assistance act."

25 "NEW SECTION. Sec. 14. SECTION HEADINGS ARE NOT LAW. Section
26 headings as used in this act do not constitute any part of the law."

1 "NEW SECTION. Sec. 15. If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected."

5 "NEW SECTION. Sec. 16. This act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of the
7 state government and its existing public institutions, and shall take
8 effect immediately."

9 **ESSB 5555** - H COMM AMD
10 By Committee on Trade & Economic Development

11
12 On page 1, line 2 of the title, after "state;" strike the remainder
13 of the title and insert "amending RCW 43.160.010, 43.160.020, and
14 43.160.080; adding new sections to chapter 43.160 RCW; adding new
15 sections to chapter 43.31 RCW; adding a new section to chapter 43.06
16 RCW; creating new sections; and declaring an emergency."