

---

**SUBSTITUTE SENATE BILL 5740**

---

**State of Washington****55th Legislature****1997 Regular Session**

**By** Senate Committee on Commerce & Labor (originally sponsored by Senators Hargrove, Schow, Snyder, Morton, Hale, Prentice, Heavey, West, McDonald, Swanson, Spanel and Rasmussen)

Read first time 02/24/97.

1 AN ACT Relating to the rural area marketing plan; amending RCW  
2 43.168.140, 43.163.210, 43.160.080, 82.16.020, 43.160.076, 19.85.011,  
3 19.85.020, 19.85.025, 19.85.030, 19.85.040, 19.85.050, 19.85.070,  
4 43.31.601, 43.31.611, 43.31.621, 43.63A.021, 43.31.641, 43.63A.440,  
5 43.160.020, 28B.50.030, 28B.80.570, 28B.80.580, 50.12.270, 43.131.385,  
6 and 43.131.386; amending 1995 2nd sp.s. c 16 s 108 (uncodified);  
7 amending 1995 c 226 s 7 (uncodified); amending 1995 c 226 s 8  
8 (uncodified); amending 1995 c 226 s 9 (uncodified); reenacting and  
9 amending RCW 50.22.090 and 43.20A.750; adding new sections to chapter  
10 43.31 RCW; adding a new section to chapter 28C.04 RCW; adding a new  
11 section to chapter 82.14 RCW; adding a new section to chapter 82.04  
12 RCW; adding a new section to chapter 19.85 RCW; adding a new section to  
13 chapter 43.63A RCW; adding a new chapter to Title 84 RCW; creating new  
14 sections; repealing RCW 43.31.651; providing expiration dates; and  
15 declaring an emergency.

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

17 NEW SECTION. **Sec. 1.** LEGISLATIVE RECOGNITION AND INTENT. The  
18 legislature recognizes the economic hardship that rural distressed  
19 areas throughout the state have undergone in recent years. Numerous

1 rural distressed areas across the state have encountered serious  
2 economic downturns resulting in significant job loss and business  
3 failure. In 1991 the legislature enacted two major pieces of  
4 legislation to promote economic development and job creation, with  
5 particular emphasis on worker training, income, and emergency services  
6 support, along with community revitalization through planning services  
7 and infrastructure assistance. However even though these programs have  
8 been of assistance, rural distressed areas still face serious economic  
9 problems including: Above-average unemployment rates from job losses  
10 and below-average employment growth; low rate of business start-ups;  
11 and persistent erosion of vitally important resource-driven industries.

12 The legislature also recognizes that rural distressed areas in  
13 Washington have an abiding ability and consistent will to overcome  
14 these economic obstacles by building upon their historic foundations of  
15 business enterprise, local leadership, and outstanding work ethic.

16 The legislature intends to assist rural distressed areas in their  
17 ongoing efforts to address these difficult economic problems by  
18 providing a comprehensive and significant array of economic tools,  
19 necessary to harness the persistent and undaunted spirit of enterprise  
20 that resides in the citizens of rural distressed areas throughout the  
21 state.

22 The further intent of this act is to provide:

23 (1) A strategically designed plan of assistance, emphasizing state,  
24 local, and private sector leadership and partnership;

25 (2) A comprehensive and significant array of business assistance,  
26 services, and tax incentives that are accountable and performance  
27 driven;

28 (3) An array of community assistance including infrastructure  
29 development and business retention, attraction, and expansion programs  
30 that will provide a competitive advantage to rural distressed areas  
31 throughout Washington; and

32 (4) Regulatory relief to reduce and streamline zoning, permitting,  
33 and regulatory requirements in order to enhance the capability of  
34 businesses to grow and prosper in rural distressed areas.

35 NEW SECTION. **Sec. 2.** GOALS. The primary goals of chapter . . . ,  
36 Laws of 1997 (this act) are to:

37 (1) Promote the ongoing operation of business in rural distressed  
38 areas;

- 1 (2) Promote the expansion of existing businesses in rural  
2 distressed areas;
- 3 (3) Attract new businesses to rural distressed areas;
- 4 (4) Assist in the development of new businesses from within rural  
5 distressed areas;
- 6 (5) Provide family wage jobs to the citizens of rural distressed  
7 areas; and
- 8 (6) Promote the development of communities of excellence in rural  
9 distressed areas.

10 **PART I**  
11 **ADMINISTRATION**

12 NEW SECTION. **Sec. 3.** RURAL DISTRESSED AREAS ECONOMIC RECOVERY  
13 COORDINATION BOARD. (1) There is established the rural distressed  
14 areas economic recovery coordination board consisting of one  
15 representative, appointed by the governor, from each county that is a  
16 rural distressed area. In addition, one member from each of the two  
17 largest political caucuses of the house of representatives shall be  
18 appointed by the speaker of the house of representatives and one member  
19 from each of the two largest political caucuses of the senate shall be  
20 appointed by the president of the senate. The rural distressed areas  
21 assistance coordinator shall also be a member of the board. Each  
22 associate development organization from rural distressed areas, in  
23 consultation with the county legislative authority, shall submit to the  
24 governor the names of three nominees representing different interests  
25 in each county. Within sixty days after the effective date of this  
26 section, the governor shall select one nominee from each list submitted  
27 by associate development organizations. In making the appointments,  
28 the governor shall endeavor to ensure that the board represents a  
29 diversity of backgrounds. Vacancies shall be filled in the same manner  
30 as the original appointment.

31 (2) The board shall:

32 (a) Advise the rural distressed areas coordinator and the rural  
33 distressed areas assistance task force on issues relating to economic  
34 and social development, and review and provide recommendations on  
35 proposals for the economic diversification of the rural distressed  
36 areas presented to it by the coordinator.

1 (b) Respond to the needs and concerns of citizens at the local  
2 level.

3 (c) Develop strategies for the economic recovery of rural  
4 distressed areas.

5 (d) Provide recommendations to the governor, the legislature, and  
6 congress on land management and economic and regulatory policies that  
7 affect rural distressed areas.

8 (e) Recommend to the legislature any changes or improvements in  
9 existing programs designed to benefit rural distressed areas.

10 (3) Members of the board and committees shall receive no  
11 compensation but shall be reimbursed for travel expenses under RCW  
12 43.03.050 and 43.03.060.

13 **PART II**

14 **BUSINESS ASSISTANCE**

15 NEW SECTION. **Sec. 4.** STATE OFFICE OF BUSINESS ASSISTANCE AND  
16 RECRUITMENT FOR RURAL DISTRESSED AREAS. There is established within  
17 the department of community, trade, and economic development the office  
18 of business assistance and recruitment for rural distressed areas. The  
19 primary responsibilities of the office are to coordinate and administer  
20 a comprehensive and effective set of business assistance programs and  
21 services including:

22 (1) Business recruitment. The office shall: Provide a  
23 comprehensive and aggressive program to attract viable businesses to  
24 rural distressed areas; work with local communities to identify select  
25 industry sectors that have a competitive advantage in specific rural  
26 distressed areas; collaborate with state and local officials to modify  
27 their infrastructure plans and priorities to facilitate business  
28 growth; and assist rural distressed areas in developing strategic  
29 business recruitment plans.

30 (2) Business permitting and zoning one-stop shop. The office  
31 shall: Provide a streamlined and customer driven siting service to  
32 businesses in order to promote their attraction and expansion in rural  
33 distressed areas; provide preliminary permit application and zoning  
34 information and services for businesses in order to attract firms and  
35 facilitate business growth in rural distressed areas.

36 (3) Business regulatory assistance and ombudsman services. The  
37 office shall: Provide comprehensive business regulatory services to

1 assist businesses in addressing and responding to local, state, and  
2 federal regulations; and provide recommendations on streamlining and  
3 modifying government regulations.

4 (a) The office is authorized to review state zoning, permitting, or  
5 regulatory requirements that pose difficulty for businesses wishing or  
6 likely to site in a rural enterprise area. In situations where the  
7 office considers the zoning, permitting, or regulatory requirements  
8 placed on a business in a rural enterprise area unfairly burdensome the  
9 director may petition the regulatory agency or agencies for regulatory  
10 relief. In addition the director may petition the agency or agencies  
11 for relief under the regulatory fairness act, chapter 19.85 RCW.

12 (b) In situations where a business or entity in a rural enterprise  
13 area is encountering regulatory oversight from more than one state  
14 agency and is experiencing conflicting direction or confusing process,  
15 the business or entity may petition the director to intercede. The  
16 director upon review of the circumstances involved is authorized to  
17 designate a lead agency to collaborate with other state agencies in  
18 order to streamline and reduce the regulatory difficulties.

19 (c) Businesses or entities in a rural enterprise zone may petition  
20 the director for an accelerated zoning, permitting, or regulatory  
21 process. The director upon reviewing the petition and the  
22 circumstances involved may make a finding of regulatory unfairness and  
23 may direct the state agency or agencies to process the business or  
24 entities application in an expeditious manner with a maximum timeline  
25 of six months from the director's receipt of the petition.

26 (4) "Brown Fields" Program. The office shall develop with the  
27 department of ecology and recommend to the legislature a streamlined  
28 and cost-effective process to redevelop hazardous industrial sites in  
29 order to promote business growth in rural distressed areas.

30 (5) Rural enterprise zone development and foreign trade zone. The  
31 office is authorized to provide technical assistance to local  
32 governments in rural distressed areas to establish rural enterprise  
33 zones and foreign trade zones. The office shall target rural  
34 enterprise zones and foreign trade zones in the delivery of its  
35 services in order to maximize the impact of its economic development  
36 assistance as outlined in section 34 of this act to businesses and  
37 rural distressed areas.

1        NEW SECTION.    **Sec. 5.**    OFFICE ADMINISTRATION.    The office shall be  
2 administered by a director appointed by the director of community,  
3 trade, and economic development, in consultation with the rural  
4 distressed areas economic recovery coordination board.    The office  
5 director shall coordinate activities with the rural distressed areas  
6 resource coordinator and report on the activities and performance of  
7 the office on a quarterly basis.

8        NEW SECTION.    **Sec. 6.**    RURAL DISTRESSED AREAS RESOURCE COORDINATOR.

9        (1) The governor shall appoint, subject to senate confirmation, a rural  
10 distressed areas resource coordinator.    The coordinator shall  
11 coordinate the state and federal economic and social programs targeted  
12 to rural distressed areas.

13        (2) The coordinator's responsibilities shall include but not be  
14 limited to:

15        (a) Chairing the rural distressed areas economic recovery  
16 coordination board and directing staff associated with the board.

17        (b) Coordinating and maximizing the impact of state and federal  
18 assistance to rural distressed areas.

19        (c) Coordinating and expediting programs to assist rural distressed  
20 areas.

21        (d) Providing the legislature with a status and impact report on  
22 the rural area marketing plan and other programs and resources  
23 assisting rural distressed areas.

24        (3) To assist in carrying out the duties set out under this  
25 section, the coordinator shall consult with the Washington state rural  
26 development council and may appoint an advisory body that has  
27 representation from local governments and natural resources interest  
28 groups representing rural distressed areas.

29        NEW SECTION.    **Sec. 7.**    A new section is added to chapter 28C.04 RCW  
30 to read as follows:

31        JOB SKILLS/RURAL DISTRESSED AREA EMPLOYEE TRAINING.    At least  
32 seventy-five percent of all discretionary expenditures in the job  
33 skills program shall be made to assist businesses in rural distressed  
34 areas.    For the purposes of this section, "rural distressed area" means  
35 the same as "rural natural resources impact area" under RCW 43.31.601.

1        NEW SECTION.    **Sec. 8.**    DEVELOPMENT LOAN FUND RECAPITALIZATION.    The  
 2 legislature finds that the development loan fund is a revolving loan  
 3 fund capitalized primarily with federal funds.    The fund, administered  
 4 by the department of community, trade, and economic development,  
 5 provides low-interest loans to businesses in economically distressed  
 6 areas and other parts of the state.    During the 1995-97 biennium, the  
 7 department provided three million six hundred thousand dollars in  
 8 loans, thereby exhausting its 1995-97 appropriation authority six  
 9 months prior to the end of the biennium.    However, due to early  
 10 repayment of several loans, the account has an estimated fund balance  
 11 of approximately one million seven hundred thousand dollars.    In order  
 12 to make the fund balance available for issuance of new loans prior to  
 13 the end of the biennium, it is necessary to provide a supplemental  
 14 appropriation.

15        **Sec. 9.**    1995 2nd sp.s. c 16 s 108 (uncodified) is amended to read  
 16 as follows:

17        **FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT**  
 18        **Development loan fund (88-2-002)**

19                **Reappropriation:**

|    |  |    |           |
|----|--|----|-----------|
| 20 | St Bldg Constr Acct--State . . . . .   | \$ | 2,000,000 |
| 21 | Wa St Dev Loan Acct--Federal . . . . . | \$ | 186,654   |
| 22 |  |    | -----     |
| 23 | Subtotal Reappropriation . . . . .     | \$ | 2,186,654 |

24                **Appropriation:**

|    |  |                 |                   |
|----|--|-----------------|-------------------|
| 25 | Wa St Dev Loan Acct--Federal . . . . .     | \$((3,500,000)) |                   |
| 26 |  |                 | <u>4,200,000</u>  |
| 27 | Prior Biennia (Expenditures) . . . . .     | \$              | 5,932,935         |
| 28 | Future Biennia (Projected Costs) . . . . . | \$              | 20,000,000        |
| 29 |  |                 | -----             |
| 30 | TOTAL . . . . .                            | \$              | ((31,619,589))    |
| 31 |  |                 | <u>32,319,589</u> |

32        **Sec. 10.**    RCW 43.168.140 and 1995 c 226 s 28 are each amended to  
 33 read as follows:

34        RURAL DISTRESSED AREAS.    Any funds appropriated by the legislature  
 35 to the development loan fund for purposes of the timber recovery act  
 36 shall be used for development loans in rural (~~natural resources impact~~  
 37 ~~areas as defined in RCW 43.31.601~~) distressed areas.    At least  
 38 seventy-five percent of all discretionary expenditures shall be made on  
 39 behalf of businesses in rural distressed areas.    For the purposes of

1 this section, "rural distressed area" means the same as "rural natural  
2 resources impact area" under RCW 43.31.601.

3 **Sec. 11.** RCW 43.163.210 and 1996 c 310 s 1 are each amended to  
4 read as follows:

5 ECONOMIC DEVELOPMENT FINANCE AUTHORITY. For the purpose of  
6 facilitating economic development in the state of Washington and  
7 encouraging the employment of Washington workers at meaningful wages:

8 ~~(1)((The authority may develop and conduct a program or programs~~  
9 ~~to provide nonrecourse revenue bond financing for the project costs for~~  
10 ~~no more than five economic development activities, per fiscal year,~~  
11 ~~included under the authority's general plan of economic development~~  
12 ~~finance objectives. In addition, the authority may issue tax exempt~~  
13 ~~bonds to finance ten manufacturing or processing activities, per fiscal~~  
14 ~~year, for which the total project cost is less than one million dollars~~  
15 ~~per project.~~

16 ~~(2))~~ The authority may ~~((also))~~ develop and conduct a program that  
17 will stimulate and encourage the development of new products within  
18 Washington state by the infusion of financial aid for invention and  
19 innovation in situations in which the financial aid would not otherwise  
20 be reasonably available from commercial sources. The authority is  
21 authorized to provide nonrecourse revenue bond financing for this  
22 program.

23 (a) For the purposes of this program, the authority shall have the  
24 following powers and duties:

25 (i) To enter into financing agreements with eligible persons doing  
26 business in Washington state, upon terms and on conditions consistent  
27 with the purposes of this chapter, for the advancement of financial and  
28 other assistance to the persons for the development of specific  
29 products, procedures, and techniques, to be developed and produced in  
30 this state, and to condition the agreements upon contractual assurances  
31 that the benefits of increasing or maintaining employment and tax  
32 revenues shall remain in this state and accrue to it;

33 (ii) Own, possess, and take license in patents, copyrights, and  
34 proprietary processes and negotiate and enter into contracts and  
35 establish charges for the use of the patents, copyrights, and  
36 proprietary processes when the patents and licenses for products result  
37 from assistance provided by the authority;



1 (iii) Negotiate royalty payments to the authority on patents and  
2 licenses for products arising as a result of assistance provided by the  
3 authority;

4 (iv) Negotiate and enter into other types of contracts with  
5 eligible persons that assure that public benefits will result from the  
6 provision of services by the authority; provided that the contracts are  
7 consistent with the state Constitution;

8 (v) Encourage and provide technical assistance to eligible persons  
9 in the process of developing new products;

10 (vi) Refer eligible persons to researchers or laboratories for the  
11 purpose of testing and evaluating new products, processes, or  
12 innovations; and

13 (vii) To the extent permitted under its contract with eligible  
14 persons, to consent to a termination, modification, forgiveness, or  
15 other change of a term of a contractual right, payment, royalty,  
16 contract, or agreement of any kind to which the authority is a party.

17 (b) Eligible persons seeking financial and other assistance under  
18 this program shall forward an application, together with an application  
19 fee prescribed by rule, to the authority. An investigation and report  
20 concerning the advisability of approving an application for assistance  
21 shall be completed by the staff of the authority. The investigation  
22 and report may include, but is not limited to, facts about the company  
23 under consideration as its history, wage standards, job opportunities,  
24 stability of employment, past and present financial condition and  
25 structure, pro forma income statements, present and future markets and  
26 prospects, integrity of management as well as the feasibility of the  
27 proposed product and invention to be granted financial aid, including  
28 the state of development of the product as well as the likelihood of  
29 its commercial feasibility. After receipt and consideration of the  
30 report set out in this subsection and after other action as is deemed  
31 appropriate, the application shall be approved or denied by the  
32 authority. The applicant shall be promptly notified of action by the  
33 authority. In making the decision as to approval or denial of an  
34 application, priority shall be given to those persons operating or  
35 planning to operate businesses of special importance to Washington's  
36 economy, including, but not limited to: (i) Existing resource-based  
37 industries of agriculture, forestry, and fisheries; (ii) existing  
38 advanced technology industries of electronics, computer and instrument  
39 manufacturing, computer software, and information and design; and (iii)

1 emerging industries such as environmental technology, biotechnology,  
2 biomedical sciences, materials sciences, and optics.

3 ~~((3))~~ (2) The authority may also develop and implement, if  
4 authorized by the legislature, such other economic development  
5 financing programs adopted in future general plans of economic  
6 development finance objectives developed under RCW 43.163.090.

7 (3) The authority shall develop a program and target their  
8 resources in assisting rural distressed areas in their business and job  
9 creation and assistance efforts under chapter . . . , Laws of 1997 (this  
10 act). For the purposes of this section, "rural distressed area" means  
11 the same as "rural natural resources impact area" under RCW 43.31.601.

12 (4) The authority may not issue any bonds for the programs  
13 authorized under this section after June 30, 2000.

14 **PART III**

15 **TAX INCENTIVES**

16 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14 RCW  
17 to read as follows:

18 COUNTY INFRASTRUCTURE TAXES. (1) The legislative authority of a  
19 rural county as defined in section 21 of this act may impose a sales  
20 and use tax in accordance with the terms of this chapter. The tax is  
21 in addition to other taxes authorized by law and shall be collected  
22 from those persons who are taxable by the state under chapters 82.08  
23 and 82.12 RCW upon the occurrence of any taxable event within the  
24 county. The tax rate shall not exceed the lesser amount of six and  
25 one-half percent or an amount derived by dividing two million by the  
26 gross amount subject to the tax imposed under RCW 82.14.030 during the  
27 preceding fiscal year. The tax shall be measured by the selling price  
28 in the case of a sales tax or value of the article used in the case of  
29 a use tax.

30 (2) The tax imposed under subsection (1) of this section shall be  
31 deducted from the amount of tax otherwise required to be collected or  
32 paid over to the department of revenue under chapter 82.08 or 82.12  
33 RCW. The department of revenue shall perform the collection of such  
34 taxes on behalf of the county at no cost to the county.

35 (3) Moneys collected under this section shall only be used for the  
36 purpose of financing public facilities in rural counties.

1 (4) No tax may be collected under this section before January 1,  
2 1998, or after December 31, 2002.

3 NEW SECTION. **Sec. 13.** URBAN/RURAL STABILIZATION. (1) The  
4 legislature finds that:

5 (a) In many areas of the state deteriorating commercial buildings  
6 pose significant health and safety problems to tenants and pedestrians;

7 (b) Many of these buildings were constructed before 1961 when laws  
8 were enacted that require buildings to be designed and constructed to  
9 resist seismic loads;

10 (c) Many of these buildings do not meet the requirements of the  
11 federal Americans with Disabilities Act and laws governing the removal  
12 of environmental hazards;

13 (d) Adaptive reuse of these buildings often require a significant  
14 investment to correct necessary life-safety problems; and

15 (e) It is in the best interest of the state of Washington to stop  
16 the decay of urban areas, in particular areas in distressed rural  
17 areas, and to promote and facilitate the orderly redevelopment of these  
18 areas.

19 (2) It is the purpose of this chapter to provide for the allocation  
20 of a portion of state and local retail sales and business and  
21 occupation taxes for a limited period of time to assist in the  
22 financing of needed health and safety improvements, public  
23 improvements, and other public investments in urban areas, in  
24 particular those in distressed rural areas, that are needed to  
25 encourage private development.

26 NEW SECTION. **Sec. 14.** The definitions in this section apply  
27 throughout this chapter unless the context clearly requires otherwise.

28 (1) "Apportionment district" means the geographic area, within a  
29 city, from which excise taxes are to be appropriated to finance an  
30 urban stabilization project.

31 (2) "Excise taxes" means:

32 (a) Retail sales taxes levied under chapter 82.08 RCW;

33 (b) Local retail sales taxes levied under chapter 82.14 RCW, except  
34 those taxes levied under RCW 82.14.360;

35 (c) Business and occupation taxes levied under chapter 82.04 RCW;  
36 and

37 (d) Use taxes levied under chapter 82.12 RCW.

1 (3) "Local government" means a city, code city, or town.

2 (4) "Ordinance" means any appropriate method of taking legislative  
3 action by a local government.

4 (5) "Rural distressed area" means the same as "rural natural  
5 resources impact area" under RCW 43.31.601.

6 (6) "Sponsor" means a local government initiating and undertaking  
7 an urban stabilization project.

8 (7) "Tax allocation revenues" means those tax revenues allocated to  
9 a sponsor under this chapter.

10 (8) "Taxing districts" means any governmental entity which levies  
11 an excise tax which is collected within a proposed or approved  
12 apportionment district.

13 (9) "Urban stabilization project" means:

14 (a) Health and safety improvements authorized to be publicly  
15 financed under chapter 35.80 or 35.81 RCW;

16 (b) Publicly owned or leased facilities in a local government which  
17 the sponsor has authority to provide; and

18 (c) Expenditure for any of the following purposes:

19 (i) Providing professional management, planning, and promotion  
20 within the apportionment district, including the management and  
21 promotion of retail trade activities in the apportionment district;

22 (ii) Providing maintenance and security for common or public areas  
23 in the apportionment district; or

24 (iii) Historic preservation activities authorized under RCW  
25 35.21.395.

26 (10) "Urban stabilization project costs" means: The costs of  
27 design, planning, acquisition, site preparation, construction,  
28 reconstruction, rehabilitation, improvement, operation, and  
29 installation of the urban stabilization project; the costs of  
30 relocation, maintenance, and operation of property pending construction  
31 of the urban stabilization project; the costs of financing, including  
32 interest during construction, legal and other professional services,  
33 taxes, and insurance; the costs of apportioning the taxes and complying  
34 with this chapter and other applicable law; and the administrative  
35 costs reasonably necessary and related to these costs.

36 (11) "Urban stabilization project ordinance" means the ordinance  
37 passed under section 15 of this act.

1        NEW SECTION.    **Sec. 15.**    (1) Only urban stabilization projects that  
2 are determined by the legislative authority of the sponsor to meet the  
3 following criteria are eligible to be financed under this chapter:

4        (a) The urban stabilization project: (i) Will address a health or  
5 safety problem; or (ii) is likely to increase the sales and activities  
6 of businesses subject to excise taxes located within the apportionment  
7 district; and

8        (b) A private development that is anticipated to occur within the  
9 apportionment district as a result of the urban stabilization project  
10 is consistent with an existing comprehensive land use plan and approved  
11 growth policies of the jurisdiction within which it is located.

12        (2) Apportionment of excise tax revenues to finance the urban  
13 stabilization project is subject to the following limitations:

14        (a) An apportionment district may not be established that includes  
15 a geographic area included within a previously established  
16 apportionment district that has outstanding bonds payable in whole or  
17 in part from tax allocation revenues; and

18        (b) Taxes, other than excise taxes, may not be appropriated under  
19 this chapter.

20        (3) An urban stabilization project may be undertaken and  
21 coordinated with other programs or efforts undertaken by the sponsor or  
22 others and may be funded in whole or in part from sources other than  
23 those provided by this chapter.

24        NEW SECTION.    **Sec. 16.**    In order to establish an apportionment  
25 district and secure an allocation of excise taxes to finance an urban  
26 stabilization project, a sponsor shall:

27        (1) Propose by ordinance a plan for the urban stabilization project  
28 that includes a description of the contemplated urban stabilization  
29 project, the estimated cost of the urban stabilization project, the  
30 boundaries of the apportionment district, the estimated period during  
31 which tax revenue apportionment is contemplated, and ways in which the  
32 sponsor plans to use tax allocation revenues to finance the urban  
33 stabilization project;

34        (2) At least fifteen days in advance of a public hearing at which  
35 the ordinance is first considered deliver notice of the hearing to the  
36 county treasurer and the state treasurer, shall include in the notice  
37 a map or drawing showing the location of the contemplated urban  
38 stabilization project and the boundaries of the proposed apportionment

1 district, a brief description of the urban stabilization project, the  
2 estimated cost of the urban stabilization project, the anticipated  
3 increase in sales and business activity subject to excise taxes within  
4 the apportionment district for so long as apportionment is proposed,  
5 the location of the sponsor's principal business office where it will  
6 maintain information concerning the urban stabilization project for  
7 public inspection, and the date and place of the hearing;

8 (3) At the time and place fixed for the hearing under subsection  
9 (2) of this section, and at such times to which the hearing may be  
10 adjourned, receive and consider all statements and materials as might  
11 be submitted, and objections and letters filed before and within ten  
12 days after the hearing;

13 (4) Within one hundred twenty days after completion of the public  
14 hearing, pass an ordinance establishing the apportionment district and  
15 authorizing the proposed urban stabilization project, including any  
16 modifications that in the sponsor's opinion the hearing indicated  
17 should be made, that includes the boundaries of the apportionment, a  
18 description of the urban stabilization project, the estimated cost of  
19 the urban stabilization project, the portion of the estimated cost of  
20 the urban stabilization project to be paid from tax allocation  
21 revenues, the estimated time during which the excise taxes are to be  
22 apportioned, the date when the apportionment of excise taxes is to  
23 commence, and a finding that the urban stabilization project meets the  
24 conditions of section 14 of this act.

25 NEW SECTION. **Sec. 17.** (1) Upon the date established in the urban  
26 stabilization project ordinance, but not sooner than the first day of  
27 the calendar year following the passage of the ordinance, the excise  
28 taxes levied upon the sales and business activities within the  
29 apportionment district subject to taxation must be divided as follows:

30 (a) That portion of excise taxes collected for a taxing district in  
31 each year within an apportionment district that is equal to the taxes  
32 collected for such taxing district within such apportionment district  
33 in the year preceding the formation of the apportionment district, must  
34 be allocated to and paid to such taxing district; and

35 (b) That portion of the excise taxes collected for a taxing  
36 district in each year within an apportionment district that is in  
37 excess of the excise tax collected in the year preceding the formation  
38 of the apportionment district must be allocated and paid to the

1 sponsor, or the sponsor's designated agent, until all urban  
2 stabilization project costs to be paid from the tax allocation revenues  
3 have been paid, except that the sponsor may agree to receive less than  
4 the full amount of such portion, in which case the balance of the  
5 excise taxes must be allocated to the respective taxing districts in  
6 proportion to their excise tax levies due for the year in which the  
7 funds are returned.

8 (2) The date upon which the apportionment district was established  
9 is considered the date that the urban stabilization project ordinance  
10 was enacted by the sponsor.

11 (3) The apportionment of excise taxes under this section must cease  
12 when the tax allocation revenues are no longer necessary or obligated  
13 to pay urban stabilization property costs or to pay principal and  
14 interest on bonds issued to finance urban stabilization project costs  
15 to which tax allocation revenues are pledged. At the time of  
16 termination of the apportionment, any excess money and any earnings  
17 held by the sponsor must be distributed to the taxing districts that  
18 were subject to the allocation in proportion to their excise tax  
19 receipts due for the year in which the funds are returned.

20 (4) The amount of excise taxes determined to be collected in the  
21 year preceding the formation of the apportionment district must be  
22 adjusted upward to reflect increases in the rate of taxation.

23 NEW SECTION. **Sec. 18.** (1) Tax allocation revenues may be applied  
24 as follows:

25 (a) To pay urban stabilization costs;

26 (b) To pay into bond funds established to pay the principal and  
27 interest on general obligation bonds issued to finance an urban  
28 stabilization project that is specified in the urban stabilization  
29 project ordinance and constructed following the establishment of the  
30 apportionment district; or

31 (c) To pay any combination of (a) and (b) of this section.

32 (2) Tax allocation revenues may be pledged to the payment of bonds  
33 issued to finance an urban stabilization project.

34 NEW SECTION. **Sec. 19.** Sections 13 through 20 of this act  
35 supplement and do not restrict or limit any powers that the state or  
36 any municipal corporation might otherwise have under the laws of this  
37 state.

1        NEW SECTION.    **Sec. 20.**    The authority to establish an apportionment  
2 district under this chapter expires July 1, 2007.

3        NEW SECTION.    **Sec. 21.**    A new section is added to chapter 82.04 RCW  
4 to read as follows:

5        RURAL COUNTY BUSINESS TAX INCENTIVES (STATE EXCISE TAXES).    (1) As  
6 used in this section, unless the context clearly requires otherwise,  
7 the following definitions apply throughout this section:

8        (a) "Average annual wage" means the wage as set annually by the  
9 employment security department under RCW 50.04.355.

10        (b) "Distribution center" means a warehouse that is used  
11 exclusively by a retailer solely for the storage and distribution of  
12 finished goods to retail outlets of the retailer.

13        (c) "Eligible person" means a person who is engaged in business as  
14 a manufacturer, a person operating a warehouse and engaged in business  
15 as a third-party warehouser, a person operating a warehouse and engaged  
16 in business as a wholesaler, or a person operating a retail  
17 distribution center.    A wholesaler or third-party warehouser or a  
18 person operating a retail distribution center does not qualify as an  
19 eligible person if retail sales occur at the warehouse, however this  
20 exclusion does not apply to wholesalers, third-party warehousers, or  
21 persons operating retail distribution centers who also qualify as an  
22 eligible person under the average annual wage criteria.

23        (d) "Finished goods" means tangible personal property intended for  
24 sale by a retailer or wholesaler or manufacturer.    "Finished goods"  
25 does not include agricultural products stored by wholesalers, third-  
26 party warehouses, or retailers if the storage takes place on the land  
27 of the person who produced the agricultural product.    "Finished goods"  
28 does not include logs, minerals, petroleum, gas, or other extracted  
29 products stored as raw materials or in bulk;

30        (e) "Full-time employee" means a person working forty hours a week,  
31 fifty-two weeks a year, including vacation, sick, and other authorized  
32 leave.

33        (f) "Retailer" means a person who makes sales at retail as defined  
34 in chapter 82.04 RCW of tangible personal property;

35        (g) "Rural county" means the same as "rural natural resources  
36 impact area" defined in RCW 43.31.601 as of the effective date of this  
37 act.



1 (h) State taxes means all taxes imposed under Title 82 RCW and  
2 collected by the department, except those taxes imposed by local  
3 governments.

4 (i) "Third-party warehouser" means a person taxable under RCW  
5 82.04.280(4).

6 (j) "Warehouse" means an enclosed building or space in which  
7 finished goods are stored.

8 (k) "Wholesaler" means a person who makes sales at wholesale as  
9 defined in chapter 82.04 RCW of tangible personal property, but  
10 "wholesaler" does not include a person who makes sales exempt under RCW  
11 82.04.330.

12 (2)(a) An eligible person operating a business located in a rural  
13 county is eligible for an annual tax credit against any state taxes  
14 owed under Title 82 RCW. The annual tax credit is equal to ten  
15 thousand dollars for each new full-time employee hired after the  
16 effective date of this act at the business during the calendar year.  
17 A person may apply each year for credits for new hires for that year.  
18 The purpose of this incentive is to offset the cost to the business of  
19 benefits and other employee-related costs for businesses in distressed  
20 rural counties. A person shall not receive a tax credit for employees  
21 employed before the effective date of this act.

22 (b) The credit under (a) of this subsection may not be taken for  
23 new seasonal employees, project employees, or part-time employees hired  
24 after the effective date of this act unless the employer provides  
25 benefits to these persons proportional and comparable to those provided  
26 full-time employees. The ten-thousand dollar credit shall be  
27 proportionally reduced for a nonfull-time employee based on the amount  
28 of hours worked by the person divided by two thousand eighty hours.  
29 The eligible person's annual per employee credit shall be reduced to  
30 reflect employment positions that are vacant part of the year or that  
31 were created during the year or other partial employment situations as  
32 described in this subsection.

33 (3) The eligible person shall by February 1 of each year, in a form  
34 and manner as required by the department, certify to the department the  
35 number of anticipated employment positions for which the tax credit is  
36 available. The department shall, annually for annual reporters and  
37 quarterly for all others, apply the credit amount against state tax  
38 owed. The department shall apply the credit first against tax owed  
39 under chapter 82.04 RCW, then against tax owed under chapter 82.16 RCW,

1 then against tax owed under chapter 82.12 RCW, then against any other  
2 state tax owed under Title 82 RCW, and last against the tax owed under  
3 chapter 82.44 RCW. The department of licensing and the department of  
4 revenue shall jointly devise a method to credit the tax owed under  
5 chapter 82.44 RCW. At the end of each calendar year the eligible  
6 person shall report to the department, in a form and manner as required  
7 by the department, the number of employment positions actually filled  
8 during the past year, and the department of revenue shall adjust the  
9 person's credit accordingly.

10 (4) Credits under this section may be carried forward until used  
11 up.

12 (5) Credits under this section are not transferable.

13 (6) Credits under this section shall not be remitted by the  
14 department of revenue as refunds.

15 (7) An eligible person who relocates his or her business to a  
16 county that does not meet the rural county criteria is no longer  
17 eligible for this program and the credit may not be carried forward but  
18 may be used to the extent possible during the year in which the person  
19 relocated.

20 (8) This section expires December 31, 2003. No credit may be  
21 accrued after this date, but unused credit may be carried forward after  
22 this date.

23 (9) The department may adopt rules to implement and administer this  
24 section.

#### 25 PART IV

#### 26 COMMUNITY INFRASTRUCTURE

27 **Sec. 22.** RCW 43.160.080 and 1992 c 235 s 10 are each amended to  
28 read as follows:

29 PUBLIC FACILITIES CONSTRUCTION LOAN REVOLVING ACCOUNT. There shall  
30 be a fund in the state treasury known as the public facilities  
31 construction loan revolving account, which shall consist of all moneys  
32 collected under this chapter, except moneys of the board collected in  
33 connection with the issuance of industrial development revenue bonds,  
34 and any moneys appropriated to it by law(~~(:—PROVIDED, That seventy-~~  
35 ~~five percent of all principal and interest payments on loans made with~~  
36 ~~the proceeds deposited in the account under section 901, chapter 57,~~  
37 ~~Laws of 1983 1st ex. sess. shall be deposited in the general fund as~~

1 reimbursement for debt service payments on the bonds authorized in RCW  
2 43.83.184)). Disbursements from the revolving account shall be on  
3 authorization of the board. In order to maintain an effective  
4 expenditure and revenue control, the public facilities construction  
5 loan revolving account shall be subject in all respects to chapter  
6 43.88 RCW.

7 **Sec. 23.** RCW 82.16.020 and 1996 c 150 s 2 are each amended to read  
8 as follows:

9 TAX ON WATER DISTRIBUTION AND SEWERAGE COLLECTION. (1) There is  
10 levied and there shall be collected from every person a tax for the act  
11 or privilege of engaging within this state in any one or more of the  
12 businesses herein mentioned. The tax shall be equal to the gross  
13 income of the business, multiplied by the rate set out after the  
14 business, as follows:

15 (a) Express, sewerage collection, and telegraph businesses: Three  
16 and six-tenths percent;

17 (b) Light and power business: Three and sixty-two one-hundredths  
18 percent;

19 (c) Gas distribution business: Three and six-tenths percent;

20 (d) Urban transportation business: Six-tenths of one percent;

21 (e) Vessels under sixty-five feet in length, except tugboats,  
22 operating upon the waters within the state: Six-tenths of one percent;

23 (f) Motor transportation, railroad, railroad car, and tugboat  
24 businesses, and all public service businesses other than ones mentioned  
25 above: One and eight-tenths of one percent;

26 (g) Water distribution business: Four and seven-tenths percent.

27 (2) An additional tax is imposed equal to the rate specified in RCW  
28 82.02.030 multiplied by the tax payable under subsection (1) of this  
29 section.

30 (3) Twenty percent of the moneys collected under subsection (1) of  
31 this section on water distribution businesses and sixty percent of the  
32 moneys collected under subsection (1) of this section on sewerage  
33 collection businesses shall be deposited in the public works assistance  
34 account created in RCW 43.155.050.

35 (4) Until July 1, 2003, ten percent of the moneys collected under  
36 subsection (1) of this section on water distribution businesses and ten  
37 percent of the moneys collected under subsection (1) of this section on  
38 sewerage collection businesses shall be deposited in the public

1 facilities construction loan revolving account created in RCW  
2 43.160.080.

3 **Sec. 24.** RCW 43.160.076 and 1996 c 51 s 7 are each amended to read  
4 as follows:

5 FINANCIAL ASSISTANCE IN DISTRESSED COUNTIES OR NATURAL RESOURCES  
6 IMPACT AREAS. (1) Except as authorized to the contrary under  
7 subsection (2) of this section, from all funds available to the board  
8 for financial assistance in a biennium, the board shall spend at least  
9 (~~fifty~~) seventy-five percent for financial assistance for projects in  
10 distressed counties or rural natural resources impact areas. For  
11 purposes of this section, the term "distressed counties" includes any  
12 county, in which the average level of unemployment for the three years  
13 before the year in which an application for financial assistance is  
14 filed, exceeds the average state employment for those years by twenty  
15 percent.

16 (2) If at any time during the last six months of a biennium the  
17 board finds that the actual and anticipated applications for qualified  
18 projects in distressed counties or rural natural resources impact areas  
19 are clearly insufficient to use up the fifty percent allocation, then  
20 the board shall estimate the amount of the insufficiency and during the  
21 remainder of the biennium may use that amount of the allocation for  
22 financial assistance to projects not located in distressed counties or  
23 rural natural resources impact areas.

24 **Sec. 25.** 1995 c 226 s 7 (uncodified) is amended to read as  
25 follows:

26 RCW 43.160.076 and 1997 c . . . s 24 (section 24 of this act), 1991  
27 c 314 s 24, & 1985 c 446 s 6 are each repealed effective June 30,  
28 (~~1997~~) 2000.

29 **PART V**  
30 **REGULATORY FAIRNESS**

31 **Sec. 26.** RCW 19.85.011 and 1994 c 249 s 9 are each amended to read  
32 as follows:

33 RURAL DISTRESSED AREAS REGULATORY FAIRNESS ACT. The legislature  
34 finds that administrative rules adopted by state agencies can have a  
35 disproportionate impact on the state's small businesses and rural

1 distressed areas because of the size of those businesses and  
2 communities. This disproportionate impact reduces competition,  
3 innovation, employment, and new employment opportunities, and threatens  
4 the very existence of some small businesses and rural distressed areas.  
5 The legislature therefore enacts the Regulatory Fairness Act with the  
6 intent of reducing the disproportionate impact of state administrative  
7 rules on small business and rural distressed areas.

8 **Sec. 27.** RCW 19.85.020 and 1994 c 249 s 10 are each amended to  
9 read as follows:

10 Unless the context clearly indicates otherwise, the definitions in  
11 this section apply through this chapter.

12 (1) "Small business" means any business entity, including a sole  
13 proprietorship, corporation, partnership, or other legal entity, that  
14 is owned and operated independently from all other businesses, that has  
15 the purpose of making a profit, and that has fifty or fewer employees.

16 (2) "Small business or rural distressed areas economic impact  
17 statement" means a statement meeting the requirements of RCW 19.85.040  
18 prepared by a state agency pursuant to RCW 19.85.030.

19 (3) "Industry" means all of the businesses in this state in any one  
20 four-digit standard industrial classification as published by the  
21 United States department of commerce. However, if the use of a four-  
22 digit standard industrial classification would result in the release of  
23 data that would violate state confidentiality laws, "industry" means  
24 all businesses in a three-digit standard industrial classification.

25 (4) "Rural distressed areas" means the same as natural resource  
26 impact area under RCW 43.31.601.

27 **Sec. 28.** RCW 19.85.025 and 1995 c 403 s 401 are each amended to  
28 read as follows:

29 (1) Unless an agency receives a written objection to the expedited  
30 repeal of a rule, this chapter does not apply to a rule proposed for  
31 expedited repeal pursuant to RCW 34.05.354. If an agency receives a  
32 written objection to expedited repeal of the rule, this chapter applies  
33 to the rule-making proceeding.

34 (2) This chapter does not apply to the adoption of a rule described  
35 in RCW 34.05.310(4).

36 (3) An agency is not required to prepare a separate small business  
37 or rural distressed areas economic impact statement under RCW 19.85.040

1 if it prepared an analysis under RCW 34.05.328 that meets the  
2 requirements of a small business or rural distressed areas economic  
3 impact statement, and if the agency reduced the costs imposed by the  
4 rule on small business or rural distressed areas to the extent required  
5 by RCW 19.85.030(3). The portion of the analysis that meets the  
6 requirements of RCW 19.85.040 shall be filed with the code reviser and  
7 provided to any person requesting it in lieu of a separate small  
8 business or rural distressed areas economic impact statement.

9 **Sec. 29.** RCW 19.85.030 and 1995 c 403 s 402 are each amended to  
10 read as follows:

11 (1) In the adoption of a rule under chapter 34.05 RCW, an agency  
12 shall prepare a small business or rural distressed areas economic  
13 impact statement: (a) If the proposed rule will impose more than minor  
14 costs on businesses in an industry or rural distressed areas; or (b) if  
15 requested to do so by a majority vote of the joint administrative rules  
16 review committee within forty-five days of receiving the notice of  
17 proposed rule making under RCW 34.05.320. However, if the agency has  
18 completed the pilot rule process as defined by RCW 34.05.313 before  
19 filing the notice of a proposed rule, the agency is not required to  
20 prepare a small business or rural distressed areas economic impact  
21 statement.

22 An agency shall prepare the small business or rural distressed  
23 areas economic impact statement in accordance with RCW 19.85.040, and  
24 file it with the code reviser along with the notice required under RCW  
25 34.05.320. An agency shall file a statement prepared at the request of  
26 the joint administrative rules review committee with the code reviser  
27 upon its completion before the adoption of the rule. An agency shall  
28 provide a copy of the small business or rural distressed areas economic  
29 impact statement to any person requesting it.

30 An agency may request assistance from (~~the business assistance~~  
31 ~~center~~) the affected businesses or rural distressed areas in the  
32 preparation of the small business or rural distressed areas economic  
33 impact statement.

34 (2) (~~The business assistance center~~) Agencies shall develop  
35 guidelines to assist (~~agencies~~) in determining whether a proposed  
36 rule will impose more than minor costs on businesses in an industry or  
37 rural distressed areas and therefore require preparation of a small  
38 business or rural distressed areas economic impact statement. The

1 (~~business assistance center~~) affected businesses or rural distressed  
2 areas may review an agency determination that a proposed rule will not  
3 impose such costs, and shall advise the joint administrative rules  
4 review committee on disputes involving agency determinations under this  
5 section.

6 (3) Based upon the extent of disproportionate impact on small  
7 business or rural distressed areas identified in the statement prepared  
8 under RCW 19.85.040, the agency shall, where legal and feasible in  
9 meeting the stated objectives of the statutes upon which the rule is  
10 based, reduce the costs imposed by the rule on small businesses or  
11 rural distressed areas. Methods to reduce the costs on small  
12 businesses or rural distressed areas may include:

13 (a) Reducing, modifying, or eliminating substantive regulatory  
14 requirements;

15 (b) Simplifying, reducing, or eliminating recordkeeping and  
16 reporting requirements;

17 (c) Reducing the frequency of inspections;

18 (d) Delaying compliance timetables;

19 (e) Reducing or modifying fine schedules for noncompliance; or

20 (f) Any other mitigation techniques.

21 **Sec. 30.** RCW 19.85.040 and 1995 c 403 s 403 are each amended to  
22 read as follows:

23 (1) A small business or rural distressed areas economic impact  
24 statement must include a brief description of the reporting,  
25 recordkeeping, and other compliance requirements of the proposed rule,  
26 and the kinds of professional services that a small business or rural  
27 distressed areas is likely to need in order to comply with such  
28 requirements. It shall analyze the costs of compliance for businesses  
29 or rural distressed areas required to comply with the proposed rule  
30 adopted pursuant to RCW 34.05.320, including costs of equipment,  
31 supplies, labor, and increased administrative costs. It shall  
32 consider, based on input received, whether compliance with the rule  
33 will cause businesses or rural distressed areas to lose sales or  
34 revenue. To determine whether the proposed rule will have a  
35 disproportionate impact on small businesses or rural distressed areas,  
36 the impact statement must compare the cost of compliance for small  
37 business or rural distressed areas with the cost of compliance for the  
38 ten percent of businesses or rural distressed areas that are the

1 largest businesses or rural distressed areas required to comply with  
2 the proposed rules using one or more of the following as a basis for  
3 comparing costs:

- 4 (a) Cost per employee;
- 5 (b) Cost per hour of labor; or
- 6 (c) Cost per one hundred dollars of sales.

7 (2) A small business or rural distressed areas economic impact  
8 statement must also include:

9 (a) A statement of the steps taken by the agency to reduce the  
10 costs of the rule on small businesses or rural distressed areas as  
11 required by RCW 19.85.030(3), or reasonable justification for not doing  
12 so, addressing the options listed in RCW 19.85.030(3);

13 (b) A description of how the agency will involve small businesses  
14 and rural distressed areas in the development of the rule; and

15 (c) A list of industries or rural distressed areas that will be  
16 required to comply with the rule. However, this subsection (2)(c)  
17 shall not be construed to preclude application of the rule to any  
18 business ~~((or))~~, industry, or rural distressed areas to which it would  
19 otherwise apply.

20 (3) To obtain information for purposes of this section, an agency  
21 may survey a representative sample of affected businesses ~~((or))~~, trade  
22 associations, and rural distressed areas and should, whenever possible,  
23 appoint a committee under RCW 34.05.310(2) to assist in the accurate  
24 assessment of the costs of a proposed rule, and the means to reduce the  
25 costs imposed on small business and rural distressed areas.

26 **Sec. 31.** RCW 19.85.050 and 1989 c 175 s 74 are each amended to  
27 read as follows:

28 (1) Within one year after ~~((June 10, 1982))~~ the effective date of  
29 this act, each agency shall publish and deliver to the office of  
30 financial management and to all persons who make requests of the agency  
31 for a copy of a plan to periodically review all rules then in effect  
32 and which have been issued by the agency which have an economic impact  
33 on more than twenty percent of all industries or ten percent of the  
34 businesses in any one industry or significant number of rural  
35 distressed areas. Such plan may be amended by the agency at any time  
36 by publishing a revision to the review plan and delivering such revised  
37 plan to the office of financial management and to all persons who make  
38 requests of the agency for the plan. The purpose of the review is to



1 determine whether such rules should be continued without change or  
2 should be amended or rescinded, consistent with the stated objectives  
3 of applicable statutes, to minimize the economic impact on small  
4 businesses or rural distressed areas as described by this chapter. The  
5 plan shall provide for the review of all such agency rules in effect on  
6 (~~June 10, 1982~~) the effective date of this act, within ten years of  
7 that date.

8 (2) In reviewing rules to minimize any significant economic impact  
9 of the rule on small businesses or rural distressed areas as described  
10 by this chapter, and in a manner consistent with the stated objectives  
11 of applicable statutes, the agency shall consider the following  
12 factors:

13 (a) The continued need for the rule;

14 (b) The nature of complaints or comments received concerning the  
15 rule from the public;

16 (c) The complexity of the rule;

17 (d) The extent to which the rule overlaps, duplicates, or conflicts  
18 with other state or federal rules, and, to the extent feasible, with  
19 local governmental rules; and

20 (e) The degree to which technology, economic conditions, or other  
21 factors have changed in the subject area affected by the rule.

22 (3) Each year each agency shall publish a list of rules which are  
23 to be reviewed pursuant to this section during the next twelve months  
24 and deliver a copy of the list to the office of financial management  
25 and all persons who make requests of the agency for the list. The list  
26 shall include a brief description of the legal basis for each rule as  
27 described by RCW 34.05.360, and shall invite public comment upon the  
28 rule.

29 **Sec. 32.** RCW 19.85.070 and 1992 c 197 s 1 are each amended to read  
30 as follows:

31 When any rule is proposed for which a small business or rural  
32 distressed areas economic impact statement is required, the adopting  
33 agency shall provide notice to small businesses and rural distressed  
34 areas of the proposed rule through any of the following:

35 (1) Direct notification of known interested small businesses  
36 (~~or~~), trade organizations, and rural distressed areas affected by the  
37 proposed rule; or

1 (2) Providing information of the proposed rule making to  
2 publications likely to be obtained by small businesses and the  
3 legislative authority of rural distressed areas of the types affected  
4 by the proposed rule.

5 NEW SECTION. Sec. 33. A new section is added to chapter 19.85 RCW  
6 to read as follows:

7 The office of business assistance and recruitment for rural  
8 distressed areas is authorized to:

9 (1) Petition state agencies for regulatory relief for businesses or  
10 other entities in rural distressed areas that encounter regulatory  
11 problems;

12 (2) Designate a lead state agency when businesses or other entities  
13 in a rural enterprise zone are encountering conflicting or confusing  
14 regulatory requirements from more than one state agency; and

15 (3) Direct a state regulatory agency or agencies to accelerate a  
16 permitting, zoning, or regulatory requirement according to the  
17 requirements outlined in section 4(3) of this act. The maximum time  
18 length of the accelerated process is six months from the time of the  
19 petition to the office by the business or entity located in a rural  
20 area enterprise zone.

21 NEW SECTION. Sec. 34. A new section is added to chapter 43.63A  
22 RCW to read as follows:

23 RURAL ENTERPRISE ZONES. The legislature recognizes the unique  
24 difficulties encountered by communities in rural distressed areas  
25 wishing to promote business development, increase employment  
26 opportunities, and provide a high quality of life for its citizens. In  
27 response the legislature authorizes the establishment of rural  
28 enterprise zones that will allow the targeting of state services and  
29 resources in the form of business, industry recruitment, regulatory  
30 relief, and infrastructure development. It is the intent of the  
31 legislature to provide the critical level of resources and services to  
32 businesses and entities located in these rural enterprise zones that  
33 they will be the catalyst for economic prosperity and diversity  
34 throughout rural distressed areas in Washington.

35 (1) The department in cooperation with the department of revenue  
36 and other state agencies shall approve applications submitted by local  
37 governments in rural distressed areas. The application shall be in the

1 form and manner and contain the necessary information designated by the  
2 department. The application shall:

3 (a) Be submitted on behalf of the local government by the chief  
4 elected official or, if none, by the governing body of the local  
5 government;

6 (b) Outline the purpose for the economic development enterprise  
7 zone and the process in which the application was developed;

8 (c) Demonstrate the level of government and community support for  
9 the enterprise zone;

10 (d) Outline the manner in which the enterprise zone will be  
11 governed and report its activities to the local government and the  
12 department; and

13 (e) Designate the geographic area in which the rural enterprise  
14 zone will exist.

15 (2) Rural enterprise zones are authorized to:

16 (a) Hire a director or designate an individual to oversee  
17 operations;

18 (b) Seek federal, state, and local government support in its  
19 efforts to target, develop, and attract viable businesses;

20 (c) Work with the office of business assistance and recruitment for  
21 rural distressed areas in the pursuit of its economic development  
22 activities;

23 (d) Provide a local one-stop shop for businesses intending to  
24 locate, retain, expand, or start their businesses within its zone;

25 (e) Provide comprehensive permitting, zoning, and regulatory  
26 assistance to businesses or entities within the zone; and

27 (f) Petition the office of business assistance and recruitment for  
28 rural distressed areas for regulatory relief, or designation of a lead  
29 regulatory agency, or accelerated permitting, zoning, or regulatory  
30 process as provided in section 33 of this act.

31 (3) Businesses located in rural enterprise zones are entitled to  
32 the tax incentive programs as outlined under sections 12 through 21 of  
33 this act.

34 (4) Rural enterprise zones are authorized to receive the services  
35 and funding resources as provided under the rural area marketing plan  
36 and other resources assisting rural distressed areas.

37 (5) Rural enterprise zones may be established in conjunction with  
38 a foreign trade zone.

PART VII

REAUTHORIZATION OF EXISTING PROGRAMS

Sec. 35. RCW 43.31.601 and 1995 c 226 s 1 are each amended to read as follows:

For the purposes of RCW 43.31.601 through (~~43.31.661~~) 43.31.641:

(1) "Timber impact area" means a county having a population of less than five hundred thousand, or a city or town located within a county having a population of less than five hundred thousand, and meeting two of the following three criteria, as determined by the employment security department, for the most recent year such data is available:

(a) A lumber and wood products employment location quotient at or above the state average; (b) projected or actual direct lumber and wood products job losses of one hundred positions or more, except counties having a population greater than two hundred thousand but less than five hundred thousand must have direct lumber and wood products job losses of one thousand positions or more; or (c) an annual unemployment rate twenty percent or more above the state average.

(2)(a) "Rural natural resources impact area" or "rural distressed area" means:

(i) A nonmetropolitan county, as defined by the 1990 decennial census, that meets (~~two~~) three of the five criteria set forth in (b) of this subsection; (~~or~~)

(ii) A nonmetropolitan county with a population of less than forty thousand in the 1990 decennial census, that meets two of the five criteria as set forth in (b) of this subsection; or

(iii) A nonurbanized area, as defined by the 1990 decennial census, that is located in a metropolitan county that meets (~~two~~) three of the five criteria set forth in (b) of this subsection.

(b) For the purposes of designating rural natural resources impact areas, the following criteria shall be considered:

(i) A lumber and wood products employment location quotient at or above the state average;

(ii) A commercial salmon fishing employment location quotient at or above the state average;

(iii) Projected or actual direct lumber and wood products job losses of one hundred positions or more;

(iv) Projected or actual direct commercial salmon fishing job losses of one hundred positions or more; and

1 (v) An unemployment rate twenty percent or more above the state  
2 average.

3 The counties that meet these criteria shall be determined by the  
4 employment security department for the most recent year for which data  
5 is available. For the purposes of administration of programs under  
6 this chapter, the United States post office five-digit zip code  
7 delivery areas will be used to determine residence status for  
8 eligibility purposes. For the purpose of this definition, a zip code  
9 delivery area (~~that is located wholly or partially in an urbanized~~  
10 ~~area or within two~~) of which any part is ten miles ((of)) or more from  
11 an urbanized area is considered nonurbanized. A zip code totally  
12 surrounded by zip codes qualifying as nonurbanized under this  
13 definition is also considered nonurbanized. The office of financial  
14 management shall make available a zip code listing of the areas to all  
15 agencies and organizations providing services under this chapter.

16 **Sec. 36.** RCW 43.31.611 and 1995 c 226 s 2 are each amended to read  
17 as follows:

18 (1) The governor shall appoint a rural community assistance  
19 coordinator. The coordinator shall coordinate the state and federal  
20 economic and social programs targeted to rural natural resources impact  
21 areas.

22 (2) The coordinator's responsibilities shall include but not be  
23 limited to:

24 (a) Chairing the agency rural community assistance task force and  
25 directing staff associated with the task force.

26 (b) Coordinating and maximizing the impact of state and federal  
27 assistance to rural natural resources impact areas.

28 (c) Coordinating and expediting programs to assist rural natural  
29 resources impact areas.

30 (d) Providing the legislature with a status and impact report on  
31 the rural community assistance program in January (~~(1996))~~ 1998.

32 (3) To assist in carrying out the duties set out under this  
33 section, the coordinator shall consult with the Washington state rural  
34 development council and may appoint an advisory body that has  
35 representation from local governments and natural resources interest  
36 groups representing impacted rural communities.

37 (4) This section shall expire June 30, (~~(1997))~~ 2000.

1       **Sec. 37.** RCW 43.31.621 and 1996 c 186 s 508 are each amended to  
2 read as follows:

3       (1) There is established the agency rural community assistance task  
4 force. The task force shall be chaired by the rural community  
5 assistance coordinator. It shall be the responsibility of the  
6 coordinator that all directives of chapter 314, Laws of 1991, and  
7 chapter 226, Laws of 1995 are carried out expeditiously by the agencies  
8 represented in the task force. The task force shall consist of the  
9 directors, or representatives of the directors, of the following  
10 agencies: The department of community, trade, and economic  
11 development, employment security department, department of social and  
12 health services, state board for community and technical colleges, work  
13 force training and education coordinating board, department of natural  
14 resources, department of transportation, department of fish and  
15 wildlife, University of Washington center for international trade in  
16 forest products, department of agriculture, and department of ecology.  
17 The task force shall solicit and consider input from the rural  
18 development council in coordinating agency programs targeted to rural  
19 natural resources impacted communities. The task force may consult and  
20 enlist the assistance of the following: The higher education  
21 coordinating board, University of Washington college of forest  
22 resources, University of Washington school of fisheries, Washington  
23 State University school of forestry, Northwest policy center, state  
24 superintendent of public instruction, Washington state labor council,  
25 the Evergreen partnership, Washington state association of counties,  
26 and others as needed.

27       ~~(2) ((The task force, in conjunction with the rural development~~  
28 ~~council, shall undertake a study to determine whether additional~~  
29 ~~communities and industries are impacted, or are likely to be impacted,~~  
30 ~~by salmon preservation and recovery efforts. The task force shall~~  
31 ~~consider possible impacts in the following industries and associated~~  
32 ~~communities: Barge transportation, irrigation dependent agriculture,~~  
33 ~~food processing, aluminum, charter recreational fishing, boatbuilding,~~  
34 ~~and other sectors suggested by the task force. The task force shall~~  
35 ~~report its findings and recommendations to the legislature by January~~  
36 ~~1996.~~

37       ~~(3))~~ This section shall expire June 30, ~~((1997))~~ 2000.

1       **Sec. 38.** RCW 50.22.090 and 1995 c 226 s 5 and 1995 c 57 s 2 are  
2 each reenacted and amended to read as follows:

3       (1) An additional benefit period is established for rural natural  
4 resources impact areas, defined in RCW 43.31.601, and determined by the  
5 office of financial management and the employment security department.  
6 Benefits shall be paid as provided in subsection (3) of this section to  
7 exhaustees eligible under subsection (4) of this section.

8       (2) The additional benefit period for a county may end no sooner  
9 than fifty-two weeks after the additional benefit period begins.

10       (3) Additional benefits shall be paid as follows:

11       (a) No new claims for additional benefits shall be accepted for  
12 weeks beginning after July 1, (~~(1997)~~) 1999, but for claims established  
13 on or before July 1, (~~(1997)~~) 1999, weeks of unemployment occurring  
14 after July 1, (~~(1997)~~) 1999, shall be compensated as provided in this  
15 section.

16       (b) The total additional benefit amount shall be one hundred four  
17 times the individual's weekly benefit amount, reduced by the total  
18 amount of regular benefits and extended benefits paid, or deemed paid,  
19 with respect to the benefit year. Additional benefits shall not be  
20 payable for weeks more than two years beyond the end of the benefit  
21 year of the regular claim for an individual whose benefit year ends on  
22 or after July 27, 1991, and shall not be payable for weeks ending on or  
23 after two years after March 26, 1992, for individuals who become  
24 eligible as a result of chapter 47, Laws of 1992.

25       (c) Notwithstanding the provisions of (b) of this subsection,  
26 individuals will be entitled to up to five additional weeks of benefits  
27 following the completion or termination of training.

28       (d) Notwithstanding the provisions of (b) of this subsection,  
29 individuals enrolled in prerequisite remedial education for a training  
30 program expected to last at least one year will be entitled to up to  
31 thirteen additional weeks of benefits which shall not count toward the  
32 total in (b) of this subsection.

33       (e) The weekly benefit amount shall be calculated as specified in  
34 RCW 50.22.040.

35       (f) Benefits paid under this section shall be paid under the same  
36 terms and conditions as regular benefits. The additional benefit  
37 period shall be suspended with the start of an extended benefit period,  
38 or any totally federally funded benefit program, with eligibility  
39 criteria and benefits comparable to the program established by this

1 section, and shall resume the first week following the end of the  
2 federal program.

3 (g) The amendments in chapter 316, Laws of 1993 affecting  
4 subsection (3)(b) and (c) of this section shall apply in the case of  
5 all individuals determined to be monetarily eligible under this section  
6 without regard to the date eligibility was determined.

7 (4) An additional benefit eligibility period is established for any  
8 exhaustee who:

9 (a)(i) At the time of last separation from employment, resided in  
10 or was employed in a rural natural resources impact area defined in RCW  
11 43.31.601 and determined by the office of financial management and the  
12 employment security department; or

13 (ii) During his or her base year, earned wages in at least six  
14 hundred eighty hours in either the forest products industry, which  
15 shall be determined by the department but shall include the industries  
16 assigned the major group standard industrial classification codes "24"  
17 and "26" and the industries involved in the harvesting and management  
18 of logs, transportation of logs and wood products, processing of wood  
19 products, and the manufacturing and distribution of wood processing and  
20 logging equipment or the fishing industry assigned the standard  
21 industrial classification code "0912". The commissioner may adopt  
22 rules further interpreting the industries covered under this  
23 subsection. For the purposes of this subsection, "standard industrial  
24 classification code" means the code identified in RCW 50.29.025(6)(c);  
25 and

26 (b)(i) Has received notice of termination or layoff; and

27 (ii) Is unlikely to return to employment in his or her principal  
28 occupation or previous industry because of a diminishing demand within  
29 his or her labor market for his or her skills in the occupation or  
30 industry; and

31 (c)(i) Is notified by the department of the requirements of this  
32 section and develops an individual training program that is submitted  
33 to the commissioner for approval not later than sixty days after the  
34 individual is notified of the requirements of this section, and enters  
35 the approved training program not later than ninety days after the date  
36 of the individual's termination or layoff, or ninety days after July 1,  
37 1991, whichever is later, unless the department determines that the  
38 training is not available during the ninety-day period, in which case  
39 the individual shall enter training as soon as it is available; or



1 (ii) Is enrolled in training approved under this section on a full-  
2 time basis and maintains satisfactory progress in the training.

3 (5) For the purposes of this section:

4 (a) "Training program" means:

5 (i) A remedial education program determined to be necessary after  
6 counseling at the educational institution in which the individual  
7 enrolls pursuant to his or her approved training program; or

8 (ii) A vocational training program at an educational institution  
9 that:

10 (A) Is training for a labor demand occupation; and

11 (B) Is likely to facilitate a substantial enhancement of the  
12 individual's marketable skills and earning power.

13 (b) "Educational institution" means an institution of higher  
14 education as defined in RCW 28B.10.016 or an educational institution as  
15 defined in RCW 28C.04.410(3).

16 (c) "Training allowance or stipend" means discretionary use, cash-  
17 in-hand payments available to the individual to be used as the  
18 individual sees fit, but does not mean direct or indirect compensation  
19 for training costs, such as tuition or books and supplies.

20 (6) The commissioner shall adopt rules as necessary to implement  
21 this section.

22 (7) The provisions of RCW 50.22.010(10) shall not apply to anyone  
23 who establishes eligibility for additional benefits under this section  
24 and whose benefit year ends after January 1, 1994. These individuals  
25 will have the option of remaining on the original claim or filing a new  
26 claim.

27 **Sec. 39.** RCW 43.63A.021 and 1995 c 226 s 11 are each amended to  
28 read as follows:

29 Unless the context clearly requires otherwise, the definitions in  
30 this section apply throughout this chapter.

31 (1) "Dislocated forest products worker" means a forest products  
32 worker who: (a)(i) Has been terminated or received notice of  
33 termination from employment and is unlikely to return to employment in  
34 the individual's principal occupation or previous industry because of  
35 a diminishing demand for his or her skills in that occupation or  
36 industry; or (ii) is self-employed and has been displaced from his or  
37 her business because of the diminishing demand for the business's  
38 services or goods; and (b) at the time of last separation from

1 employment, resided in or was employed in a rural natural resources  
2 impact area.

3 (2) "Forest products worker" means a worker in the forest products  
4 industries affected by the reduction of forest fiber enhancement,  
5 transportation, or production. The workers included within this  
6 definition shall be determined by the employment security department,  
7 but shall include workers employed in the industries assigned the major  
8 group standard industrial classification codes "24" and "26" and the  
9 industries involved in the harvesting and management of logs,  
10 transportation of logs and wood products, processing of wood products,  
11 and the manufacturing and distribution of wood processing and logging  
12 equipment. The commissioner may adopt rules further interpreting these  
13 definitions. For the purposes of this subsection, "standard industrial  
14 classification code" means the code identified in RCW 50.29.025(6)(c).

15 (3) "Dislocated salmon fishing worker" means a ~~((salmon))~~ finfish  
16 products worker who: (a)(i) Has been terminated or received notice of  
17 termination from employment and is unlikely to return to employment in  
18 the individual's principal occupation or previous industry because of  
19 a diminishing demand for his or her skills in that occupation or  
20 industry; or (ii) is self-employed and has been displaced from his or  
21 her business because of the diminishing demand for the business's  
22 services or goods; and (b) at the time of last separation from  
23 employment, resided in or was employed in a rural natural resources  
24 impact area.

25 (4) "Salmon fishing worker" means a worker in the ~~((salmon))~~  
26 finfish industry affected by 1994 or future salmon disasters. The  
27 workers included within this definition shall be determined by the  
28 employment security department, but shall include workers employed in  
29 the industries involved in the commercial and recreational harvesting  
30 of ~~((salmon))~~ finfish including buying and processing ~~((salmon))~~  
31 finfish. The commissioner may adopt rules further interpreting these  
32 definitions.

33 **Sec. 40.** RCW 43.31.641 and 1995 c 226 s 4 are each amended to read  
34 as follows:

35 The department of community, trade, and economic development, as a  
36 member of the agency rural community assistance task force, shall:

37 (1) ~~((Implement an expanded value-added forest products development~~  
38 ~~industrial extension program. The department shall provide technical~~

1 assistance to small and medium-sized forest products companies to  
2 include:

3 (a) Secondary manufacturing product development;

4 (b) Plant and equipment maintenance;

5 (c) Identification and development of domestic market  
6 opportunities;

7 (d) Building products export development assistance;

8 (e) At-risk business development assistance;

9 (f) Business network development; and

10 (g) Timber impact area industrial diversification.

11 (2) Provide local contracts for small and medium-sized forest  
12 product companies, start-ups, and business organizations for business  
13 feasibility, market development, and business network contracts that  
14 will benefit value-added production efforts in the industry.

15 (3) Contract with local business organizations in timber impact  
16 areas for development of programs to promote industrial  
17 diversification. The department shall provide local capacity-building  
18 grants to local governments and community-based organizations in timber  
19 impact areas, which may include long-range planning and needs  
20 assessments.

21 For the 1991-93 biennium, the department of community, trade, and  
22 economic development shall use funds appropriated for this section for  
23 contracts and for no more than two additional staff positions))  
24 Administer available federal grant funds to support strategic  
25 diversification needs and opportunities of timber-dependent  
26 communities, value-added forest products firms, and the value-added  
27 forest products industry in Washington state.

28 (2) Provide technical aid to value-added wood products companies  
29 for new investment and job creation; and work with wood products firms  
30 to assure the continued operation and help retain jobs.

31 (3) Provide value-added wood products companies with building  
32 products export development assistance.

33 **Sec. 41.** RCW 43.63A.440 and 1995 c 226 s 13 are each amended to  
34 read as follows:

35 The department of community, trade, and economic development shall  
36 provide technical and financial assistance to communities adversely  
37 impacted by reductions in timber harvested from federal, state, and  
38 private lands and reduction of salmon fishing caused by efforts to

1 maintain the long-term viability of salmon stocks. ((This assistance  
2 shall include the formation and implementation of community economic  
3 development plans. The department of community, trade, and economic  
4 development shall utilize existing state technical and financial  
5 assistance programs, and shall aid communities in seeking private and  
6 federal financial assistance for the purposes of this section. The  
7 department may contract for services provided for under this section))  
8 The department shall use existing technical and financial assistance  
9 resources to aid communities in planning, implementing, and assembling  
10 financing for high priority community economic development projects.

11 **Sec. 42.** RCW 43.160.020 and 1996 c 51 s 2 are each amended to read  
12 as follows:

13 Unless the context clearly requires otherwise, the definitions in  
14 this section apply throughout this chapter.

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

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

19 (3) "Department" means the department of community, trade, and  
20 economic development.

21 (4) "Financial institution" means any bank, savings and loan  
22 association, credit union, development credit corporation, insurance  
23 company, investment company, trust company, savings institution, or  
24 other financial institution approved by the board and maintaining an  
25 office in the state.

26 (5) "Industrial development facilities" means "industrial  
27 development facilities" as defined in RCW 39.84.020.

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

30 (7) "Local government" or "political subdivision" means any port  
31 district, county, city, town, special purpose district, and any other  
32 municipal corporations or quasi-municipal corporations in the state  
33 providing for public facilities under this chapter.

34 (8) "Sponsor" means any of the following entities which customarily  
35 provide service or otherwise aid in industrial or other financing and  
36 are approved as a sponsor by the board: A bank, trust company, savings  
37 bank, investment bank, national banking association, savings and loan  
38 association, building and loan association, credit union, insurance

1 company, or any other financial institution, governmental agency, or  
2 holding company of any entity specified in this subsection.

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

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

9 (11) "Public facilities" means bridges, roads, domestic and  
10 industrial water, sanitary sewer, storm sewer, railroad, electricity,  
11 natural gas, buildings or structures, and port facilities.

12 (12) "Rural natural resources impact area" means:

13 (a) A nonmetropolitan county, as defined by the 1990 decennial  
14 census, that meets ~~((two))~~ three of the five criteria set forth in  
15 subsection (13) of this section; ~~((or))~~

16 (b) A nonmetropolitan county with a population of less than forty  
17 thousand in the 1990 decennial census, that meets two of the five  
18 criteria as set forth in subsection (13) of this section; or

19 (c) A nonurbanized area, as defined by the 1990 decennial census,  
20 that is located in a metropolitan county that meets ~~((two))~~ three of  
21 the five criteria set forth in subsection (13) of this section.

22 (13) For the purposes of designating rural natural resources impact  
23 areas, the following criteria shall be considered:

24 (a) A lumber and wood products employment location quotient at or  
25 above the state average;

26 (b) A commercial salmon fishing employment location quotient at or  
27 above the state average;

28 (c) Projected or actual direct lumber and wood products job losses  
29 of one hundred positions or more;

30 (d) Projected or actual direct commercial salmon fishing job losses  
31 of one hundred positions or more; and

32 (e) An unemployment rate twenty percent or more above the state  
33 average. The counties that meet these criteria shall be determined by  
34 the employment security department for the most recent year for which  
35 data is available. For the purposes of administration of programs  
36 under this chapter, the United States post office five-digit zip code  
37 delivery areas will be used to determine residence status for  
38 eligibility purposes. For the purpose of this definition, a zip code  
39 delivery area ~~((that is located wholly or partially in an urbanized~~

1 ~~area or within two~~) of which any part is ten miles ((of)) or more from  
2 an urbanized area is considered nonurbanized. A zip code totally  
3 surrounded by zip codes qualifying as nonurbanized under this  
4 definition is also considered nonurbanized. The office of financial  
5 management shall make available a zip code listing of the areas to all  
6 agencies and organizations providing services under this chapter.

7 **Sec. 43.** 1995 c 226 s 8 (uncodified) is amended to read as follows:  
8 RCW 43.160.200 expires June 30, ((1997)) 2000.

9 **Sec. 44.** 1995 c 226 s 9 (uncodified) is amended to read as follows:  
10 RCW 43.160.210 shall take effect June 30, ((1997)) 2000.

11 **Sec. 45.** RCW 28B.50.030 and 1995 c 226 s 17 are each amended to  
12 read as follows:

13 As used in this chapter, unless the context requires otherwise, the  
14 term:

15 (1) "System" shall mean the state system of community and technical  
16 colleges, which shall be a system of higher education.

17 (2) "Board" shall mean the work force training and education  
18 coordinating board.

19 (3) "College board" shall mean the state board for community and  
20 technical colleges created by this chapter.

21 (4) "Director" shall mean the administrative director for the state  
22 system of community and technical colleges.

23 (5) "District" shall mean any one of the community and technical  
24 college districts created by this chapter.

25 (6) "Board of trustees" shall mean the local community and  
26 technical college board of trustees established for each college  
27 district within the state.

28 (7) "Occupational education" shall mean that education or training  
29 that will prepare a student for employment that does not require a  
30 baccalaureate degree.

31 (8) "K-12 system" shall mean the public school program including  
32 kindergarten through the twelfth grade.

33 (9) "Common school board" shall mean a public school district board  
34 of directors.

35 (10) "Community college" shall include those higher education  
36 institutions that conduct education programs under RCW 28B.50.020.

1       (11) "Technical college" shall include those higher education  
2 institutions with the sole mission of conducting occupational  
3 education, basic skills, literacy programs, and offering on short  
4 notice, when appropriate, programs that meet specific industry needs.  
5 The programs of technical colleges shall include, but not be limited  
6 to, continuous enrollment, competency-based instruction, industry-  
7 experienced faculty, curriculum integrating vocational and basic skills  
8 education, and curriculum approved by representatives of employers and  
9 labor. For purposes of this chapter, technical colleges shall include  
10 Lake Washington Vocational-Technical Institute, Renton Vocational-  
11 Technical Institute, Bates Vocational-Technical Institute, Clover Park  
12 Vocational Institute, and Bellingham Vocational-Technical Institute.

13       (12) "Adult education" shall mean all education or instruction,  
14 including academic, vocational education or training, basic skills and  
15 literacy training, and "occupational education" provided by public  
16 educational institutions, including common school districts for persons  
17 who are eighteen years of age and over or who hold a high school  
18 diploma or certificate. However, "adult education" shall not include  
19 academic education or instruction for persons under twenty-one years of  
20 age who do not hold a high school degree or diploma and who are  
21 attending a public high school for the sole purpose of obtaining a high  
22 school diploma or certificate, nor shall "adult education" include  
23 education or instruction provided by any four year public institution  
24 of higher education.

25       (13) "Dislocated forest product worker" shall mean a forest  
26 products worker who: (a)(i) Has been terminated or received notice of  
27 termination from employment and is unlikely to return to employment in  
28 the individual's principal occupation or previous industry because of  
29 a diminishing demand for his or her skills in that occupation or  
30 industry; or (ii) is self-employed and has been displaced from his or  
31 her business because of the diminishing demand for the business's  
32 services or goods; and (b) at the time of last separation from  
33 employment, resided in or was employed in a rural natural resources  
34 impact area.

35       (14) "Forest products worker" shall mean a worker in the forest  
36 products industries affected by the reduction of forest fiber  
37 enhancement, transportation, or production. The workers included  
38 within this definition shall be determined by the employment security  
39 department, but shall include workers employed in the industries

1 assigned the major group standard industrial classification codes "24"  
2 and "26" and the industries involved in the harvesting and management  
3 of logs, transportation of logs and wood products, processing of wood  
4 products, and the manufacturing and distribution of wood processing and  
5 logging equipment. The commissioner may adopt rules further  
6 interpreting these definitions. For the purposes of this subsection,  
7 "standard industrial classification code" means the code identified in  
8 RCW 50.29.025(6)(c).

9 (15) "Dislocated salmon fishing worker" means a (~~salmon~~) finfish  
10 products worker who: (a)(i) Has been terminated or received notice of  
11 termination from employment and is unlikely to return to employment in  
12 the individual's principal occupation or previous industry because of  
13 a diminishing demand for his or her skills in that occupation or  
14 industry; or (ii) is self-employed and has been displaced from his or  
15 her business because of the diminishing demand for the business's  
16 services or goods; and (b) at the time of last separation from  
17 employment, resided in or was employed in a rural natural resources  
18 impact area.

19 (16) "Salmon fishing worker" means a worker in the (~~salmon~~)  
20 finfish industry affected by 1994 or future salmon disasters. The  
21 workers included within this definition shall be determined by the  
22 employment security department, but shall include workers employed in  
23 the industries involved in the commercial and recreational harvesting  
24 of (~~salmon~~) finfish including buying and processing (~~salmon~~)  
25 finfish. The commissioner may adopt rules further interpreting these  
26 definitions.

27 (17) "Rural natural resources impact area" means:

28 (a) A nonmetropolitan county, as defined by the 1990 decennial  
29 census, that meets (~~two~~) three of the five criteria set forth in  
30 subsection (18) of this section; (~~or~~)

31 (b) A nonmetropolitan county with a population of less than forty  
32 thousand in the 1990 decennial census, that meets two of the five  
33 criteria as set forth in subsection (18) of this section; or

34 (c) A nonurbanized area, as defined by the 1990 decennial census,  
35 that is located in a metropolitan county that meets (~~two~~) three of  
36 the five criteria set forth in subsection (18) of this section.

37 (18) For the purposes of designating rural natural resources impact  
38 areas, the following criteria shall be considered:



1 (a) A lumber and wood products employment location quotient at or  
2 above the state average;

3 (b) A commercial salmon fishing employment location quotient at or  
4 above the state average;

5 (c) Projected or actual direct lumber and wood products job losses  
6 of one hundred positions or more;

7 (d) Projected or actual direct commercial salmon fishing job losses  
8 of one hundred positions or more; and

9 (e) An unemployment rate twenty percent or more above the state  
10 average. The counties that meet these criteria shall be determined by  
11 the employment security department for the most recent year for which  
12 data is available. For the purposes of administration of programs  
13 under this chapter, the United States post office five-digit zip code  
14 delivery areas will be used to determine residence status for  
15 eligibility purposes. For the purpose of this definition, a zip code  
16 delivery area (~~that is located wholly or partially in an urbanized  
17 area or within two~~) of which any part is ten miles ((of)) or more from  
18 an urbanized area is considered nonurbanized. A zip code totally  
19 surrounded by zip codes qualifying as nonurbanized under this  
20 definition is also considered nonurbanized. The office of financial  
21 management shall make available a zip code listing of the areas to all  
22 agencies and organizations providing services under this chapter.

23 **Sec. 46.** RCW 28B.80.570 and 1995 c 226 s 20 are each amended to  
24 read as follows:

25 Unless the context clearly requires otherwise, the definitions in  
26 this section apply throughout RCW 28B.80.575 through 28B.80.585.

27 (1) "Board" means the higher education coordinating board.

28 (2) "Dislocated forest products worker" means a forest products  
29 worker who: (a)(i) Has been terminated or received notice of  
30 termination from employment and is unlikely to return to employment in  
31 the individual's principal occupation or previous industry because of  
32 a diminishing demand for his or her skills in that occupation or  
33 industry; or (ii) is self-employed and has been displaced from his or  
34 her business because of the diminishing demand for the business's  
35 services or goods; and (b) at the time of last separation from  
36 employment, resided in or was employed in a rural natural resources  
37 impact area.

1 (3) "Forest products worker" means a worker in the forest products  
2 industries affected by the reduction of forest fiber enhancement,  
3 transportation, or production. The workers included within this  
4 definition shall be determined by the employment security department,  
5 but shall include workers employed in the industries assigned the major  
6 group standard industrial classification codes "24" and "26" and the  
7 industries involved in the harvesting and management of logs,  
8 transportation of logs and wood products, processing of wood products,  
9 and the manufacturing and distribution of wood processing and logging  
10 equipment. The commissioner may adopt rules further interpreting these  
11 definitions. For the purposes of this subsection, "standard industrial  
12 classification code" means the code identified in RCW 50.29.025(6)(c).

13 (4) "Dislocated salmon fishing worker" means a ~~((salmon))~~ finfish  
14 products worker who: (a)(i) Has been terminated or received notice of  
15 termination from employment and is unlikely to return to employment in  
16 the individual's principal occupation or previous industry because of  
17 a diminishing demand for his or her skills in that occupation or  
18 industry; or (ii) is self-employed and has been displaced from his or  
19 her business because of the diminishing demand for the business's  
20 services or goods; and (b) at the time of last separation from  
21 employment, resided in or was employed in a rural natural resources  
22 impact area.

23 (5) "Salmon fishing worker" means a worker in the ~~((salmon))~~  
24 finfish industry affected by 1994 or future salmon disasters. The  
25 workers included within this definition shall be determined by the  
26 employment security department, but shall include workers employed in  
27 the industries involved in the commercial and recreational harvesting  
28 of ~~((salmon))~~ finfish including buying and processing ~~((salmon))~~  
29 finfish. The commissioner may adopt rules further interpreting these  
30 definitions.

31 (6) "Rural natural resources impact area" means:

32 (a) A nonmetropolitan county, as defined by the 1990 decennial  
33 census, that meets ~~((two))~~ three of the five criteria set forth in  
34 subsection (7) of this section; ~~((or))~~

35 (b) A nonmetropolitan county with a population of less than forty  
36 thousand in the 1990 decennial census, that meets two of the five  
37 criteria as set forth in subsection (7) of this section; or

1       (c) A nonurbanized area, as defined by the 1990 decennial census,  
2 that is located in a metropolitan county that meets ~~((two))~~ three of  
3 the five criteria set forth in subsection (7) of this section.

4       (7) For the purposes of designating rural natural resources impact  
5 areas, the following criteria shall be considered:

6       (a) A lumber and wood products employment location quotient at or  
7 above the state average;

8       (b) A commercial salmon fishing employment location quotient at or  
9 above the state average;

10       (c) Projected or actual direct lumber and wood products job losses  
11 of one hundred positions or more;

12       (d) Projected or actual direct commercial salmon fishing job losses  
13 of one hundred positions or more; and

14       (e) An unemployment rate twenty percent or more above the state  
15 average. The counties that meet these criteria shall be determined by  
16 the employment security department for the most recent year for which  
17 data is available. For the purposes of administration of programs  
18 under this chapter, the United States post office five-digit zip code  
19 delivery areas will be used to determine residence status for  
20 eligibility purposes. For the purpose of this definition, a zip code  
21 delivery area ~~((that is located wholly or partially in an urbanized  
22 area or within two))~~ of which any part is ten miles ((of)) or more from  
23 an urbanized area is considered nonurbanized. A zip code totally  
24 surrounded by zip codes qualifying as nonurbanized under this  
25 definition is also considered nonurbanized. The office of financial  
26 management shall make available a zip code listing of the areas to all  
27 agencies and organizations providing services under this chapter.

28       **Sec. 47.** RCW 28B.80.580 and 1995 c 226 s 22 are each amended to  
29 read as follows:

30       (1) The board shall contract with institutions of higher education  
31 to provide upper division classes to serve additional placebound  
32 students in the rural natural resources impact areas meeting the  
33 following criteria, as determined by the employment security  
34 department: (a) A lumber and wood products employment location  
35 quotient at or above the state average; (b) a commercial salmon fishing  
36 employment location quotient at or above the state average; (c) a  
37 direct lumber and wood products job loss of one hundred positions or  
38 more; (d) projected or actual direct commercial salmon fishing job

1 losses of one hundred positions or more; and (e) an annual unemployment  
2 rate twenty percent above the state average; and which are not served  
3 by an existing state-funded upper division degree program. The number  
4 of full-time equivalent students served in this manner shall be  
5 determined by the applicable omnibus appropriations act. The board may  
6 direct that all the full-time equivalent enrollments be served in one  
7 of the eligible rural natural resources impact areas if it should  
8 determine that this would be the most viable manner of establishing the  
9 program and using available resources. The institutions shall utilize  
10 telecommunication technology, if available, to carry out the purposes  
11 of this section. Subject to the limitations of RCW 28B.15.910, the  
12 institutions providing the service may waive all or a portion of the  
13 tuition, and service and activities fees for dislocated forest products  
14 workers and dislocated salmon fishing workers or their unemployed  
15 spouses enrolled as one of the full-time equivalent students allocated  
16 to the college under this section.

17 (2) Unemployed spouses of eligible dislocated forest products  
18 workers and dislocated salmon fishing workers may participate in the  
19 program, but tuition and fees may be waived under the program only for  
20 the worker or the spouse and not both.

21 (3) Subject to the limitations of RCW 28B.15.910, for any eligible  
22 participant, all or a portion of tuition may be waived for a maximum of  
23 (~~four semesters or six quarters within a two-year time period~~) ninety  
24 quarter credit hours or sixty semester credit hours earned within four  
25 years. The participant must be enrolled for a minimum of (~~ten credits~~  
26 ~~per semester or quarter~~) five credit hours per quarter or three credit  
27 hours per semester.

28 **Sec. 48.** RCW 43.20A.750 and 1995 c 269 s 1901 and 1995 c 226 s 25  
29 are each reenacted and amended to read as follows:

30 (1) The department of social and health services shall help  
31 families and workers in rural natural resources impact areas make the  
32 transition through economic difficulties and shall provide services to  
33 assist workers to gain marketable skills. The department, as a member  
34 of the agency rural community assistance task force and, where  
35 appropriate, under an interagency agreement with the department of  
36 community, trade, and economic development, shall provide grants  
37 through the office of the secretary for services to the unemployed in  
38 rural natural resources impact areas, including providing direct or

1 referral services, establishing and operating service delivery  
2 programs, and coordinating delivery programs and delivery of services.  
3 These grants may be awarded for family support centers, reemployment  
4 centers, or other local service agencies.

5 (2) The services provided through the grants may include, but need  
6 not be limited to: Credit counseling; social services including  
7 marital counseling; psychotherapy or psychological counseling; mortgage  
8 foreclosures and utilities problems counseling; drug and alcohol abuse  
9 services; medical services; and residential heating and food  
10 acquisition.

11 (3) Funding for these services shall be coordinated through the  
12 agency rural community assistance task force which will establish a  
13 fund to provide child care assistance, mortgage assistance, and  
14 counseling which cannot be met through current programs. No funds  
15 shall be used for additional full-time equivalents for administering  
16 this section.

17 (4)(a) Grants for family support centers are intended to provide  
18 support to families by responding to needs identified by the families  
19 and communities served by the centers. Services provided by family  
20 support centers may include parenting education, child development  
21 assessments, health and nutrition education, counseling, and  
22 information and referral services. Such services may be provided  
23 directly by the center or through referral to other agencies  
24 participating in the interagency team.

25 (b) The department shall consult with the council on child abuse or  
26 neglect regarding grants for family support centers.

27 (5) "Rural natural resources impact area" means:

28 (a) A nonmetropolitan county, as defined by the 1990 decennial  
29 census, that meets ~~((two))~~ three of the five criteria set forth in  
30 subsection (6) of this section; ~~((or))~~

31 (b) A nonmetropolitan county with a population of less than forty  
32 thousand in the 1990 decennial census, that meets two of the five  
33 criteria as set forth in subsection (6) of this section; or

34 (c) A nonurbanized area, as defined by the 1990 decennial census,  
35 that is located in a metropolitan county that meets ~~((two))~~ three of  
36 the five criteria set forth in subsection (6) of this section.

37 (6) For the purposes of designating rural natural resources impact  
38 areas, the following criteria shall be considered:

1 (a) A lumber and wood products employment location quotient at or  
2 above the state average;  
3 (b) A commercial salmon fishing employment location quotient at or  
4 above the state average;  
5 (c) Projected or actual direct lumber and wood products job losses  
6 of one hundred positions or more;  
7 (d) Projected or actual direct commercial salmon fishing job losses  
8 of one hundred positions or more; and  
9 (e) An unemployment rate twenty percent or more above the state  
10 average. The counties that meet these criteria shall be determined by  
11 the employment security department for the most recent year for which  
12 data is available. For the purposes of administration of programs  
13 under this chapter, the United States post office five-digit zip code  
14 delivery areas will be used to determine residence status for  
15 eligibility purposes. For the purpose of this definition, a zip code  
16 delivery area (~~that is located wholly or partially in an urbanized~~  
17 ~~area or within two~~) of which any part is ten miles ((of)) or more from  
18 an urbanized area is considered nonurbanized. A zip code totally  
19 surrounded by zip codes qualifying as nonurbanized under this  
20 definition is also considered nonurbanized. The office of financial  
21 management shall make available a zip code listing of the areas to all  
22 agencies and organizations providing services under this chapter.

23 **Sec. 49.** RCW 50.12.270 and 1995 c 226 s 30 are each amended to  
24 read as follows:

25 (1) Subject to the availability of state or federal funds, the  
26 employment security department, as a member of the agency rural  
27 community assistance task force, shall consult with and may subcontract  
28 with local educational institutions, local businesses, local labor  
29 organizations, local associate development organizations, local private  
30 industry councils, local social service organizations, and local  
31 governments in carrying out a program of training and services,  
32 including training through the entrepreneurial training program, for  
33 dislocated workers in rural natural resources impact areas.

34 (2) The department shall conduct a survey to determine the actual  
35 future employment needs and jobs skills in rural natural resources  
36 impact areas.

37 (3) The department shall coordinate the services provided in this  
38 section with all other services provided by the department and with the

1 other economic recovery efforts undertaken by state and local  
2 government agencies on behalf of the rural natural resources impact  
3 areas.

4 (4) The department shall make every effort to procure additional  
5 federal and other moneys for the efforts enumerated in this section.

6 (5) For the purposes of this section, "rural natural resources  
7 impact area" means:

8 (a) A nonmetropolitan county, as defined by the 1990 decennial  
9 census, that meets ~~((two))~~ three of the five criteria set forth in  
10 subsection (6) of this section; ~~((or))~~

11 (b) A nonmetropolitan county with a population of less than forty  
12 thousand in the 1990 decennial census, that meets two of the five  
13 criteria as set forth in subsection (6) of this section; or

14 (c) A nonurbanized area, as defined by the 1990 decennial census,  
15 that is located in a metropolitan county that meets ~~((two))~~ three of  
16 the five criteria set forth in subsection (6) of this section.

17 (6) For the purposes of designating rural natural resources impact  
18 areas, the following criteria shall be considered:

19 (a) A lumber and wood products employment location quotient at or  
20 above the state average;

21 (b) A commercial salmon fishing employment location quotient at or  
22 above the state average;

23 (c) Projected or actual direct lumber and wood products job losses  
24 of one hundred positions or more;

25 (d) Projected or actual direct commercial salmon fishing job losses  
26 of one hundred positions or more; and

27 (e) An unemployment rate twenty percent or more above the state  
28 average. The counties that meet these criteria shall be determined by  
29 the employment security department for the most recent year for which  
30 data is available. For the purposes of administration of programs  
31 under this chapter, the United States post office five-digit zip code  
32 delivery areas will be used to determine residence status for  
33 eligibility purposes. For the purpose of this definition, a zip code  
34 delivery area ~~((that is located wholly or partially in an urbanized~~  
35 ~~area or within two))~~ of which any part is ten miles ~~((or))~~ or more from  
36 an urbanized area is considered nonurbanized. A zip code totally  
37 surrounded by zip codes qualifying as nonurbanized under this  
38 definition is also considered nonurbanized. The office of financial

1 management shall make available a zip code listing of the areas to all  
2 agencies and organizations providing services under this chapter.

3 **Sec. 50.** RCW 43.131.385 and 1995 c 226 s 34 are each amended to  
4 read as follows:

5 The rural natural resources impact area programs shall be  
6 terminated on June 30, (~~(1998)~~) 2000, as provided in RCW 43.131.386.

7 **Sec. 51.** RCW 43.131.386 and 1996 c 168 s 5 are each amended to  
8 read as follows:

9 The following acts or parts of acts are each repealed, effective  
10 June 30, (~~(1999)~~) 2001:

11 (1) RCW 43.31.601 and 1995 c 226 s 1, 1992 c 21 s 2, & 1991 c 314  
12 s 2;

13 (2) RCW 43.31.641 and 1995 c 226 s 4, 1993 c 280 s 50, & 1991 c 314  
14 s 7;

15 (3) RCW 50.22.090 and 1995 c 226 s 5, 1993 c 316 s 10, 1992 c 47 s  
16 2, & 1991 c 315 s 4;

17 (4) RCW 43.160.212 and 1996 c 168 s 4, 1995 c 226 s 6, & 1993 c 316  
18 s 5;

19 (5) (~~(RCW 43.31.651 and 1995 c 226 s 10, 1993 c 280 s 51, & 1991 c~~  
20 ~~314 s 9;~~

21 ~~(6))~~ RCW 43.63A.021 and 1995 c 226 s 11;

22 (~~(7))~~ (6) RCW 43.63A.600 and 1995 c 226 s 12, 1994 c 114 s 1,  
23 1993 c 280 s 77, & 1991 c 315 s 23;

24 (~~(8))~~ (7) RCW 43.63A.440 and 1995 c 226 s 13, 1993 c 280 s 74, &  
25 1989 c 424 s 7;

26 (~~(9))~~ (8) RCW 43.160.200 and 1995 c 226 s 16, 1993 c 320 s 7,  
27 1993 c 316 s 4, & 1991 c 314 s 23;

28 (~~(10))~~ (9) RCW 28B.50.258 and 1995 c 226 s 18 & 1991 c 315 s 16;

29 (~~(11))~~ (10) RCW 28B.50.262 and 1995 c 226 s 19 & 1994 c 282 s 3;

30 (~~(12))~~ (11) RCW 28B.80.570 and 1995 c 226 s 20, 1992 c 21 s 6, &  
31 1991 c 315 s 18;

32 (~~(13))~~ (12) RCW 28B.80.575 and 1995 c 226 s 21 & 1991 c 315 s 19;

33 (~~(14))~~ (13) RCW 28B.80.580 and 1995 c 226 s 22, 1993 sp.s. c 18  
34 s 34, 1992 c 231 s 31, & 1991 c 315 s 20;

35 (~~(15))~~ (14) RCW 28B.80.585 and 1995 c 226 s 23 & 1991 c 315 s 21;

36 (~~(16))~~ (15) RCW 43.17.065 and 1995 c 226 s 24, 1993 c 280 s 37,  
37 1991 c 314 s 28, & 1990 1st ex.s. c 17 s 77;



1 ((~~17~~)) (16) RCW 43.20A.750 and 1995 c 226 s 25, 1993 c 280 s 38,  
2 1992 c 21 s 4, & 1991 c 153 s 28;

3 ((~~18~~)) (17) RCW 43.168.140 and 1995 c 226 s 28 & 1991 c 314 s 20;

4 ((~~19~~)) (18) RCW 50.12.270 and 1995 c 226 s 30 & 1991 c 315 s 3;

5 ((~~20~~)) (19) RCW 50.70.010 and 1995 c 226 s 31, 1992 c 21 s 1, &  
6 1991 c 315 s 5; and

7 ((~~21~~)) (20) RCW 50.70.020 and 1995 c 226 s 32 & 1991 c 315 s 6.

8 NEW SECTION. Sec. 52. RCW 43.31.651 and 1995 c 226 s 10, 1993 c  
9 280 s 51, & 1991 c 314 s 9 are each repealed.

10 **PART VIII**  
11 **EVALUATION**

12 NEW SECTION. Sec. 53. REVIEW AND EVALUATION. The joint  
13 legislative audit and review committee shall design an evaluation  
14 mechanism for economically distressed counties under this act and  
15 undertake an evaluation of the act's effectiveness by November 1, 1999.  
16 The agencies implementing the programs under this act shall assist the  
17 joint legislative audit and review committee evaluation.

18 **PART IX**  
19 **MISCELLANEOUS**

20 NEW SECTION. Sec. 54. If any part of this act is found to be in  
21 conflict with federal requirements that are a prescribed condition to  
22 the allocation of federal funds to the state, the conflicting part of  
23 this act is inoperative solely to the extent of the conflict and with  
24 respect to the agencies directly affected, and this finding does not  
25 affect the operation of the remainder of this act in its application to  
26 the agencies concerned. The rules under this act shall meet federal  
27 requirements that are a necessary condition to the receipt of federal  
28 funds by the state.

29 NEW SECTION. Sec. 55. Section captions and part headings used in  
30 this act are not any part of the law.

31 NEW SECTION. Sec. 56. Sections 3 through 6 of this act are each  
32 added to chapter 43.31 RCW.

1        NEW SECTION.    **Sec. 57.**    Sections 13 through 20 of this act  
2    constitute a new chapter in Title 84 RCW.

3        NEW SECTION.    **Sec. 58.**    This act is necessary for the immediate  
4    preservation of the public peace, health, or safety, or support of the  
5    state government and its existing public institutions, and takes effect  
6    immediately.

--- END ---