
SENATE BILL 5740

State of Washington

55th Legislature

1997 Regular Session

By Senators Hargrove, Schow, Snyder, Morton, Hale, Prentice, Heavey, West, McDonald, Swanson, Spanel and Rasmussen

Read first time 02/10/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to the rural area marketing program; 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.06 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 43.160 RCW; adding a new section
13 to chapter 19.85 RCW; adding a new section to chapter 43.63A RCW;
14 adding a new chapter to Title 84 RCW; creating new sections; repealing
15 RCW 43.31.651; providing expiration dates; and 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 communities
19 throughout the state have undergone in recent years. Numerous rural

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

12 The legislature also recognizes that rural communities 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 communities 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 communities throughout the state.

21 The further intent of this act is to provide:

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

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

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

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

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

36 (1) Promote the ongoing operation of business in rural communities;

37 (2) Promote the expansion of existing businesses in rural
38 communities;

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

8 **PART I**
9 **ADMINISTRATION**

- 10 NEW SECTION. **Sec. 3.** RURAL ECONOMIC RECOVERY COORDINATION BOARD.
11 (1) There is established the rural economic recovery coordination board
12 consisting of one representative, appointed by the governor, from each
13 county that is a distressed area. In addition, one member from each of
14 the two largest political caucuses of the house of representatives
15 shall be appointed by the speaker of the house of representatives and
16 one member from each of the two largest political caucuses of the
17 senate shall be appointed by the president of the senate. The rural
18 community assistance coordinator shall also be a member of the board.
19 Each associate development organization from distressed counties, in
20 consultation with the county legislative authority, shall submit to the
21 governor the names of three nominees representing different interests
22 in each county. Within sixty days after the effective date of this
23 section, the governor shall select one nominee from each list submitted
24 by associate development organizations. In making the appointments,
25 the governor shall endeavor to ensure that the board represents a
26 diversity of backgrounds. Vacancies shall be filled in the same manner
27 as the original appointment.
28 (2) The board shall:
29 (a) Advise the rural community assistance coordinator and the rural
30 community assistance task force on issues relating to timber impact
31 area economic and social development, and review and provide
32 recommendations on proposals for the economic diversification of the
33 distressed areas presented to it by the coordinator.
34 (b) Respond to the needs and concerns of citizens at the local
35 level.
36 (c) Develop strategies for the economic recovery of distressed
37 areas.

1 (d) Provide recommendations to the governor, the legislature, and
2 congress on land management and economic and regulatory policies that
3 affect distressed areas.

4 (e) Recommend to the legislature any changes or improvements in
5 existing programs designed to benefit distressed areas.

6 (3) Members of the board and committees shall receive no
7 compensation but shall be reimbursed for travel expenses under RCW
8 43.03.050 and 43.03.060.

9 **PART II**

10 **BUSINESS ASSISTANCE**

11 NEW SECTION. **Sec. 4.** STATE OFFICE OF BUSINESS ASSISTANCE AND
12 RECRUITMENT FOR RURAL COMMUNITIES. There is established within the
13 department of community, trade, and economic development the office of
14 business assistance and recruitment for rural communities. The primary
15 responsibilities of the office are to coordinate and administer a
16 comprehensive and effective set of business assistance programs and
17 services including:

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

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

32 (3) Business regulatory assistance and ombudsman services. The
33 office shall: Provide comprehensive business regulatory services to
34 assist businesses in addressing and responding to local, state, and
35 federal regulations; and provide recommendations on streamlining and
36 modifying government regulations.

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

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

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

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

27 (5) Rural enterprise zone development and free trade zone. The
28 office is authorized to provide technical assistance to local
29 governments in rural distressed areas to establish rural enterprise
30 zones and free trade zones. The office shall target rural enterprise
31 zones and free trade zones in the delivery of its services in order to
32 maximize the impact of its economic development assistance as outlined
33 in sections . . . of this act to businesses and rural communities.

34 NEW SECTION. **Sec. 5.** OFFICE ADMINISTRATION. The office shall be
35 administered by a director appointed by the director of community,
36 trade, and economic development, in consultation with the rural
37 recovery board. The office director shall coordinate activities with

1 the rural resource coordinator and report on the activities and
2 performance of the office on a quarterly basis.

3 NEW SECTION. **Sec. 6.** RURAL RESOURCE COORDINATOR. (1) The
4 governor shall appoint, subject to senate confirmation, a rural
5 resource coordinator. The coordinator shall coordinate the state and
6 federal economic and social programs targeted to distressed rural
7 communities.

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

10 (a) Chairing the rural economic recovery coordination board and
11 directing staff associated with the board.

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

14 (c) Coordinating and expediting programs to assist rural distressed
15 areas.

16 (d) Providing the legislature with a status and impact report on
17 chapter . . . , Laws of 1997 (this act) in January 1998.

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

23 NEW SECTION. **Sec. 7.** A new section is added to chapter 28C.06 RCW
24 to read as follows:

25 JOB SKILLS/DISTRESSED AREA EMPLOYEE TRAINING. At least seventy-
26 five percent of all discretionary expenditures in the job skills
27 program shall be made to assist businesses in distressed rural
28 communities.

29 NEW SECTION. **Sec. 8.** DEVELOPMENT LOAN FUND RECAPITALIZATION. The
30 legislature finds that the development loan fund is a revolving loan
31 fund capitalized primarily with federal funds. The fund, administered
32 by the department of community, trade, and economic development,
33 provides low-interest loans to businesses in economically distressed
34 areas and other parts of the state. During the 1995-97 biennium, the
35 department provided three million six hundred thousand dollars in
36 loans, thereby exhausting its 1995-97 appropriation authority six

1 months prior to the end of the biennium. However, due to early
2 repayment of several loans, the account has an estimated fund balance
3 of approximately one million seven hundred thousand dollars. In order
4 to make the fund balance available for issuance of new loans prior to
5 the end of the biennium, it is necessary to provide a supplemental
6 appropriation.

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

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

11 **Reappropriation:**

12	St Bldg Constr Acct--State	\$	2,000,000
13	Wa St Dev Loan Acct--Federal	\$	186,654
14			-----
15	Subtotal Reappropriation	\$	2,186,654

16 **Appropriation:**

17	Wa St Dev Loan Acct--Federal	\$((3,500,000))	
18		<u>4,200,000</u>	
19	Prior Biennia (Expenditures)	\$	5,932,935
20	Future Biennia (Projected Costs)	\$	20,000,000
21			-----
22	TOTAL	\$	((31,619,589))
23			<u>32,319,589</u>

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

26 RURAL NATURAL RESOURCES IMPACT AREAS. Any funds appropriated by
27 the legislature to the development loan fund for purposes of the timber
28 recovery act shall be used for development loans in rural natural
29 resources impact areas as defined in RCW 43.31.601. At least seventy-
30 five percent of all discretionary expenditures shall be made on behalf
31 of businesses in distressed rural counties.

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

34 ECONOMIC DEVELOPMENT FINANCE AUTHORITY. For the purpose of
35 facilitating economic development in the state of Washington and
36 encouraging the employment of Washington workers at meaningful wages:

37 (1) ~~((The authority may develop and conduct a program or programs~~
38 ~~to provide nonrecourse revenue bond financing for the project costs for~~
39 ~~no more than five economic development activities, per fiscal year,~~

1 ~~included under the authority's general plan of economic development~~
2 ~~finance objectives. In addition, the authority may issue tax exempt~~
3 ~~bonds to finance ten manufacturing or processing activities, per fiscal~~
4 ~~year, for which the total project cost is less than one million dollars~~
5 ~~per project.~~

6 (2)) The authority may ((also)) develop and conduct a program that
7 will stimulate and encourage the development of new products within
8 Washington state by the infusion of financial aid for invention and
9 innovation in situations in which the financial aid would not otherwise
10 be reasonably available from commercial sources. The authority is
11 authorized to provide nonrecourse revenue bond financing for this
12 program.

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

15 (i) To enter into financing agreements with eligible persons doing
16 business in Washington state, upon terms and on conditions consistent
17 with the purposes of this chapter, for the advancement of financial and
18 other assistance to the persons for the development of specific
19 products, procedures, and techniques, to be developed and produced in
20 this state, and to condition the agreements upon contractual assurances
21 that the benefits of increasing or maintaining employment and tax
22 revenues shall remain in this state and accrue to it;

23 (ii) Own, possess, and take license in patents, copyrights, and
24 proprietary processes and negotiate and enter into contracts and
25 establish charges for the use of the patents, copyrights, and
26 proprietary processes when the patents and licenses for products result
27 from assistance provided by the authority;

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

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

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

37 (vi) Refer eligible persons to researchers or laboratories for the
38 purpose of testing and evaluating new products, processes, or
39 innovations; and

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

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

30 ~~((+3+))~~ (2) The authority may also develop and implement, if
31 authorized by the legislature, such other economic development
32 financing programs adopted in future general plans of economic
33 development finance objectives developed under RCW 43.163.090.

34 (3) The authority shall develop a program and target their
35 resources in assisting distressed counties in their business and job
36 creation and assistance efforts under chapter . . . , Laws of 1997 (this
37 act).

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

PART III
TAX INCENTIVES

1
2
3 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14 RCW
4 to read as follows:

5 BUSINESS TAX INCENTIVES (RURAL STABILIZATION). (1) The legislative
6 authority of a rural county as defined in section 26 of this act may
7 impose a sales and use tax in accordance with the terms of this
8 chapter. The tax is in addition to other taxes authorized by law and
9 shall be collected from those persons who are taxable by the state
10 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
11 event within the county. The tax rate shall not exceed the lesser
12 amount of six and one-half percent or an amount derived by dividing two
13 million by the gross amount subject to the tax imposed under RCW
14 82.14.030 during the preceding fiscal year. The tax shall be measured
15 by the selling price in the case of a sales tax or value of the article
16 used in the case of a use tax.

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

22 (3) Moneys collected under this section shall only be used for the
23 purpose of financing public facilities in rural counties under RCW
24 43.160.060.

25 (4) No tax may be collected under this section before January 1,
26 1998, or after December 31, 2002.

27 NEW SECTION. **Sec. 13.** EMPLOYEE TAX INCENTIVES/MANUFACTURING,
28 WAREHOUSING, OR FAMILY WAGE JOBS. (1) The legislature finds that:

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

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

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

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

3 (e) It is in the best interest of the state of Washington to stop
4 the decay of urban areas, in particular areas in distressed rural
5 counties, and to promote and facilitate the orderly redevelopment of
6 these areas.

7 (2) It is the purpose of this chapter to provide for the allocation
8 of a portion of state and local retail sales and business and
9 occupation taxes for a limited period of time to assist in the
10 financing of needed health and safety improvements, public
11 improvements, and other public investments in urban areas, in
12 particular those in distressed rural counties, that are needed to
13 encourage private development.

14 NEW SECTION. **Sec. 14.** URBAN/RURAL STABILIZATION. The definitions
15 in this section apply throughout this chapter unless the context
16 clearly requires otherwise.

17 (1) "Appropriation district" means the geographic area, within a
18 city, from which excise taxes are to be appropriated to finance an
19 urban stabilization project.

20 (2) "Excise taxes" means:

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

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

24 (c) Business and occupation taxes levied under chapter 82.04 RCW;
25 and

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

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

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

30 (5) "Sponsor" means a local government initiating and undertaking
31 an urban stabilization project.

32 (6) "Tax allocation revenues" means those tax revenues allocated to
33 a sponsor under this chapter.

34 (7) "Taxing districts" means any governmental entity which levies
35 an excise tax which is collected within a proposed or approved
36 apportionment district.

37 (8) "Urban stabilization project" means:

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

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

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

6 (i) Providing professional management, planning, and promotion
7 within the apportionment district, including the management and
8 promotion of retail trade activities in the apportionment district;

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

11 (iii) Historic preservation activities authorized under RCW
12 35.21.395.

13 (9) "Urban stabilization project costs" means: The costs of
14 design, planning, acquisition, site preparation, construction,
15 reconstruction, rehabilitation, improvement, operation, and
16 installation of the urban stabilization project; the costs of
17 relocation, maintenance, and operation of property pending construction
18 of the urban stabilization project; the costs of financing, including
19 interest during construction, legal and other professional services,
20 taxes, and insurance; the costs of apportioning the taxes and complying
21 with this chapter and other applicable law; and the administrative
22 costs reasonably necessary and related to these costs.

23 (10) "Urban stabilization project ordinance" means the ordinance
24 passed under section 15 of this act.

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

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

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

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

1 (a) An apportionment district may not be established that includes
2 a geographic area included within a previously established
3 apportionment district that has outstanding bonds payable in whole or
4 in part from tax allocation revenues; and

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

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

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

14 (1) Propose by ordinance a plan for the urban stabilization project
15 that includes a description of the contemplated urban stabilization
16 project, the estimated cost of the urban stabilization project, the
17 boundaries of the apportionment district, the estimated period during
18 which tax revenue apportionment is contemplated, and ways in which the
19 sponsor plans to use tax allocation revenues to finance the urban
20 stabilization project;

21 (2) At least fifteen days in advance of a public hearing at which
22 the ordinance is first considered deliver notice of the hearing to the
23 county treasurer and the state treasurer, shall include in the notice
24 a map or drawing showing the location of the contemplated urban
25 stabilization project and the boundaries of the proposed apportionment
26 district, a brief description of the urban stabilization project, the
27 estimated cost of the urban stabilization project, the anticipated
28 increase in sales and business activity subject to excise taxes within
29 the apportionment district for so long as apportionment is proposed,
30 the location of the sponsor's principal business office where it will
31 maintain information concerning the urban stabilization project for
32 public inspection, and the date and place of the hearing;

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

1 (4) Within one hundred twenty days after completion of the public
2 hearing, pass an ordinance establishing the apportionment district and
3 authorizing the proposed urban stabilization project, including any
4 modifications that in the sponsor's opinion the hearing indicated
5 should be made, that includes the boundaries of the apportionment, a
6 description of the urban stabilization project, the estimated cost of
7 the urban stabilization project, the portion of the estimated cost of
8 the urban stabilization project to be paid from tax allocation
9 revenues, the estimated time during which the excise taxes are to be
10 apportioned, the date when the apportionment of excise taxes is to
11 commence, and a finding that the urban stabilization project meets the
12 conditions of section 14 of this act.

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

18 (a) That portion of excise taxes collected for a taxing district in
19 each year within an apportionment district that is equal to the taxes
20 collected for such taxing district within such apportionment district
21 in the year preceding the formation of the apportionment, must be
22 allocated to and paid to such taxing district; and

23 (b) That portion of the excise taxes collected for a taxing
24 district in each year within an apportionment district that is in
25 excess of the excise tax collected in the year preceding the formation
26 of the apportionment district must be allocated and paid to the
27 sponsor, or the sponsor's designated agent, until all urban
28 stabilization project costs to be paid from the tax allocation revenues
29 have been paid, except that the sponsor may agree to receive less than
30 the full amount of such portion, in which case the balance of the
31 excise taxes must be allocated to the respective taxing districts in
32 proportion to their excise tax levies due for the year in which the
33 funds are returned.

34 (2) The date upon which the apportionment district was established
35 is considered the date that the urban stabilization project ordinance
36 was enacted by the sponsor.

37 (3) The apportionment of excise taxes under this section must cease
38 when the tax allocation revenues are no longer necessary or obligated

1 to pay urban stabilization property costs or to pay principal and
2 interest on bonds issued to finance urban stabilization project costs
3 to which tax allocation revenues are pledged. At the time of
4 termination of the apportionment, any excess money and any earnings
5 held by the sponsor must be distributed to the taxing districts that
6 were subject to the allocation in proportion to their excise tax
7 receipts due for the year in which the funds are returned.

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

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

13 (a) To pay urban stabilization costs;

14 (b) To pay into bond funds established to pay the principal and
15 interest on general obligation bonds issued to finance an urban
16 stabilization project that is specified in the urban stabilization
17 project ordinance and constructed following the establishment of the
18 apportionment district; or

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

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

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

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

28 NEW SECTION. **Sec. 21.** BUSINESS TAX INCENTIVES IN DISTRESSED AREAS
29 (SALES, USE, AND B & O TAXES) Reserved.

30 **PART IV**

31 **COMMUNITY INFRASTRUCTURE**

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

1 PUBLIC FACILITIES CONSTRUCTION LOAN REVOLVING ACCOUNT. There shall
2 be a fund in the state treasury known as the public facilities
3 construction loan revolving account, which shall consist of all moneys
4 collected under this chapter, except moneys of the board collected in
5 connection with the issuance of industrial development revenue bonds,
6 and any moneys appropriated to it by law(~~(:—PROVIDED, That seventy-~~
7 ~~five percent of all principal and interest payments on loans made with~~
8 ~~the proceeds deposited in the account under section 901, chapter 57,~~
9 ~~Laws of 1983 1st ex. sess. shall be deposited in the general fund as~~
10 ~~reimbursement for debt service payments on the bonds authorized in RCW~~
11 ~~43.83.184)). Disbursements from the revolving account shall be on~~
12 authorization of the board. In order to maintain an effective
13 expenditure and revenue control, the public facilities construction
14 loan revolving account shall be subject in all respects to chapter
15 43.88 RCW.

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

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

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

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

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

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

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

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

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

36 (2) An additional tax is imposed equal to the rate specified in RCW
37 82.02.030 multiplied by the tax payable under subsection (1) of this
38 section.

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

6 (4) Until July 1, 2003, ten percent of the moneys collected under
7 subsection (1) of this section on water distribution businesses and ten
8 percent of the moneys collected under subsection (1) of this section on
9 sewerage collection businesses shall be deposited in the public
10 facilities construction loan revolving account created in RCW
11 43.160.080.

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

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

25 (2) If at any time during the last six months of a biennium the
26 board finds that the actual and anticipated applications for qualified
27 projects in distressed counties or rural natural resources impact areas
28 are clearly insufficient to use up the fifty percent allocation, then
29 the board shall estimate the amount of the insufficiency and during the
30 remainder of the biennium may use that amount of the allocation for
31 financial assistance to projects not located in distressed counties or
32 rural natural resources impact areas.

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

35 RCW 43.160.076 and 1997 c . . . s 24 (section 24 of this act), 1991
36 c 314 s 24, & 1985 c 446 s 6 are each repealed effective June 30,
37 (~~1997~~) 2000.

1 NEW SECTION. **Sec. 26.** A new section is added to chapter 82.04 RCW
2 to read as follows:

3 LOCAL GOVERNMENT TAX INCENTIVES (SALES AND USE TAXES). (1) As used
4 in this section, unless the context clearly requires otherwise, the
5 following definitions apply throughout this section:

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

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

11 (c) "Eligible person" means a person who is engaged in business as
12 a manufacturer, a person operating a warehouse and engaged in business
13 as a third-party warehouse, a person operating a warehouse and engaged
14 in business as a wholesaler, a person operating a retail distribution
15 center, or a person engaged in any business and who pays more than half
16 of his or her employees at the specific business for which a tax credit
17 is sought a wage equal to or greater than the state's average annual
18 wage. A wholesaler or third-party warehouse or a person operating a
19 retail distribution center does not qualify as an eligible person if
20 retail sales occur at the warehouse, however this exclusion does not
21 apply to wholesalers, third-party warehouse, or persons operating
22 retail distribution centers who also qualify as an eligible person
23 under the average annual wage criteria.

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

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

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

36 (g) "Rural county" means the same as defined in RCW 43.31.601(2)(a)
37 as of the effective date of this 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 full-time employee employed at the business.
16 The purpose of this incentive is to offset the cost to the business of
17 benefits and other employee-related costs for businesses in distressed
18 counties.

19 (b) The credit under this subsection may not be taken for seasonal
20 employees, project employees, or part-time employees unless the
21 employer provides benefits to these persons proportional and comparable
22 to those provided full-time employees. The ten-thousand dollar credit
23 shall be proportionally reduced for a nonfull-time employee based on
24 the amount of hours worked by the person divided by two thousand eighty
25 hours. The eligible person's annual credit shall be reduced to reflect
26 employment positions that are vacant part of the year or that were
27 created during the year.

28 (3) The eligible person shall by February 1 of each year, in a form
29 and manner as required by the department, certify to the department the
30 number of anticipated employment positions for which the tax credit is
31 available. The department shall, annually for annual reporters and
32 quarterly for all others, apply the credit amount against state tax
33 owed. The department shall apply the credit first against tax owed
34 under chapter 82.04 RCW, then against tax owed under chapter 82.16 RCW,
35 then against tax owed under chapter 82.12 RCW, then against any other
36 state tax owed under Title 82 RCW, and last against the tax owed under
37 chapter 82.44 RCW. The department of licensing and the department of
38 revenue shall jointly devise a method to credit the tax owed under
39 chapter 82.44 RCW. At the end of each calendar year the eligible

1 person shall report to the department, in a form and manner as required
2 by the department, the number of employment positions actually filled
3 during the past year, and the department of revenue shall adjust the
4 person's credit accordingly.

5 (4) Credits under this section may be carried forward until used
6 up.

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

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

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

15 (8) This section expires December 31, 2003. No credit may be
16 accrued after this date, but unused credit may be carried forward after
17 this date.

18 (9) The department may adopt rules to implement and administer this
19 section.

20 NEW SECTION. **Sec. 27.** A new section is added to chapter 43.160
21 RCW to read as follows:

22 The board shall review and approve or reject all infrastructure
23 proposals from distressed counties that seek to use the sales and use
24 tax revenue provided under section 10 of this act. When reviewing
25 proposals for funding the board shall use the standards for review of
26 an application for funds set forth under RCW 43.160.060.

27 **PART V**
28 **REGULATORY FAIRNESS**

29 **Sec. 28.** RCW 19.85.011 and 1994 c 249 s 9 are each amended to read
30 as follows:

31 RURAL COMMUNITY REGULATORY FAIRNESS ACT. The legislature finds
32 that administrative rules adopted by state agencies can have a
33 disproportionate impact on the state's small businesses and distressed
34 rural communities because of the size of those businesses and
35 communities. This disproportionate impact reduces competition,
36 innovation, employment, and new employment opportunities, and threatens

1 the very existence of some small businesses and rural communities. The
2 legislature therefore enacts the Regulatory Fairness Act with the
3 intent of reducing the disproportionate impact of state administrative
4 rules on small business and distressed rural communities.

5 **Sec. 29.** RCW 19.85.020 and 1994 c 249 s 10 are each amended to
6 read as follows:

7 Unless the context clearly indicates otherwise, the definitions in
8 this section apply through this chapter.

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

13 (2) "Small business economic impact statement" means a statement
14 meeting the requirements of RCW 19.85.040 prepared by a state agency
15 pursuant to RCW 19.85.030.

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

22 (4) "Rural community" means the same as natural resource impact
23 area under RCW 43.31.601.

24 **Sec. 30.** RCW 19.85.025 and 1995 c 403 s 401 are each amended to
25 read as follows:

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

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

33 (3) An agency is not required to prepare a separate small business
34 economic impact statement under RCW 19.85.040 if it prepared an
35 analysis under RCW 34.05.328 that meets the requirements of a small
36 business economic impact statement, and if the agency reduced the costs
37 imposed by the rule on small business or rural communities to the

1 extent required by RCW 19.85.030(3). The portion of the analysis that
2 meets the requirements of RCW 19.85.040 shall be filed with the code
3 reviser and provided to any person requesting it in lieu of a separate
4 small business economic impact statement.

5 **Sec. 31.** RCW 19.85.030 and 1995 c 403 s 402 are each amended to
6 read as follows:

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

17 An agency shall prepare the small business economic impact
18 statement in accordance with RCW 19.85.040, and file it with the code
19 reviser along with the notice required under RCW 34.05.320. An agency
20 shall file a statement prepared at the request of the joint
21 administrative rules review committee with the code reviser upon its
22 completion before the adoption of the rule. An agency shall provide a
23 copy of the small business economic impact statement to any person
24 requesting it.

25 An agency may request assistance from ~~((the business assistance~~
26 ~~center))~~ the affected businesses or rural communities in the
27 preparation of the small business economic impact statement.

28 (2) ~~((The business assistance center))~~ Agencies shall develop
29 guidelines to assist ~~((agencies))~~ in determining whether a proposed
30 rule will impose more than minor costs on businesses in an industry or
31 rural communities and therefore require preparation of a small business
32 economic impact statement. The ~~((business assistance center))~~
33 affected businesses or rural communities may review an agency
34 determination that a proposed rule will not impose such costs, and
35 shall advise the joint administrative rules review committee on
36 disputes involving agency determinations under this section.

37 (3) Based upon the extent of disproportionate impact on small
38 business or rural community identified in the statement prepared under

1 RCW 19.85.040, the agency shall, where legal and feasible in meeting
2 the stated objectives of the statutes upon which the rule is based,
3 reduce the costs imposed by the rule on small businesses or rural
4 communities. Methods to reduce the costs on small businesses or rural
5 communities may include:

6 (a) Reducing, modifying, or eliminating substantive regulatory
7 requirements;

8 (b) Simplifying, reducing, or eliminating recordkeeping and
9 reporting requirements;

10 (c) Reducing the frequency of inspections;

11 (d) Delaying compliance timetables;

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

13 (f) Any other mitigation techniques.

14 **Sec. 32.** RCW 19.85.040 and 1995 c 403 s 403 are each amended to
15 read as follows:

16 (1) A small business economic impact statement must include a brief
17 description of the reporting, recordkeeping, and other compliance
18 requirements of the proposed rule, and the kinds of professional
19 services that a small business or rural community is likely to need in
20 order to comply with such requirements. It shall analyze the costs of
21 compliance for businesses or rural communities required to comply with
22 the proposed rule adopted pursuant to RCW 34.05.320, including costs of
23 equipment, supplies, labor, and increased administrative costs. It
24 shall consider, based on input received, whether compliance with the
25 rule will cause businesses or rural communities to lose sales or
26 revenue. To determine whether the proposed rule will have a
27 disproportionate impact on small businesses, the impact statement must
28 compare the cost of compliance for small business with the cost of
29 compliance for the ten percent of businesses that are the largest
30 businesses required to comply with the proposed rules using one or more
31 of the following as a basis for comparing costs:

32 (a) Cost per employee;

33 (b) Cost per hour of labor; or

34 (c) Cost per one hundred dollars of sales.

35 (2) A small business economic impact statement must also include:

36 (a) A statement of the steps taken by the agency to reduce the
37 costs of the rule on small businesses or rural communities as required

1 by RCW 19.85.030(3), or reasonable justification for not doing so,
2 addressing the options listed in RCW 19.85.030(3);

3 (b) A description of how the agency will involve small businesses
4 and rural communities in the development of the rule; and

5 (c) A list of industries that will be required to comply with the
6 rule. However, this subsection (2)(c) shall not be construed to
7 preclude application of the rule to any business or industry to which
8 it would otherwise apply.

9 (3) To obtain information for purposes of this section, an agency
10 may survey a representative sample of affected businesses ~~((or))~~, trade
11 associations, and rural communities and should, whenever possible,
12 appoint a committee under RCW 34.05.310(2) to assist in the accurate
13 assessment of the costs of a proposed rule, and the means to reduce the
14 costs imposed on small business and rural communities.

15 **Sec. 33.** RCW 19.85.050 and 1989 c 175 s 74 are each amended to
16 read as follows:

17 (1) Within one year after ~~((June 10, 1982))~~ the effective date of
18 this act, each agency shall publish and deliver to the office of
19 financial management and to all persons who make requests of the agency
20 for a copy of a plan to periodically review all rules then in effect
21 and which have been issued by the agency which have an economic impact
22 on more than twenty percent of all industries or ten percent of the
23 businesses in any one industry or any rural community. Such plan may
24 be amended by the agency at any time by publishing a revision to the
25 review plan and delivering such revised plan to the office of financial
26 management and to all persons who make requests of the agency for the
27 plan. The purpose of the review is to determine whether such rules
28 should be continued without change or should be amended or rescinded,
29 consistent with the stated objectives of applicable statutes, to
30 minimize the economic impact on small businesses or rural communities
31 as described by this chapter. The plan shall provide for the review of
32 all such agency rules in effect on ~~((June 10, 1982))~~ the effective date
33 of this act, within ten years of that date.

34 (2) In reviewing rules to minimize any significant economic impact
35 of the rule on small businesses or rural communities as described by
36 this chapter, and in a manner consistent with the stated objectives of
37 applicable statutes, the agency shall consider the following factors:

38 (a) The continued need for the rule;

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

3 (c) The complexity of the rule;

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

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

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

16 **Sec. 34.** RCW 19.85.070 and 1992 c 197 s 1 are each amended to read
17 as follows:

18 When any rule is proposed for which a small business economic
19 impact statement is required, the adopting agency shall provide notice
20 to small businesses and rural communities of the proposed rule through
21 any of the following:

22 (1) Direct notification of known interested small businesses
23 ~~((or))~~, trade organizations, and rural communities affected by the
24 proposed rule; or

25 (2) Providing information of the proposed rule making to
26 publications likely to be obtained by small businesses and the
27 legislative authority of rural communities of the types affected by the
28 proposed rule.

29 NEW SECTION. **Sec. 35.** A new section is added to chapter 19.85 RCW
30 to read as follows:

31 The office of business assistance and recruitment for rural
32 communities is authorized to:

33 (1) Petition state agencies for regulatory relief for businesses or
34 other entities in distressed rural communities that encounter
35 regulatory problems;

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

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

10 NEW SECTION. **Sec. 36.** A new section is added to chapter 43.63A
11 RCW to read as follows:

12 RURAL ENTERPRISE ZONES. The legislature recognizes the unique
13 difficulties encountered by communities in rural distressed areas
14 wishing to promote business development, increase employment
15 opportunities, and provide a high quality of life for its citizens. In
16 response the legislature authorizes the establishment of rural
17 enterprise zones that will allow the targeting of state services and
18 resources in the form of business, industry recruitment, regulatory
19 relief, and infrastructure development. It is the intent of the
20 legislature to provide the critical level of resources and services to
21 businesses and entities located in these rural enterprise zones that
22 they will be the catalyst for economic prosperity and diversity
23 throughout rural distressed areas in Washington.

24 (1) The department in cooperation with the department of revenue
25 and other state agencies shall approve applications submitted by local
26 governments in distressed rural counties. The application shall be in
27 the form and manner and contain the necessary information designated by
28 the department. The application shall:

29 (a) Be submitted on behalf of the local government by the chief
30 elected official or, if none, by the governing body of the local
31 government;

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

34 (c) Demonstrate the level of government and community support for
35 the enterprise zone;

36 (d) Outline the manner in which the enterprise zone will be
37 governed and report its activities to the local government and the
38 department; and

1 (e) Designate the geographic area in which the rural enterprise
2 zone will exist.

3 (2) Rural enterprise zones are authorized to:

4 (a) Hire a director or designate an individual to oversee
5 operations;

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

8 (c) Work with the office of business assistance and recruitment for
9 rural communities in the pursuit of its economic development
10 activities;

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

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

15 (f) Petition the office of business assistance and recruitment for
16 rural communities for regulatory relief, or designation of a lead
17 regulatory agency, or accelerated permitting, zoning, or regulatory
18 process as provided in section . . . of this act.

19 (3) Businesses located in rural enterprise zones are entitled to
20 the tax incentive programs as outlined under sections . . . of this
21 act.

22 (4) Rural enterprise zones are authorized to receive the services
23 and funding resources as provided under sections . . . of this act.

24 (5) Rural enterprise zones may be established in conjunction with
25 a free trade zone.

26 **PART VII**

27 **REAUTHORIZATION OF EXISTING PROGRAMS**

28 **Sec. 37.** RCW 43.31.601 and 1995 c 226 s 1 are each amended to read
29 as follows:

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

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

36 (a) A lumber and wood products employment location quotient at or above
37 the state average; (b) projected or actual direct lumber and wood

1 products job losses of one hundred positions or more, except counties
2 having a population greater than two hundred thousand but less than
3 five hundred thousand must have direct lumber and wood products job
4 losses of one thousand positions or more; or (c) an annual unemployment
5 rate twenty percent or more above the state average.

6 (2)(a) "Rural natural resources impact area" means:

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

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

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

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

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

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

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

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

26 (v) An unemployment rate twenty percent or more above the state
27 average.

28 The counties that meet these criteria shall be determined by the
29 employment security department for the most recent year for which data
30 is available. For the purposes of administration of programs under
31 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 ((of)) 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. 38.** RCW 43.31.611 and 1995 c 226 s 2 are each amended to read
4 as follows:

5 (1) The governor shall appoint a rural community assistance
6 coordinator. The coordinator shall coordinate the state and federal
7 economic and social programs targeted to rural natural resources impact
8 areas.

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

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

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

15 (c) Coordinating and expediting programs to assist rural natural
16 resources impact areas.

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

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

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

25 **Sec. 39.** RCW 43.31.621 and 1996 c 186 s 508 are each amended to
26 read as follows:

27 (1) There is established the agency rural community assistance task
28 force. The task force shall be chaired by the rural community
29 assistance coordinator. It shall be the responsibility of the
30 coordinator that all directives of chapter 314, Laws of 1991, and
31 chapter 226, Laws of 1995 are carried out expeditiously by the agencies
32 represented in the task force. The task force shall consist of the
33 directors, or representatives of the directors, of the following
34 agencies: The department of community, trade, and economic
35 development, employment security department, department of social and
36 health services, state board for community and technical colleges, work
37 force training and education coordinating board, department of natural

1 resources, department of transportation, department of fish and
2 wildlife, University of Washington center for international trade in
3 forest products, department of agriculture, and department of ecology.
4 The task force shall solicit and consider input from the rural
5 development council in coordinating agency programs targeted to rural
6 natural resources impacted communities. The task force may consult and
7 enlist the assistance of the following: The higher education
8 coordinating board, University of Washington college of forest
9 resources, University of Washington school of fisheries, Washington
10 State University school of forestry, Northwest policy center, state
11 superintendent of public instruction, Washington state labor council,
12 the Evergreen partnership, Washington state association of counties,
13 and others as needed.

14 ~~(2) ((The task force, in conjunction with the rural development~~
15 ~~council, shall undertake a study to determine whether additional~~
16 ~~communities and industries are impacted, or are likely to be impacted,~~
17 ~~by salmon preservation and recovery efforts. The task force shall~~
18 ~~consider possible impacts in the following industries and associated~~
19 ~~communities: Barge transportation, irrigation dependent agriculture,~~
20 ~~food processing, aluminum, charter recreational fishing, boatbuilding,~~
21 ~~and other sectors suggested by the task force. The task force shall~~
22 ~~report its findings and recommendations to the legislature by January~~
23 ~~1996.~~

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

25 **Sec. 40.** RCW 50.22.090 and 1995 c 226 s 5 and 1995 c 57 s 2 are
26 each reenacted and amended to read as follows:

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

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

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

35 (a) No new claims for additional benefits shall be accepted for
36 weeks beginning after July 1, ~~((1997))~~ 1999, but for claims established
37 on or before July 1, ~~((1997))~~ 1999, weeks of unemployment occurring

1 after July 1, (~~1997~~) 1999, shall be compensated as provided in this
2 section.

3 (b) The total additional benefit amount shall be one hundred four
4 times the individual's weekly benefit amount, reduced by the total
5 amount of regular benefits and extended benefits paid, or deemed paid,
6 with respect to the benefit year. Additional benefits shall not be
7 payable for weeks more than two years beyond the end of the benefit
8 year of the regular claim for an individual whose benefit year ends on
9 or after July 27, 1991, and shall not be payable for weeks ending on or
10 after two years after March 26, 1992, for individuals who become
11 eligible as a result of chapter 47, Laws of 1992.

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

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

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

22 (f) Benefits paid under this section shall be paid under the same
23 terms and conditions as regular benefits. The additional benefit
24 period shall be suspended with the start of an extended benefit period,
25 or any totally federally funded benefit program, with eligibility
26 criteria and benefits comparable to the program established by this
27 section, and shall resume the first week following the end of the
28 federal program.

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

33 (4) An additional benefit eligibility period is established for any
34 exhaustee who:

35 (a)(i) At the time of last separation from employment, resided in
36 or was employed in a rural natural resources impact area defined in RCW
37 43.31.601 and determined by the office of financial management and the
38 employment security department; or

1 (ii) During his or her base year, earned wages in at least six
2 hundred eighty hours in either the forest products industry, which
3 shall be determined by the department but shall include the industries
4 assigned the major group standard industrial classification codes "24"
5 and "26" and the industries involved in the harvesting and management
6 of logs, transportation of logs and wood products, processing of wood
7 products, and the manufacturing and distribution of wood processing and
8 logging equipment or the fishing industry assigned the standard
9 industrial classification code "0912". The commissioner may adopt
10 rules further interpreting the industries covered under this
11 subsection. For the purposes of this subsection, "standard industrial
12 classification code" means the code identified in RCW 50.29.025(6)(c);
13 and

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

15 (ii) Is unlikely to return to employment in his or her principal
16 occupation or previous industry because of a diminishing demand within
17 his or her labor market for his or her skills in the occupation or
18 industry; and

19 (c)(i) Is notified by the department of the requirements of this
20 section and develops an individual training program that is submitted
21 to the commissioner for approval not later than sixty days after the
22 individual is notified of the requirements of this section, and enters
23 the approved training program not later than ninety days after the date
24 of the individual's termination or layoff, or ninety days after July 1,
25 1991, whichever is later, unless the department determines that the
26 training is not available during the ninety-day period, in which case
27 the individual shall enter training as soon as it is available; or

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

30 (5) For the purposes of this section:

31 (a) "Training program" means:

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

35 (ii) A vocational training program at an educational institution
36 that:

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

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

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

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

8 (6) The commissioner shall adopt rules as necessary to implement
9 this section.

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

15 **Sec. 41.** RCW 43.63A.021 and 1995 c 226 s 11 are each amended to
16 read as follows:

17 Unless the context clearly requires otherwise, the definitions in
18 this section apply throughout this chapter.

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

29 (2) "Forest products worker" means a worker in the forest products
30 industries affected by the reduction of forest fiber enhancement,
31 transportation, or production. The workers included within this
32 definition shall be determined by the employment security department,
33 but shall include workers employed in the industries assigned the major
34 group standard industrial classification codes "24" and "26" and the
35 industries involved in the harvesting and management of logs,
36 transportation of logs and wood products, processing of wood products,
37 and the manufacturing and distribution of wood processing and logging
38 equipment. The commissioner may adopt rules further interpreting these

1 definitions. For the purposes of this subsection, "standard industrial
2 classification code" means the code identified in RCW 50.29.025(6)(c).

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

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

21 **Sec. 42.** RCW 43.31.641 and 1995 c 226 s 4 are each amended to read
22 as follows:

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

25 (1) ~~((Implement an expanded value-added forest products development
26 industrial extension program. The department shall provide technical
27 assistance to small and medium-sized forest products companies to
28 include:~~

29 ~~(a) Secondary manufacturing product development;~~

30 ~~(b) Plant and equipment maintenance;~~

31 ~~(c) Identification and development of domestic market
32 opportunities;~~

33 ~~(d) Building products export development assistance;~~

34 ~~(e) At risk business development assistance;~~

35 ~~(f) Business network development; and~~

36 ~~(g) Timber impact area industrial diversification.~~

37 (2) ~~Provide local contracts for small and medium-sized forest
38 product companies, start-ups, and business organizations for business~~

1 feasibility, market development, and business network contracts that
2 will benefit value added production efforts in the industry.

3 ~~(3) Contract with local business organizations in timber impact~~
4 ~~areas for development of programs to promote industrial~~
5 ~~diversification. The department shall provide local capacity building~~
6 ~~grants to local governments and community based organizations in timber~~
7 ~~impact areas, which may include long range planning and needs~~
8 ~~assessments.~~

9 For the 1991-93 biennium, the department of community, trade, and
10 economic development shall use funds appropriated for this section for
11 contracts and for no more than two additional staff positions))
12 Administer available federal grant funds to support strategic
13 diversification needs and opportunities of timber-dependent
14 communities, value-added forest products firms, and the value-added
15 forest products industry in Washington state.

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

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

21 **Sec. 43.** RCW 43.63A.440 and 1995 c 226 s 13 are each amended to
22 read as follows:

23 The department of community, trade, and economic development shall
24 provide technical and financial assistance to communities adversely
25 impacted by reductions in timber harvested from federal, state, and
26 private lands and reduction of salmon fishing caused by efforts to
27 maintain the long-term viability of salmon stocks. ((This assistance
28 shall include the formation and implementation of community economic
29 development plans. The department of community, trade, and economic
30 development shall utilize existing state technical and financial
31 assistance programs, and shall aid communities in seeking private and
32 federal financial assistance for the purposes of this section. The
33 department may contract for services provided for under this section))
34 The department shall use existing technical and financial assistance
35 resources to aid communities in planning, implementing, and assembling
36 financing for high priority community economic development projects.

1 **Sec. 44.** RCW 43.160.020 and 1996 c 51 s 2 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

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

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

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

11 (4) "Financial institution" means any bank, savings and loan
12 association, credit union, development credit corporation, insurance
13 company, investment company, trust company, savings institution, or
14 other financial institution approved by the board and maintaining an
15 office in the state.

16 (5) "Industrial development facilities" means "industrial
17 development facilities" as defined in RCW 39.84.020.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 **Sec. 45.** 1995 c 226 s 8 (uncodified) is amended to read as follows:
36 RCW 43.160.200 expires June 30, ~~((1997))~~ 2000.

37 **Sec. 46.** 1995 c 226 s 9 (uncodified) is amended to read as follows:

1 RCW 43.160.210 shall take effect June 30, (~~1997~~) 2000.

2 **Sec. 47.** RCW 28B.50.030 and 1995 c 226 s 17 are each amended to
3 read as follows:

4 As used in this chapter, unless the context requires otherwise, the
5 term:

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

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

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

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

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

16 (6) "Board of trustees" shall mean the local community and
17 technical college board of trustees established for each college
18 district within the state.

19 (7) "Occupational education" shall mean that education or training
20 that will prepare a student for employment that does not require a
21 baccalaureate degree.

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

24 (9) "Common school board" shall mean a public school district board
25 of directors.

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

28 (11) "Technical college" shall include those higher education
29 institutions with the sole mission of conducting occupational
30 education, basic skills, literacy programs, and offering on short
31 notice, when appropriate, programs that meet specific industry needs.
32 The programs of technical colleges shall include, but not be limited
33 to, continuous enrollment, competency-based instruction, industry-
34 experienced faculty, curriculum integrating vocational and basic skills
35 education, and curriculum approved by representatives of employers and
36 labor. For purposes of this chapter, technical colleges shall include
37 Lake Washington Vocational-Technical Institute, Renton Vocational-

1 Technical Institute, Bates Vocational-Technical Institute, Clover Park
2 Vocational Institute, and Bellingham Vocational-Technical Institute.

3 (12) "Adult education" shall mean all education or instruction,
4 including academic, vocational education or training, basic skills and
5 literacy training, and "occupational education" provided by public
6 educational institutions, including common school districts for persons
7 who are eighteen years of age and over or who hold a high school
8 diploma or certificate. However, "adult education" shall not include
9 academic education or instruction for persons under twenty-one years of
10 age who do not hold a high school degree or diploma and who are
11 attending a public high school for the sole purpose of obtaining a high
12 school diploma or certificate, nor shall "adult education" include
13 education or instruction provided by any four year public institution
14 of higher education.

15 (13) "Dislocated forest product worker" shall mean a forest
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 (14) "Forest products worker" shall mean a worker in the forest
26 products industries affected by the reduction of forest fiber
27 enhancement, transportation, or production. The workers included
28 within this definition shall be determined by the employment security
29 department, but shall include workers employed in the industries
30 assigned the major group standard industrial classification codes "24"
31 and "26" and the industries involved in the harvesting and management
32 of logs, transportation of logs and wood products, processing of wood
33 products, and the manufacturing and distribution of wood processing and
34 logging equipment. The commissioner may adopt rules further
35 interpreting these definitions. For the purposes of this subsection,
36 "standard industrial classification code" means the code identified in
37 RCW 50.29.025(6)(c).

38 (15) "Dislocated salmon fishing worker" means a ~~((salmon))~~ finfish
39 products worker who: (a)(i) Has been terminated or received notice of

1 termination from employment and is unlikely to return to employment in
2 the individual's principal occupation or previous industry because of
3 a diminishing demand for his or her skills in that occupation or
4 industry; or (ii) is self-employed and has been displaced from his or
5 her business because of the diminishing demand for the business's
6 services or goods; and (b) at the time of last separation from
7 employment, resided in or was employed in a rural natural resources
8 impact area.

9 (16) "Salmon fishing worker" means a worker in the (~~salmon~~)
10 finfish industry affected by 1994 or future salmon disasters. The
11 workers included within this definition shall be determined by the
12 employment security department, but shall include workers employed in
13 the industries involved in the commercial and recreational harvesting
14 of (~~salmon~~) finfish including buying and processing (~~salmon~~)
15 finfish. The commissioner may adopt rules further interpreting these
16 definitions.

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

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

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

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

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

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

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

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

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

37 (e) An unemployment rate twenty percent or more above the state
38 average. The counties that meet these criteria shall be determined by
39 the employment security department for the most recent year for which

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

12 **Sec. 48.** RCW 28B.80.570 and 1995 c 226 s 20 are each amended to
13 read as follows:

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

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

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

27 (3) "Forest products worker" means a worker in the forest products
28 industries affected by the reduction of forest fiber enhancement,
29 transportation, or production. The workers included within this
30 definition shall be determined by the employment security department,
31 but shall include workers employed in the industries assigned the major
32 group standard industrial classification codes "24" and "26" and the
33 industries involved in the harvesting and management of logs,
34 transportation of logs and wood products, processing of wood products,
35 and the manufacturing and distribution of wood processing and logging
36 equipment. The commissioner may adopt rules further interpreting these
37 definitions. For the purposes of this subsection, "standard industrial
38 classification code" means the code identified in RCW 50.29.025(6)(c).

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

11 (5) "Salmon fishing worker" means a worker in the (~~salmon~~)
12 finfish industry affected by 1994 or future salmon disasters. The
13 workers included within this definition shall be determined by the
14 employment security department, but shall include workers employed in
15 the industries involved in the commercial and recreational harvesting
16 of (~~salmon~~) finfish including buying and processing (~~salmon~~)
17 finfish. The commissioner may adopt rules further interpreting these
18 definitions.

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

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

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

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

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

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

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

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

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

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

15 **Sec. 49.** RCW 28B.80.580 and 1995 c 226 s 22 are each amended to
16 read as follows:

17 (1) The board shall contract with institutions of higher education
18 to provide upper division classes to serve additional placebound
19 students in the rural natural resources impact areas meeting the
20 following criteria, as determined by the employment security
21 department: (a) A lumber and wood products employment location
22 quotient at or above the state average; (b) a commercial salmon fishing
23 employment location quotient at or above the state average; (c) a
24 direct lumber and wood products job loss of one hundred positions or
25 more; (d) projected or actual direct commercial salmon fishing job
26 losses of one hundred positions or more; and (e) an annual unemployment
27 rate twenty percent above the state average; and which are not served
28 by an existing state-funded upper division degree program. The number
29 of full-time equivalent students served in this manner shall be
30 determined by the applicable omnibus appropriations act. The board may
31 direct that all the full-time equivalent enrollments be served in one
32 of the eligible rural natural resources impact areas if it should
33 determine that this would be the most viable manner of establishing the
34 program and using available resources. The institutions shall utilize
35 telecommunication technology, if available, to carry out the purposes
36 of this section. Subject to the limitations of RCW 28B.15.910, the
37 institutions providing the service may waive all or a portion of the
38 tuition, and service and activities fees for dislocated forest products

1 workers and dislocated salmon fishing workers or their unemployed
2 spouses enrolled as one of the full-time equivalent students allocated
3 to the college under this section.

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

8 (3) Subject to the limitations of RCW 28B.15.910, for any eligible
9 participant, all or a portion of tuition may be waived for a maximum of
10 (~~four semesters or six quarters within a two-year time period~~) ninety
11 quarter credit hours or sixty semester credit hours earned within four
12 years. The participant must be enrolled for a minimum of (~~ten credits~~
13 ~~per semester or quarter~~) five credit hours per quarter or three credit
14 hours per semester.

15 **Sec. 50.** RCW 43.20A.750 and 1995 c 269 s 1901 and 1995 c 226 s 25
16 are each reenacted and amended to read as follows:

17 (1) The department of social and health services shall help
18 families and workers in rural natural resources impact areas make the
19 transition through economic difficulties and shall provide services to
20 assist workers to gain marketable skills. The department, as a member
21 of the agency rural community assistance task force and, where
22 appropriate, under an interagency agreement with the department of
23 community, trade, and economic development, shall provide grants
24 through the office of the secretary for services to the unemployed in
25 rural natural resources impact areas, including providing direct or
26 referral services, establishing and operating service delivery
27 programs, and coordinating delivery programs and delivery of services.
28 These grants may be awarded for family support centers, reemployment
29 centers, or other local service agencies.

30 (2) The services provided through the grants may include, but need
31 not be limited to: Credit counseling; social services including
32 marital counseling; psychotherapy or psychological counseling; mortgage
33 foreclosures and utilities problems counseling; drug and alcohol abuse
34 services; medical services; and residential heating and food
35 acquisition.

36 (3) Funding for these services shall be coordinated through the
37 agency rural community assistance task force which will establish a
38 fund to provide child care assistance, mortgage assistance, and

1 counseling which cannot be met through current programs. No funds
2 shall be used for additional full-time equivalents for administering
3 this section.

4 (4)(a) Grants for family support centers are intended to provide
5 support to families by responding to needs identified by the families
6 and communities served by the centers. Services provided by family
7 support centers may include parenting education, child development
8 assessments, health and nutrition education, counseling, and
9 information and referral services. Such services may be provided
10 directly by the center or through referral to other agencies
11 participating in the interagency team.

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

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

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

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

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

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

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

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

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

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

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

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

9 **Sec. 51.** RCW 50.12.270 and 1995 c 226 s 30 are each amended to
10 read as follows:

11 (1) Subject to the availability of state or federal funds, the
12 employment security department, as a member of the agency rural
13 community assistance task force, shall consult with and may subcontract
14 with local educational institutions, local businesses, local labor
15 organizations, local associate development organizations, local private
16 industry councils, local social service organizations, and local
17 governments in carrying out a program of training and services,
18 including training through the entrepreneurial training program, for
19 dislocated workers in rural natural resources impact areas.

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

23 (3) The department shall coordinate the services provided in this
24 section with all other services provided by the department and with the
25 other economic recovery efforts undertaken by state and local
26 government agencies on behalf of the rural natural resources impact
27 areas.

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

30 (5) For the purposes of this section, "rural natural resources
31 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 (6) 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 (6) 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 (6) of this section.

4 (6) 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. 52.** RCW 43.131.385 and 1995 c 226 s 34 are each amended to
29 read as follows:

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

32 **Sec. 53.** RCW 43.131.386 and 1996 c 168 s 5 are each amended to
33 read as follows:

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

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

1 (2) RCW 43.31.641 and 1995 c 226 s 4, 1993 c 280 s 50, & 1991 c 314
2 s 7;
3 (3) RCW 50.22.090 and 1995 c 226 s 5, 1993 c 316 s 10, 1992 c 47 s
4 2, & 1991 c 315 s 4;
5 (4) RCW 43.160.212 and 1996 c 168 s 4, 1995 c 226 s 6, & 1993 c 316
6 s 5;
7 (5) (~~RCW 43.31.651 and 1995 c 226 s 10, 1993 c 280 s 51, & 1991 c~~
8 ~~314 s 9;~~
9 ~~(6)~~) RCW 43.63A.021 and 1995 c 226 s 11;
10 (~~(7)~~) (6) RCW 43.63A.600 and 1995 c 226 s 12, 1994 c 114 s 1,
11 1993 c 280 s 77, & 1991 c 315 s 23;
12 (~~(8)~~) (7) RCW 43.63A.440 and 1995 c 226 s 13, 1993 c 280 s 74, &
13 1989 c 424 s 7;
14 (~~(9)~~) (8) RCW 43.160.200 and 1995 c 226 s 16, 1993 c 320 s 7,
15 1993 c 316 s 4, & 1991 c 314 s 23;
16 (~~(10)~~) (9) RCW 28B.50.258 and 1995 c 226 s 18 & 1991 c 315 s 16;
17 (~~(11)~~) (10) RCW 28B.50.262 and 1995 c 226 s 19 & 1994 c 282 s 3;
18 (~~(12)~~) (11) RCW 28B.80.570 and 1995 c 226 s 20, 1992 c 21 s 6, &
19 1991 c 315 s 18;
20 (~~(13)~~) (12) RCW 28B.80.575 and 1995 c 226 s 21 & 1991 c 315 s 19;
21 (~~(14)~~) (13) RCW 28B.80.580 and 1995 c 226 s 22, 1993 sp.s. c 18
22 s 34, 1992 c 231 s 31, & 1991 c 315 s 20;
23 (~~(15)~~) (14) RCW 28B.80.585 and 1995 c 226 s 23 & 1991 c 315 s 21;
24 (~~(16)~~) (15) RCW 43.17.065 and 1995 c 226 s 24, 1993 c 280 s 37,
25 1991 c 314 s 28, & 1990 1st ex.s. c 17 s 77;
26 (~~(17)~~) (16) RCW 43.20A.750 and 1995 c 226 s 25, 1993 c 280 s 38,
27 1992 c 21 s 4, & 1991 c 153 s 28;
28 (~~(18)~~) (17) RCW 43.168.140 and 1995 c 226 s 28 & 1991 c 314 s 20;
29 (~~(19)~~) (18) RCW 50.12.270 and 1995 c 226 s 30 & 1991 c 315 s 3;
30 (~~(20)~~) (19) RCW 50.70.010 and 1995 c 226 s 31, 1992 c 21 s 1, &
31 1991 c 315 s 5; and
32 (~~(21)~~) (20) RCW 50.70.020 and 1995 c 226 s 32 & 1991 c 315 s 6.

33 NEW SECTION. **Sec. 54.** RCW 43.31.651 and 1995 c 226 s 10, 1993 c
34 280 s 51, & 1991 c 314 s 9 are each repealed.

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36

PART VIII
EVALUATION

1 NEW SECTION. **Sec. 55.** REVIEW AND EVALUATION. The joint
2 legislative audit and review committee shall design an evaluation
3 mechanism for economically distressed counties under this act and
4 undertake an evaluation of the act's effectiveness by November 1, 1999.
5 The agencies implementing the programs under this act shall assist the
6 institute for public policy in this evaluation.

7 **PART IX**
8 **MISCELLANEOUS**

9 NEW SECTION. **Sec. 56.** If any part of this act is found to be in
10 conflict with federal requirements that are a prescribed condition to
11 the allocation of federal funds to the state, the conflicting part of
12 this act is inoperative solely to the extent of the conflict and with
13 respect to the agencies directly affected, and this finding does not
14 affect the operation of the remainder of this act in its application to
15 the agencies concerned. The rules under this act shall meet federal
16 requirements that are a necessary condition to the receipt of federal
17 funds by the state.

18 NEW SECTION. **Sec. 57.** Section captions and part headings used in
19 this act are not any part of the law.

20 NEW SECTION. **Sec. 58.** Sections 3 through 6 of this act are each
21 added to chapter 43.31 RCW.

22 NEW SECTION. **Sec. 59.** Sections 13 through 20 of this act
23 constitute a new chapter in Title 84 RCW.

24 NEW SECTION. **Sec. 60.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 immediately.

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