
HOUSE BILL 1442

State of Washington

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By Representatives Inslee, Cantwell, Sheldon, Edmondson, Hargrove, Lisk, Rayburn, P. Johnson, Basich, Spanel, Jones, H. Myers, Roland, Riley, Dorn, Bowman, Kremen, Brumsickle, Cooper, Rasmussen, Scott, Winsley, O'Brien, G. Fisher, Wineberry and Leonard.

Read first time January 29, 1991. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to public infrastructure financing for economic
2 development; and amending RCW 43.160.010, 43.160.060, and 43.160.076.

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

4 **Sec. 1.** RCW 43.160.010 and 1989 c 431 s 61 are each amended to
5 read as follows:

6 (1) The legislature finds that it is the public policy of the state
7 of Washington to direct financial resources toward the fostering of
8 economic development through the stimulation of investment and job
9 opportunities and the retention of sustainable existing employment for
10 the general welfare of the inhabitants of the state. Reducing
11 unemployment and reducing the time citizens remain jobless is important
12 for the economic welfare of the state. A valuable means of fostering
13 economic development is the construction of public facilities which
14 contribute to the stability and growth of the state's economic base.
15 Strengthening the economic base through issuance of industrial

1 development bonds, whether single or umbrella, further serves to reduce
2 unemployment. Consolidating issues of industrial development bonds
3 when feasible to reduce costs additionally advances the state's purpose
4 to improve economic vitality. Expenditures made for these purposes as
5 authorized in this chapter are declared to be in the public interest,
6 and constitute a proper use of public funds. A community economic
7 revitalization board is needed which shall aid the development of
8 economic opportunities. The general objectives of the board should
9 include:

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

13 (b) Encouraging the diversification of the economies of the state
14 and regions within the state in order to provide greater seasonal and
15 cyclical stability of income and employment;

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

18 (d) Encouraging new economic development or expansions to maximize
19 employment;

20 (e) Encouraging the retention of viable existing firms and
21 employment; and

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

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

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

5 (b) It is the intent of the legislature to create an economic
6 development account within the motor vehicle fund from which
7 expenditures can be made by the department of transportation for state
8 highway improvements necessitated by planned economic development. All
9 such improvements must first be approved by the state transportation
10 commission and the community economic revitalization board in
11 accordance with the procedures established by RCW 43.160.074 and
12 47.01.280. It is further the intent of the legislature that such
13 improvements not jeopardize any other planned highway construction
14 projects. The improvements are intended to be of limited size and
15 cost, and to include such items as additional turn lanes,
16 signalization, illumination, and safety improvements.

17 (3) The legislature also finds that the state's economic
18 development efforts can be enhanced by providing funds to improve
19 markets for those recyclable materials representing a large fraction of
20 the waste stream. The legislature finds that public facilities which
21 result in private construction of processing or remanufacturing
22 facilities for recyclable materials are eligible for consideration from
23 the board.

24 (4)(a) The legislature finds that economic growth is taking place
25 unevenly across the state causing some areas to suffer negative impacts
26 from too much growth while other areas experience difficulty in
27 attracting adequate economic development.

28 The state has an interest in reducing the negative impacts of
29 growth in rapidly growing areas while assisting firms and industries
30 located in these areas to relocate or expand into areas of the state in

1 need of economic development. Timber-dependent communities can benefit
2 from economic growth that spreads from the Puget Sound region.

3 (b) The legislature also finds that there is a need to:

4 (i) Limit negative impacts of growth in highly developed areas;

5 (ii) Aid regional economies that show promise for economic
6 development but lack adequately prepared industrial locations and have
7 significant rates of poverty;

8 (iii) Increase the number of industrial location alternatives
9 available in local areas for companies considering expansion
10 alternatives in low-growth, yet promising areas; and

11 (iv) Provide job opportunities in metropolitan areas with
12 sufficient population and service bases, but without adequate
13 industrial infrastructure.

14 (c) The legislature further finds that many areas of our state
15 possess the necessary population and potential for economic development
16 but lack the industrial parks and locations that are necessary to
17 attract firms and industries from high-growth parts of the state. The
18 legislature intends to increase the funding available to areas
19 described in this subsection.

20 **Sec. 2.** RCW 43.160.060 and 1990 1st ex.s. c 17 s 73 are each
21 amended to read as follows:

22 The board is authorized to make direct loans to political
23 subdivisions of the state for the purposes of assisting the political
24 subdivisions in financing the cost of public facilities, including
25 development of land and improvements for public facilities, as well as
26 the acquisition, construction, rehabilitation, alteration, expansion,
27 or improvement of the facilities. A grant may also be authorized for
28 purposes designated in this chapter, but only when, and to the extent

1 that, a loan is not reasonably possible, given the limited resources of
2 the political subdivision.

3 Application for funds shall be made in the form and manner as the
4 board may prescribe. In making grants or loans the board shall conform
5 to the following requirements:

6 (1) The board shall not make a grant or loan:

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

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

12 (c) For the acquisition of real property, including buildings and
13 other fixtures which are a part of real property.

14 (2) The board shall only make grants or loans:

15 (a) For those projects which would result in specific private
16 developments or expansions (i) in manufacturing, production, food
17 processing, assembly, warehousing, and industrial distribution; (ii)
18 for processing recyclable materials or for facilities that support
19 recycling, including processes not currently provided in the state,
20 including but not limited to, de-inking facilities, mixed waste paper,
21 plastics, yard waste, and problem-waste processing; (iii) for
22 manufacturing facilities that rely significantly on recyclable
23 materials, including but not limited to waste tires and mixed waste
24 paper; (iv) which support the relocation of businesses from
25 nondistressed urban areas to distressed rural areas; or (v) which
26 substantially support the trading of goods or services outside of the
27 state's borders.

28 (b) For projects which it finds will improve the opportunities for
29 the successful maintenance, establishment, or expansion of industrial

1 or commercial plants or will otherwise assist in the creation or
2 retention of long-term economic opportunities.

3 (c) When, except for applications from distressed counties as
4 defined in RCW 43.160.076, the application includes convincing evidence
5 that a specific private development or expansion is ready to occur and
6 will occur only if the grant or loan is made.

7 (3) The board shall prioritize each proposed project according to
8 the relative benefits provided to the community by the jobs the project
9 would create, not just the total number of jobs it would create, after
10 the project is completed and according to the unemployment rate in the
11 area in which the jobs would be located and additional priority shall
12 be given to applications from distressed counties that are timber-
13 dependent and meet the criteria described in RCW 43.160.010(4). For
14 purposes of this section, "timber dependent" means a county that has a
15 federal timber impact of one hundred or more direct log and lumber job
16 losses as calculated by the employment security department. As long as
17 there is more demand for loans or grants than there are funds available
18 for loans or grants, the board is instructed to fund projects in order
19 of their priority.

20 (4) A responsible official of the political subdivision shall be
21 present during board deliberations and provide information that the
22 board requests.

23 Before any loan or grant application is approved, the political
24 subdivision seeking the loan or grant must demonstrate to the community
25 economic revitalization board that no other timely source of funding is
26 available to it at costs reasonably similar to financing available from
27 the community economic revitalization board.

28 **Sec. 3.** RCW 43.160.076 and 1985 c 446 s 6 are each amended to read
29 as follows:

1 (1) Except as authorized to the contrary under subsection (2) of
2 this section, from all funds available to the board for loans and
3 grants, the board shall spend at least (~~twenty~~) forty percent for
4 grants and loans for projects in distressed counties. For purposes of
5 this section, the term "distressed counties" includes any county, in
6 which the average level of unemployment for the three years before the
7 year in which an application for a loan or grant is filed, exceeds the
8 average state employment for those years by twenty percent.

9 (2) If at any time during the last six months of a biennium the
10 board finds that the actual and anticipated applications for qualified
11 projects in distressed counties are clearly insufficient to use up the
12 (~~twenty~~) forty percent allocation, then the board shall estimate the
13 amount of the insufficiency and during the remainder of the biennium
14 may use that amount of the allocation for loans and grants for projects
15 not located in distressed counties.

16 NEW SECTION. **Sec. 4.** If any provision of this act or its
17 application to any person or circumstance is held invalid, the
18 remainder of the act or the application of the provision to other
19 persons or circumstances is not affected.