

2 **E2SSB 5594** - H AMD 270 ADOPTED 4-24-99

3 By Representative

4

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

7 "NEW SECTION. **Sec. 1.** The legislature finds that while  
8 Washington's economy is currently prospering, economic growth continues  
9 to be uneven, particularly as between metropolitan and rural areas.  
10 This has created in effect two Washingtons. One afflicted by  
11 inadequate infrastructure to support and attract investment, another  
12 suffering from congestion and soaring housing prices. In order to  
13 address these problems, the legislature intends to use resources  
14 strategically to build on our state's strengths while addressing  
15 threats to our prosperity.

16

**PART I**

17

**RURAL ECONOMIC DEVELOPMENT**

18

**Enhanced Flexibility for Use of Community Economic**

19

**Revitalization Board Funds**

20 **Sec. 101.** RCW 43.160.010 and 1996 c 51 s 1 are each amended to  
21 read as follows:

22 (1) The legislature finds that it is the public policy of the state  
23 of Washington to direct financial resources toward the fostering of  
24 economic development through the stimulation of investment and job  
25 opportunities and the retention of sustainable existing employment for  
26 the general welfare of the inhabitants of the state. Reducing  
27 unemployment and reducing the time citizens remain jobless is important  
28 for the economic welfare of the state. A valuable means of fostering  
29 economic development is the construction of public facilities which  
30 contribute to the stability and growth of the state's economic base.  
31 Strengthening the economic base through issuance of industrial  
32 development bonds, whether single or umbrella, further serves to reduce  
33 unemployment. Consolidating issues of industrial development bonds

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

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

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

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

16 (d) Encouraging new economic development or expansions to maximize  
17 employment;

18 (e) Encouraging the retention of viable existing firms and  
19 employment; and

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

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

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

33 (b) (~~It is the intent of the legislature to create an economic~~  
34 ~~development account within the motor vehicle fund from which~~  
35 ~~expenditures can be made by the department of transportation for state~~  
36 ~~highway improvements necessitated by planned economic development.))~~

37 All (~~such~~) transportation improvements on state highways must first  
38 be approved by the state transportation commission and the community  
39 economic revitalization board in accordance with the procedures

1 established by RCW 43.160.074 and 47.01.280. (~~It is further the~~  
2 ~~intent of the legislature that such improvements not jeopardize any~~  
3 ~~other planned highway construction projects. The improvements are~~  
4 ~~intended to be of limited size and cost, and to include such items as~~  
5 ~~additional turn lanes, signalization, illumination, and safety~~  
6 ~~improvements.))~~

7 (3) The legislature also finds that the state's economic  
8 development efforts can be enhanced by, in certain instances, providing  
9 funds to assist development of telecommunications infrastructure that  
10 supports business development, retention, and expansion in rural  
11 natural resources impact areas and rural counties of the state.

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

19 (~~(4)~~) (5) The legislature finds that sharing economic growth  
20 state-wide is important to the welfare of the state. Rural counties  
21 and rural natural resources impact areas do not share in the economic  
22 vitality of the Puget Sound region. The ability of these communities  
23 to pursue business and job retention, expansion, and development  
24 opportunities depends on their capacity to ready necessary economic  
25 development project plans, sites, permits, and infrastructure for  
26 private investments. Project-specific planning, predevelopment, and  
27 infrastructure (~~is one of several~~) are critical ingredients (~~that~~  
28 are critical) for economic development. Rural counties and rural  
29 natural resources impact areas generally lack (~~the infrastructure~~)  
30 these necessary tools and resources to diversify and revitalize their  
31 economies. It is, therefore, the intent of the legislature to increase  
32 the (~~availability of funds to help provide infrastructure to rural~~  
33 natural resource impact areas) amount of funding available through the  
34 community economic revitalization board for rural counties and rural  
35 natural resources impact areas, and to authorize flexibility for  
36 available resources in these areas to help fund planning,  
37 predevelopment, and construction costs of infrastructure and facilities  
38 and sites that foster economic vitality and diversification.

1       **Sec. 102.** RCW 43.160.020 and 1997 c 367 s 8 are each amended to  
2 read 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 a project of a local government for  
38 the planning, acquisition, construction, repair, reconstruction,  
39 replacement, rehabilitation, or improvement of bridges, roads, domestic

1 and industrial water, earth stabilization, sanitary sewer, storm sewer,  
2 railroad, electricity, telecommunications, transportation, natural gas,  
3 buildings or structures, and port facilities, all for the purpose of  
4 job creation, job retention, or job expansion.

5 (12) "Rural county" means a county with a population density of  
6 fewer than one hundred persons per square mile as determined by the  
7 office of financial management.

8 (13) "Rural natural resources impact area" means:

9 (a) A nonmetropolitan county, as defined by the 1990 decennial  
10 census, that meets three of the five criteria set forth in subsection  
11 (~~(13)~~) (14) of this section;

12 (b) A nonmetropolitan county with a population of less than forty  
13 thousand in the 1990 decennial census, that meets two of the five  
14 criteria as set forth in subsection (~~(13)~~) (14) of this section; or

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

18 (~~(13)~~) (14) For the purposes of designating rural natural  
19 resources impact areas, the following criteria shall be considered:

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

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

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

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

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

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

3 **Sec. 103.** RCW 43.160.060 and 1996 c 51 s 5 are each amended to  
4 read as follows:

5 The board is authorized to make direct loans to political  
6 subdivisions of the state for the purposes of assisting the political  
7 subdivisions in financing the cost of public facilities, including  
8 development of land and improvements for public facilities, project-  
9 specific environmental, capital facilities, land use, permitting,  
10 feasibility and marketing studies and plans; project design, site  
11 planning, and analysis; project debt and revenue impact analysis; as  
12 well as the construction, rehabilitation, alteration, expansion, or  
13 improvement of the facilities. A grant may also be authorized for  
14 purposes designated in this chapter, but only when, and to the extent  
15 that, a loan is not reasonably possible, given the limited resources of  
16 the political subdivision and the finding by the board that ((unique))  
17 financial circumstances ((exist. The board shall not obligate more  
18 than twenty percent of its biennial appropriation as grants)) require  
19 grant assistance to enable the project to move forward.

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

23 (1) The board shall not provide financial assistance:

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

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

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

31 (2) The board shall only provide financial assistance:

32 (a) For those projects which would result in specific private  
33 developments or expansions (i) in manufacturing, production, food  
34 processing, assembly, warehousing, advanced technology, research and  
35 development, and industrial distribution; (ii) for processing  
36 recyclable materials or for facilities that support recycling,  
37 including processes not currently provided in the state, including but  
38 not limited to, de-inking facilities, mixed waste paper, plastics, yard

1 waste, and problem-waste processing; (iii) for manufacturing facilities  
2 that rely significantly on recyclable materials, including but not  
3 limited to waste tires and mixed waste paper; (iv) which support the  
4 relocation of businesses from nondistressed urban areas to  
5 ~~((distressed))~~ rural counties or rural natural resources impact areas;  
6 or (v) which substantially support the trading of goods or services  
7 outside of the state's borders.

8 (b) For projects which it finds will improve the opportunities for  
9 the successful maintenance, establishment, or expansion of industrial  
10 or commercial plants or will otherwise assist in the creation or  
11 retention of long-term economic opportunities.

12 (c) When the application includes convincing evidence that a  
13 specific private development or expansion is ready to occur and will  
14 occur only if the public facility improvement is made.

15 (3) The board shall prioritize each proposed project according to:

16 (a) The relative benefits provided to the community by the jobs the  
17 project would create, not just the total number of jobs it would create  
18 after the project is completed and according to the unemployment rate  
19 in the area in which the jobs would be located~~((As long as there is~~  
20 ~~more demand for financial assistance than there are funds available,~~  
21 ~~the board is instructed to fund projects in order of their priority))i~~  
22 and

23 (b) The rate of return of the state's investment, that includes the  
24 expected increase in state and local tax revenues associated with the  
25 project.

26 (4) A responsible official of the political subdivision shall be  
27 present during board deliberations and provide information that the  
28 board requests.

29 Before any financial assistance application is approved, the  
30 political subdivision seeking the assistance must demonstrate to the  
31 community economic revitalization board that no other timely source of  
32 funding is available to it at costs reasonably similar to financing  
33 available from the community economic revitalization board.

34 **Sec. 104.** RCW 43.160.070 and 1998 c 321 s 27 (Referendum Bill No.  
35 49) are each amended to read as follows:

36 Public facilities financial assistance, when authorized by the  
37 board, is subject to the following conditions:

1 (1) The moneys in the public facilities construction loan revolving  
2 account and the distressed county public facilities construction loan  
3 account shall be used solely to fulfill commitments arising from  
4 financial assistance authorized in this chapter or, during the 1989-91  
5 fiscal biennium, for economic development purposes as appropriated by  
6 the legislature. The total outstanding amount which the board shall  
7 dispense at any time pursuant to this section shall not exceed the  
8 moneys available from the accounts. The total amount of outstanding  
9 financial assistance in Pierce, King, and Snohomish counties shall  
10 never exceed sixty percent of the total amount of outstanding financial  
11 assistance disbursed by the board under this chapter without reference  
12 to financial assistance provided under RCW 43.160.220.

13 (2) On contracts made for public facilities loans the board shall  
14 determine the interest rate which loans shall bear. The interest rate  
15 shall not exceed ten percent per annum. The board may provide  
16 reasonable terms and conditions for repayment for loans, including  
17 partial forgiveness of loan principal and interest payments on projects  
18 located in rural counties or rural natural resources impact areas, as  
19 the board determines. The loans shall not exceed twenty years in  
20 duration.

21 (3) Repayments of loans made from the public facilities  
22 construction loan revolving account under the contracts for public  
23 facilities construction loans shall be paid into the public facilities  
24 construction loan revolving account. Repayments of loans made from the  
25 distressed county public facilities construction loan account under the  
26 contracts for public facilities construction loans shall be paid into  
27 the distressed county public facilities construction loan account.  
28 Repayments of loans from moneys from the new appropriation from the  
29 public works assistance account for the fiscal biennium ending June 30,  
30 1999, shall be paid into the public works assistance account.

31 (4) When every feasible effort has been made to provide loans and  
32 loans are not possible, the board may provide grants upon finding that  
33 unique circumstances exist.

34 **Sec. 105.** RCW 43.160.076 and 1998 c 321 s 28 (Referendum Bill No.  
35 49) and 1998 c 55 s 4 are each reenacted and amended to read as  
36 follows:

37 (1) Except as authorized to the contrary under subsection (2) of  
38 this section, from all funds available to the board for financial



1 assistance in a biennium under this chapter without reference to  
2 financial assistance provided under RCW 43.160.220, the board shall  
3 spend at least seventy-five percent for financial assistance for  
4 projects in (~~(distressed)~~) rural counties or rural natural resources  
5 impact areas. (~~(For purposes of this section, the term "distressed~~  
6 ~~counties" includes any county, in which the average level of~~  
7 ~~unemployment for the three years before the year in which an~~  
8 ~~application for financial assistance is filed, exceeds the average~~  
9 ~~state unemployment for those years by twenty percent.)~~)

10 (2) If at any time during the last six months of a biennium the  
11 board finds that the actual and anticipated applications for qualified  
12 projects in (~~(distressed)~~) rural counties or rural natural resources  
13 impact areas are clearly insufficient to use up the seventy-five  
14 percent allocation under subsection (1) of this section, then the board  
15 shall estimate the amount of the insufficiency and during the remainder  
16 of the biennium may use that amount of the allocation for financial  
17 assistance to projects not located in (~~(distressed)~~) rural counties or  
18 rural natural resources impact areas.

19 (~~(3) This section expires June 30, 2000.~~)

20 **Sec. 106.** RCW 43.160.900 and 1993 c 320 s 8 are each amended to  
21 read as follows:

22 (1) The community economic revitalization board shall report to the  
23 appropriate standing committees of the legislature biennially on the  
24 implementation of this chapter. The report shall include information  
25 on the number of applications for community economic revitalization  
26 board assistance, the number and types of projects approved, the grant  
27 or loan amount awarded each project, the projected number of jobs  
28 created or retained by each project, the actual number of jobs created  
29 or retained by each project, the amount of state and local tax revenue  
30 generated by projects funded under this chapter, the number of  
31 delinquent loans, and the number of project terminations. The report  
32 may also include additional performance measures and recommendations  
33 for programmatic changes. The first report shall be submitted by  
34 December 1, 1994.

35 (2) The joint legislative audit and review committee shall conduct  
36 performance reviews on the effectiveness of the program administered by  
37 the board under this chapter. The committee may contract for services  
38 to conduct the performance reviews. The costs for the performance

1 reviews shall be paid from repayments of principal and interest on  
2 loans made under this chapter. The performance reviews shall be  
3 submitted to the appropriate committees of the legislature by December  
4 1, 2000, December 1, 2004, and December 1, 2008.

5 **Sec. 107.** RCW 43.160.200 and 1996 c 51 s 9 are each amended to  
6 read as follows:

7 (1) The economic development account is created within the public  
8 facilities construction loan revolving fund under RCW 43.160.080.  
9 Moneys in the account may be spent only after appropriation.  
10 Expenditures from the account may be used only for the purposes of RCW  
11 43.160.010(~~((+3+))~~) (5) and this section. The account is subject to  
12 allotment procedures under chapter 43.88 RCW.

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

17 (3) Eligible applicants under this section are limited to political  
18 subdivisions of the state in rural natural resources impact areas  
19 (~~((that demonstrate, to the satisfaction of the board, the local~~  
20 ~~economy's dependence on the forest products and salmon fishing~~  
21 ~~industries))~~) and rural counties.

22 (4) Applicants must demonstrate that their request is part of an  
23 economic development plan consistent with applicable state planning  
24 requirements. Applicants must demonstrate that tourism projects have  
25 been approved by the local government. Industrial projects must be  
26 approved by the local government and the associate development  
27 organization.

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

31 (6) Applications must demonstrate local match and participation.  
32 Such match may include: Land donation, other public or private funds  
33 or both, or other means of local commitment to the project.

34 (7) Board financing for project-specific environmental, capital  
35 facilities, land use, permitting, feasibility and marketing studies and  
36 plans; project engineering, design, and site planning and analysis; and  
37 project debt and revenue impact analysis shall not exceed (~~((twenty-~~  
38 ~~five))~~) fifty thousand dollars per study. Board funds for (~~((feasibility~~

1 ~~studies))~~ these purposes may be provided as a grant and require a  
2 ~~((dollar for dollar))~~ match ~~((with up to one half in kind match~~  
3 ~~allowed))~~.

4 (8) Board financing for tourism projects shall not exceed two  
5 hundred fifty thousand dollars. Other public facility construction  
6 projects under this section shall not exceed ~~((five hundred thousand))~~  
7 one million dollars. Loans with flexible terms and conditions to meet  
8 the needs of the applicants shall be provided. Grants may also be  
9 authorized, but only when, and to the extent that, a loan is not  
10 reasonably possible, given the limited resources of the political  
11 subdivision.

12 (9) The board shall develop guidelines for allowable local match  
13 and ~~((feasibility studies))~~ planning and predevelopment activities.

14 (10) The board may allow de minimis general system improvements to  
15 be funded if they are critically linked to the viability of the  
16 economic development project assisted under this section.

17 (11) Applications under this section need not demonstrate evidence  
18 that specific private development or expansion is ready to occur or  
19 will occur if funds are provided.

20 ~~((+11))~~ (12) The board shall establish guidelines for providing  
21 financial assistance under this section to ensure that the requirements  
22 of this chapter are complied with. The guidelines shall include:

23 (a) A process to equitably compare and evaluate applications from  
24 competing communities.

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

33 (c) A method of evaluating the impact of the financial assistance  
34 on the economy of the community and whether the financial assistance  
35 achieved its purpose.

36

## PART II

37

## HOUSING

1                   **Increasing the Housing Finance Commission's Debt Limit**

2           **Sec. 201.** RCW 43.180.160 and 1996 c 310 s 2 are each amended to  
3 read as follows:

4           The total amount of outstanding indebtedness of the commission may  
5 not exceed (~~two~~) three billion dollars at any time. The calculation  
6 of outstanding indebtedness shall include the initial principal amount  
7 of an issue and shall not include interest that is either currently  
8 payable or that accrues as a part of the face amount of an issue  
9 payable at maturity or earlier redemption. Outstanding indebtedness  
10 shall not include notes or bonds as to which the obligation of the  
11 commission has been satisfied and discharged by refunding or for which  
12 payment has been provided by reserves or otherwise.

13           **NEW SECTION. Sec. 202.** A new section is added to chapter 43.63A  
14 RCW to read as follows:

15           The department shall establish and administer a "one-stop  
16 clearinghouse" to coordinate state assistance for growers and nonprofit  
17 organizations in developing housing for agricultural employees.  
18 Growers, housing authorities, and nonprofit organizations shall have  
19 direct access to the one-stop clearinghouse. The department one-stop  
20 clearinghouse shall provide assistance on planning and design, building  
21 codes, temporary worker housing regulations, financing options, and  
22 management to growers and nonprofit organizations interested in  
23 farmworker construction. The department one-stop clearinghouse shall  
24 also provide educational materials and services to local government  
25 authorities on Washington state law concerning farmworker housing.

26                                   **PART III**

27                                   **DISTRESSED AREA TAX INCENTIVES**

28                                   **Distressed Area Sales and Use Tax Deferral**

29           **Sec. 301.** RCW 82.60.020 and 1996 c 290 s 4 are each amended to  
30 read as follows:

31           Unless the context clearly requires otherwise, the definitions in  
32 this section apply throughout this chapter.

33           (1) "Applicant" means a person applying for a tax deferral under  
34 this chapter.

35           (2) "Department" means the department of revenue.

1       (3) "Eligible area" means(~~((a) A county in which the average~~  
2 ~~level of unemployment for the three years before the year in which an~~  
3 ~~application is filed under this chapter exceeds the average state~~  
4 ~~unemployment for those years by twenty percent; (b) a county that has~~  
5 ~~a median household income that is less than seventy five percent of the~~  
6 ~~state median household income for the previous three years; (c) a~~  
7 ~~metropolitan statistical area, as defined by the office of federal~~  
8 ~~statistical policy and standards, United States department of commerce,~~  
9 ~~in which the average level of unemployment for the calendar year~~  
10 ~~immediately preceding the year in which an application is filed under~~  
11 ~~this chapter exceeds the average state unemployment for such calendar~~  
12 ~~year by twenty percent; (d) a designated community empowerment zone~~  
13 ~~approved under RCW 43.63A.700 or a county containing such a community~~  
14 ~~empowerment zone; (e) a town with a population of less than twelve~~  
15 ~~hundred persons in those counties that are not covered under (a) of~~  
16 ~~this subsection that are timber impact areas as defined in RCW~~  
17 ~~43.31.601; (f) a county designated by the governor as an eligible area~~  
18 ~~under RCW 82.60.047; or (g) a county that is contiguous to a county~~  
19 ~~that qualifies as an eligible area under (a) or (f) of this~~  
20 ~~subsection)) a county with fewer than one hundred persons per square  
21 mile as determined annually by the office of financial management and  
22 published by the department of revenue effective for the period July  
23 1st through June 30th.~~

24       (4)(a) "Eligible investment project" means(~~((~~  
25 ~~(i)) an investment project in an eligible area as defined in~~  
26 ~~subsection (3)((a), (b), (c), (e), or (f)) of this section((; or~~  
27 ~~(ii) That portion of an investment project in an eligible area as~~  
28 ~~defined in subsection (3)(d) or (g) of this section which is directly~~  
29 ~~utilized to create at least one new full-time qualified employment~~  
30 ~~position for each three hundred thousand dollars of investment on which~~  
31 ~~a deferral is requested in an application approved before July 1, 1994,~~  
32 ~~and for each seven hundred fifty thousand dollars of investment on~~  
33 ~~which a deferral is requested in an application approved after June 30,~~  
34 ~~1994)).~~

35       (b) The lessor/owner of a qualified building is not eligible for a  
36 deferral unless the underlying ownership of the buildings, machinery,  
37 and equipment vests exclusively in the same person, or unless the  
38 lessor by written contract agrees to pass the economic benefit of the  
39 deferral to the lessee in the form of reduced rent payments.

1       (c) (~~For purposes of (a)(ii) of this subsection:~~

2       (i) ~~The department shall consider the entire investment project,~~  
3 ~~including any investment in machinery and equipment that otherwise~~  
4 ~~qualifies for exemption under RCW 82.08.02565 or 82.12.02565, for~~  
5 ~~purposes of determining the portion of the investment project that~~  
6 ~~qualifies for deferral as an eligible investment project; and~~

7       (ii) ~~The number of new full-time qualified employment positions~~  
8 ~~created by an investment project shall be deemed to be reduced by the~~  
9 ~~number of full-time employment positions maintained by the recipient in~~  
10 ~~any other community in this state that are displaced as a result of the~~  
11 ~~investment project.~~

12       (d)) "Eligible investment project" does not include any portion of  
13 an investment project undertaken by a light and power business as  
14 defined in RCW 82.16.010(5), other than that portion of a cogeneration  
15 project that is used to generate power for consumption within the  
16 manufacturing site of which the cogeneration project is an integral  
17 part, or investment projects which have already received deferrals  
18 under this chapter.

19       (5) "Investment project" means an investment in qualified buildings  
20 or qualified machinery and equipment, including labor and services  
21 rendered in the planning, installation, and construction of the  
22 project.

23       (6) "Manufacturing" means all activities of a commercial or  
24 industrial nature wherein labor or skill is applied, by hand or  
25 machinery, to materials so that as a result thereof a new, different,  
26 or useful substance or article of tangible personal property is  
27 produced for sale or commercial or industrial use and shall include the  
28 production or fabrication of specially made or custom made articles.  
29 "Manufacturing" also includes computer programming, the production of  
30 computer software, and other computer-related services, and the  
31 activities performed by research and development laboratories and  
32 commercial testing laboratories.

33       (7) "Person" has the meaning given in RCW 82.04.030.

34       (8) "Qualified buildings" means construction of new structures, and  
35 expansion or renovation of existing structures for the purpose of  
36 increasing floor space or production capacity used for manufacturing  
37 and research and development activities, including plant offices and  
38 warehouses or other facilities for the storage of raw material or  
39 finished goods if such facilities are an essential or an integral part

1 of a factory, mill, plant, or laboratory used for manufacturing or  
2 research and development. If a building is used partly for  
3 manufacturing or research and development and partly for other  
4 purposes, the applicable tax deferral shall be determined by  
5 apportionment of the costs of construction under rules adopted by the  
6 department.

7 (9) (~~"Qualified employment position" means a permanent full-time~~  
8 ~~employee employed in the eligible investment project during the entire~~  
9 ~~tax year.~~

10 (~~10~~)) "Qualified machinery and equipment" means all new industrial  
11 and research fixtures, equipment, and support facilities that are an  
12 integral and necessary part of a manufacturing or research and  
13 development operation. "Qualified machinery and equipment" includes:  
14 Computers; software; data processing equipment; laboratory equipment;  
15 manufacturing components such as belts, pulleys, shafts, and moving  
16 parts; molds, tools, and dies; operating structures; and all equipment  
17 used to control or operate the machinery.

18 (~~11~~)) (10) "Recipient" means a person receiving a tax deferral  
19 under this chapter.

20 (~~12~~)) (11) "Research and development" means the development,  
21 refinement, testing, marketing, and commercialization of a product,  
22 service, or process before commercial sales have begun. As used in  
23 this subsection, "commercial sales" excludes sales of prototypes or  
24 sales for market testing if the total gross receipts from such sales of  
25 the product, service, or process do not exceed one million dollars.

26 **Sec. 302.** RCW 82.60.040 and 1997 c 156 s 5 are each amended to  
27 read as follows:

28 (1) The department shall issue a sales and use tax deferral  
29 certificate for state and local sales and use taxes due under chapters  
30 82.08, 82.12, and 82.14 RCW on each eligible investment project that(~~(~~  
31 ~~a~~)) is located in an eligible area as defined in RCW

32 82.60.020(~~(3) (a), (b), (c), (e), or (f);~~

33 ~~(b) Is located in an eligible area as defined in RCW~~  
34 ~~82.60.020(3)(g) if seventy five percent of the new qualified employment~~  
35 ~~positions are to be filled by residents of a contiguous county that is~~  
36 ~~an eligible area as defined in RCW 82.60.020(3) (a) or (f); or~~

37 ~~(c) Is located in an eligible area as defined in RCW~~  
38 ~~82.60.020(3)(d) if seventy five percent of the new qualified employment~~

1 ~~positions are to be filled by residents of a designated community~~  
2 ~~empowerment zone approved under RCW 43.63A.700 located within the~~  
3 ~~county in which the eligible investment project is located)).~~

4 (2) The department shall keep a running total of all deferrals  
5 granted under this chapter during each fiscal biennium.

6 (3) This section expires July 1, 2004.

7 **Sec. 303.** RCW 82.60.070 and 1995 1st sp.s. c 3 s 9 are each  
8 amended to read as follows:

9 (1) ~~((Each recipient of a deferral granted under this chapter prior~~  
10 ~~to July 1, 1994, shall submit a report to the department on December~~  
11 ~~31st of each year during the repayment period until the tax deferral is~~  
12 ~~repaid.))~~ Each recipient of a deferral granted under this chapter  
13 after June 30, 1994, shall submit a report to the department on  
14 December 31st of the year in which the investment project is certified  
15 by the department as having been operationally completed, and on  
16 December 31st of each of the seven succeeding calendar years. The  
17 report shall contain information, as required by the department, from  
18 which the department may determine whether the recipient is meeting the  
19 requirements of this chapter. If the recipient fails to submit a  
20 report or submits an inadequate report, the department may declare the  
21 amount of deferred taxes outstanding to be immediately assessed and  
22 payable.

23 (2) If, on the basis of a report under this section or other  
24 information, the department finds that an investment project is not  
25 eligible for tax deferral under this chapter ~~((for reasons other than~~  
26 ~~failure to create the required number of qualified employment~~  
27 ~~positions))~~, the amount of deferred taxes outstanding for the project  
28 shall be immediately due.

29 (3) ~~((If, on the basis of a report under this section or other~~  
30 ~~information, the department finds that an investment project for which~~  
31 ~~a deferral has been granted under this chapter prior to July 1, 1994,~~  
32 ~~has been operationally complete for three years and has failed to~~  
33 ~~create the required number of qualified employment positions, the~~  
34 ~~department shall assess interest, but not penalties, on the deferred~~  
35 ~~taxes for the project. The interest shall be assessed at the rate~~  
36 ~~provided for delinquent excise taxes, shall be assessed retroactively~~  
37 ~~to the date of deferral, and shall accrue until the deferred taxes are~~  
38 ~~repaid.~~



1       ~~(4) If, on the basis of a report under this section or other~~  
2 ~~information, the department finds that an investment project for which~~  
3 ~~a deferral has been granted under this chapter after June 30, 1994, has~~  
4 ~~been operationally complete for three years and has failed to create~~  
5 ~~the required number of qualified employment positions, the amount of~~  
6 ~~taxes not eligible for deferral shall be immediately due. The~~  
7 ~~department shall assess interest at the rate provided for delinquent~~  
8 ~~excise taxes, but not penalties, retroactively to the date of deferral.~~

9       ~~(5) If, on the basis of a report under this section or other~~  
10 ~~information, the department finds that an investment project qualifying~~  
11 ~~for deferral under RCW 82.60.040(1) (b) or (c) has failed to comply~~  
12 ~~with any requirement of RCW 82.60.045 for any calendar year for which~~  
13 ~~reports are required under subsection (1) of this section, twelve and~~  
14 ~~one half percent of the amount of deferred taxes shall be immediately~~  
15 ~~due. The department shall assess interest at the rate provided for~~  
16 ~~delinquent excise taxes, but not penalties, retroactively to the date~~  
17 ~~of deferral.~~

18       ~~(6))~~ Notwithstanding any other subsection of this section,  
19 deferred taxes need not be repaid on machinery and equipment for lumber  
20 and wood products industries, and sales of or charges made for labor  
21 and services, of the type which qualifies for exemption under RCW  
22 82.08.02565 or 82.12.02565 to the extent the taxes have not been repaid  
23 before July 1, 1995.

24       ~~((7))~~ (4) Notwithstanding any other subsection of this section,  
25 deferred taxes on the following need not be repaid:

26       (a) Machinery and equipment, and sales of or charges made for labor  
27 and services, which at the time of purchase would have qualified for  
28 exemption under RCW 82.08.02565; and

29       (b) Machinery and equipment which at the time of first use would  
30 have qualified for exemption under RCW 82.12.02565.

31       NEW SECTION. Sec. 304. A new section is added to chapter 82.60  
32 RCW to read as follows:

33       (1) For the purposes of this section:

34       (a) "Eligible area" also means a designated community empowerment  
35 zone approved under RCW 43.63A.700 or a county containing a community  
36 empowerment zone.

37       (b) "Eligible investment project" also means an investment project  
38 in an eligible area as defined in this section.

1 (2) In addition to the provisions of RCW 82.60.040, the department  
2 shall issue a sales and use tax deferral certificate for state and  
3 local sales and use taxes due under chapters 82.08, 82.12, and 82.14  
4 RCW, on each eligible investment project that is located in an eligible  
5 area, if the applicant establishes that at the time the project is  
6 operationally complete:

7 (a) The applicant will hire at least one qualified employment  
8 position for each seven hundred fifty thousand dollars of investment on  
9 which a deferral is requested; and

10 (b) The positions will be filled by persons who at the time of hire  
11 are residents of the community empowerment zone in which the project is  
12 located. As used in this subsection, "resident" means the person makes  
13 his or her home in the community empowerment zone. A mailing address  
14 alone is insufficient to establish that a person is a resident for the  
15 purposes of this section. The persons must be hired after the date the  
16 application is filed with the department.

17 (3) All other provisions and eligibility requirements of this  
18 chapter apply to applicants eligible under this section.

19 (4) If a person does not meet the requirements of this section by  
20 the end of the calendar year following the year in which the project is  
21 certified as operationally complete, all deferred taxes are immediately  
22 due.

### 23 **Distressed Area Business and Occupation Tax Job Credit**

24 **Sec. 305.** RCW 82.62.010 and 1996 c 290 s 5 are each amended to  
25 read as follows:

26 Unless the context clearly requires otherwise, the definitions in  
27 this section apply throughout this chapter.

28 (1) "Applicant" means a person applying for a tax credit under this  
29 chapter.

30 (2) "Department" means the department of revenue.

31 (3) "Eligible area" means(~~:(a) A county in which the average~~  
32 ~~level of unemployment for the three years before the year in which an~~  
33 ~~application is filed under this chapter exceeds the average state~~  
34 ~~unemployment for those years by twenty percent; (b) a county that has~~  
35 ~~a median household income that is less than seventy five percent of the~~  
36 ~~state median household income for the previous three years; (c) a~~  
37 ~~metropolitan statistical area, as defined by the office of federal~~

1 ~~statistical policy and standards, United States department of commerce,~~  
2 ~~in which the average level of unemployment for the calendar year~~  
3 ~~immediately preceding the year in which an application is filed under~~  
4 ~~this chapter exceeds the average state unemployment for such calendar~~  
5 ~~year by twenty percent; (d) a designated community empowerment zone~~  
6 ~~approved under RCW 43.63A.700; or (e) subcounty areas in those counties~~  
7 ~~that are not covered under (a) of this subsection that are timber~~  
8 ~~impact areas as defined in RCW 43.31.601)) an area as defined in RCW~~  
9 ~~82.60.020.~~

10 (4)(a) "Eligible business project" means manufacturing or research  
11 and development activities which are conducted by an applicant in an  
12 eligible area at a specific facility, provided the applicant's average  
13 full-time qualified employment positions at the specific facility will  
14 be at least fifteen percent greater in the year for which the credit is  
15 being sought than the applicant's average full-time qualified  
16 employment positions at the same facility in the immediately preceding  
17 year.

18 (b) "Eligible business project" does not include any portion of a  
19 business project undertaken by a light and power business as defined in  
20 RCW 82.16.010(5) or that portion of a business project creating  
21 qualified full-time employment positions outside an eligible area or  
22 those recipients of a sales tax deferral under chapter 82.61 RCW.

23 (5) "Manufacturing" means all activities of a commercial or  
24 industrial nature wherein labor or skill is applied, by hand or  
25 machinery, to materials so that as a result thereof a new, different,  
26 or useful substance or article of tangible personal property is  
27 produced for sale or commercial or industrial use and shall include the  
28 production or fabrication of specially made or custom made articles.  
29 "Manufacturing" also includes computer programming, the production of  
30 computer software, and other computer-related services, and the  
31 activities performed by research and development laboratories and  
32 commercial testing laboratories.

33 (6) "Person" has the meaning given in RCW 82.04.030.

34 (7) "Qualified employment position" means a permanent full-time  
35 employee employed in the eligible business project during the entire  
36 tax year.

37 (8) "Tax year" means the calendar year in which taxes are due.

38 (9) "Recipient" means a person receiving tax credits under this  
39 chapter.

1 (10) "Research and development" means the development, refinement,  
2 testing, marketing, and commercialization of a product, service, or  
3 process before commercial sales have begun. As used in this  
4 subsection, "commercial sales" excludes sales of prototypes or sales  
5 for market testing if the total gross receipts from such sales of the  
6 product, service, or process do not exceed one million dollars.

7 **Sec. 306.** RCW 82.62.030 and 1997 c 366 s 5 are each amended to  
8 read as follows:

9 (1) A person shall be allowed a credit against the tax due under  
10 chapter 82.04 RCW as provided in this section. (~~For an application~~  
11 ~~approved before January 1, 1996, the credit shall equal one thousand~~  
12 ~~dollars for each qualified employment position directly created in an~~  
13 ~~eligible business project. For an application approved on or after~~  
14 ~~January 1, 1996, the credit shall equal two thousand dollars for each~~  
15 ~~qualified employment position directly created in an eligible business~~  
16 ~~project. For an application approved on or after July 1, 1997,)) The~~  
17 credit shall equal: (a) Four thousand dollars for each qualified  
18 employment position with wages and benefits greater than forty thousand  
19 dollars annually that is directly created in an eligible business(~~(-~~  
20 ~~For an application approved on or after July 1, 1997, the credit shall~~  
21 ~~equal)) and (b) two thousand dollars for each qualified employment~~  
22 position with wages and benefits less than or equal to forty thousand  
23 dollars annually that is directly created in an eligible business.

24 (2) The department shall keep a running total of all credits  
25 granted under this chapter during each fiscal year. The department  
26 shall not allow any credits which would cause the tabulation to exceed  
27 (~~five million five hundred thousand dollars in fiscal year 1998 or~~  
28 ~~1999 or)) seven million five hundred thousand dollars in any fiscal  
29 year (~~thereafter~~). If all or part of an application for credit is  
30 disallowed under this subsection, the disallowed portion shall be  
31 carried over for approval the next fiscal year. However, the  
32 applicant's carryover into the next fiscal year is only permitted if  
33 the tabulation for the next fiscal year does not exceed the cap for  
34 that fiscal year as of the date on which the department has disallowed  
35 the application.~~

36 (3) No recipient may use the tax credits to decertify a union or to  
37 displace existing jobs in any community in the state.

1 (4) No recipient may receive a tax credit on taxes which have not  
2 been paid during the taxable year.

3 NEW SECTION. **Sec. 307.** A new section is added to chapter 82.62  
4 RCW to read as follows:

5 (1) For the purposes of this section "eligible area" also means a  
6 designated community empowerment zone approved under RCW 43.63A.700.

7 (2) An eligible business project located within an eligible area as  
8 defined in this section qualifies for a credit under this chapter for  
9 those employees who at the time of hire are residents of the community  
10 empowerment zone in which the project is located, if the fifteen  
11 percent threshold is met. As used in this subsection, "resident" means  
12 the person makes his or her home in the community empowerment zone. A  
13 mailing address alone is insufficient to establish that a person is a  
14 resident for the purposes of this section.

15 (3) All other provisions and eligibility requirements of this  
16 chapter apply to applicants eligible under this section.

17 **PART IV**

18 **ECONOMIC VITALITY COMMITTEE**

19 NEW SECTION. **Sec. 401.** (1) The legislature shall establish an ad  
20 hoc economic development group to analyze potential economic  
21 development projects of state-wide significance and recommend  
22 appropriate administrative or legislative actions.

23 (2) The group shall include one representative each from the  
24 department of community, trade, and economic development, the  
25 department of agriculture, and the department of revenue as well as two  
26 representatives from rural economic development councils appointed by  
27 the legislature.

28 (3) The group shall promote economic development and business  
29 diversification throughout the state with special attention given to  
30 the economic difficulties of rural counties.

31 (4) In order to expedite coordinated responses, the governor may  
32 direct the group to meet on an emergency basis when projects of state-  
33 wide significance arise.

34 (5) The department of community, trade, and economic development  
35 shall establish criteria to determine whether a project meets the  
36 standards of a "project of state-wide significance." These criteria

1 may include such economic indicators as local unemployment and personal  
2 income levels and project scope indicators such as the assessed value  
3 of the project in relation to the assessed value of the county.

4 **PART V**

5 **RURAL WASHINGTON LOAN FUND**

6 **Sec. 501.** RCW 43.168.010 and 1985 c 164 s 1 are each amended to  
7 read as follows:

8 The legislature finds that:

9 (1) The economic health and well-being of the state, particularly  
10 in areas of high unemployment, economic stagnation, and poverty, is of  
11 substantial public concern.

12 (2) The consequences of minimal economic activity and persistent  
13 unemployment and underemployment are serious threats to the safety,  
14 health, and welfare of residents of these areas, decreasing the value  
15 of private investments and jeopardizing the sources of public revenue.

16 (3) The economic and social interdependence of communities and the  
17 vitality of industrial and economic activity necessitates, and is in  
18 part dependent on preventing substantial dislocation of residents and  
19 rebuilding the diversification of the areas' economy.

20 (4) The ability to remedy problems in stagnant areas of the state  
21 is beyond the power and control of the regulatory process and influence  
22 of the state, and the ordinary operations of private enterprise without  
23 additional governmental assistance are insufficient to adequately  
24 remedy the problems of poverty and unemployment.

25 (5) The revitalization of depressed communities requires the  
26 stimulation of private investment, the development of new business  
27 ventures, the provision of capital to ventures sponsored by local  
28 organizations and capable of growth in the business markets, and  
29 assistance to viable, but under-financed, small businesses in order to  
30 create and preserve jobs that are sustainable in the local economy.

31 Therefore, the legislature declares there to be a substantial  
32 public purpose in providing capital to promote economic development and  
33 job creation in areas of economic stagnation, unemployment, and  
34 poverty. To accomplish this purpose, the legislature hereby creates  
35 the rural Washington (~~((state development))~~) loan fund (~~((committee))~~) and  
36 vests in the (~~((committee))~~) department of community, trade, and economic

1 development the authority to spend federal funds to stimulate the  
2 economy of distressed areas.

3 **Sec. 502.** RCW 43.168.020 and 1996 c 290 s 3 are each amended to  
4 read as follows:

5 Unless the context clearly requires otherwise, the definitions in  
6 this section apply throughout this chapter.

7 (1) (~~("Committee" means the Washington state development loan fund~~  
8 ~~committee.~~

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

11 ~~((3))~~ (2) "Director" means the director of community, trade, and  
12 economic development.

13 ~~((4))~~ (3) "Distressed area" means: (a) A rural county; (b) a  
14 county which has an unemployment rate which is twenty percent above the  
15 state average for the immediately previous three years; ~~((b))~~ (c) a  
16 county that has a median household income that is less than seventy-  
17 five percent of the state median household income for the previous  
18 three years; ~~((e))~~ (d) a metropolitan statistical area, as defined by  
19 the office of federal statistical policy and standards, United States  
20 department of commerce, in which the average level of unemployment for  
21 the calendar year immediately preceding the year in which an  
22 application is filed under this chapter exceeds the average state  
23 unemployment for such calendar year by twenty percent; ~~((d))~~ (e) an  
24 area within a county, which area: (i) Is composed of contiguous census  
25 tracts; (ii) has a minimum population of five thousand persons; (iii)  
26 has at least seventy percent of its families and unrelated individuals  
27 with incomes below eighty percent of the county's median income for  
28 families and unrelated individuals; and (iv) has an unemployment rate  
29 which is at least forty percent higher than the county's unemployment  
30 rate; or ~~((e))~~ (f) a county designated as a rural natural resources  
31 impact area under RCW 43.31.601 if an application is filed by July 1,  
32 1997. For purposes of this definition, "families and unrelated  
33 individuals" has the same meaning that is ascribed to that term by the  
34 federal department of housing and urban development in its regulations  
35 authorizing action grants for economic development and neighborhood  
36 revitalization projects.

37 ~~((5))~~ (4) "Fund" means the rural Washington (~~(state development)~~)  
38 loan fund.

1       (~~(6)~~) (5) "Local development organization" means a nonprofit  
2 organization which is organized to operate within an area, demonstrates  
3 a commitment to a long-standing effort for an economic development  
4 program, and makes a demonstrable effort to assist in the employment of  
5 unemployed or underemployed residents in an area.

6       (~~(7)~~) (6) "Project" means the establishment of a new or expanded  
7 business in an area which when completed will provide employment  
8 opportunities. "Project" also means the retention of an existing  
9 business in an area which when completed will provide employment  
10 opportunities.

11       (7) "Rural county" means a county with a population density of  
12 fewer than one hundred persons per square mile as determined by the  
13 office of financial management.

14       NEW SECTION. Sec. 503. A new section is added to chapter 43.168  
15 RCW to read as follows:

16       In addition to the requirements of RCW 43.168.050, the department  
17 shall, subject to applicable federal funding criteria, give priority to  
18 applications that capitalize or recapitalize an existing or new local  
19 revolving fund based on criteria established by the department.

20       **Sec. 504.** RCW 43.168.110 and 1992 c 235 s 11 are each amended to  
21 read as follows:

22       There is established the rural Washington (~~(state development)~~)  
23 loan fund which shall be an account in the state treasury. All loan  
24 payments of principal and interest which are transferred under RCW  
25 43.168.050 shall be deposited into the account. Moneys in the account  
26 may be spent only after legislative appropriation for loans under this  
27 chapter. Any expenditures of these moneys shall conform to federal  
28 law.

29       **Sec. 505.** RCW 43.168.120 and 1987 c 461 s 6 are each amended to  
30 read as follows:

31       (1) The (~~(committee)~~) department shall develop guidelines for  
32 (~~(development)~~) rural Washington loan funds to be used to fund existing  
33 economic development revolving loan funds. Consideration shall be  
34 given to the selection process for grantees, loan quality criteria,  
35 legal and regulatory issues, and ways to minimize duplication between



1 ((development)) rural Washington loan funds and local economic  
2 development revolving loan funds.

3 (2) If it appears that all of the funds appropriated to the  
4 ((development loan)) fund for a biennium will not be fully granted to  
5 local governments within that biennium, the ((committee)) department  
6 may make available up to twenty percent of the eighty percent of the  
7 funds available to projects in distressed areas under RCW  
8 43.168.050((+9)) (10) for grants to local governments to assist  
9 existing economic development revolving loan funds in distressed areas.  
10 The grants to local governments shall be utilized to make loans to  
11 businesses that meet the specifications for loans under this chapter.  
12 The local governments shall, to the extent permitted under federal law,  
13 agree to convey to the ((development loan)) fund the principal and  
14 interest payments from existing loans that the local governments have  
15 made through their revolving loan funds. Under circumstances where the  
16 federal law does not permit the ((committee)) department to require  
17 such transfer, the ((committee)) department shall give priority to  
18 applications where the applicants on their own volition make  
19 commitments to provide for the transfer.

20 **PART VI**

21 **PUBLIC FACILITIES GRANTS AND LOANS**

22 **Sec. 601.** RCW 43.17.250 and 1991 sp.s. c 32 s 25 are each amended  
23 to read as follows:

24 (1) Whenever a state agency is considering awarding grants or loans  
25 for a county, city, or town planning under RCW 36.70A.040 to finance  
26 public facilities, it shall consider whether the county, city, or town  
27 ((that is)) requesting the grant or loan ((is a party to a county wide  
28 planning policy under RCW 36.70A.210 relating to the type of public  
29 facility for which the grant or loan is sought, and shall accord  
30 additional preference to the county, city, or town if such county wide  
31 planning policy exists)) has adopted a comprehensive plan and  
32 development regulations as required by RCW 36.70A.040.

33 (2) When reviewing competing requests from counties, cities, or  
34 towns planning under RCW 36.70A.040, a state agency considering  
35 awarding grants or loans for public facilities shall accord additional  
36 preference to those counties, cities, or towns that have adopted a  
37 comprehensive plan and development regulations as required by RCW

1 36.70A.040. For the purposes of the preference accorded in this  
2 section, a county, city, or town planning under RCW 36.70A.040 is  
3 deemed to have satisfied the requirements for adopting a comprehensive  
4 plan and development regulations specified in RCW 36.70A.040 if the  
5 county, city, or town:

6 (a) Adopts or has adopted a comprehensive plan and development  
7 regulations within the time periods specified in RCW 36.70A.040;

8 (b) Adopts or has adopted a comprehensive plan and development  
9 regulations before submitting a request for a grant or loan if the  
10 county, city, or town failed to adopt a comprehensive plan and/or  
11 development regulations within the time periods specified in RCW  
12 36.70A.040; or

13 (c) Demonstrates substantial progress toward adopting a  
14 comprehensive plan or development regulations within the time periods  
15 specified in RCW 36.70A.040. A county, city, or town that is more than  
16 six months out of compliance with the time periods specified in RCW  
17 36.70A.040 shall not be deemed to demonstrate substantial progress for  
18 purposes of this section.

19 (3) The preference specified in subsection (2) of this section  
20 applies only to competing requests for grants or loans from counties,  
21 cities, or towns planning under RCW 36.70A.040. A request from a  
22 county, city, or town planning under RCW 36.70A.040 shall be accorded  
23 no additional preference based on subsection (2) of this section over  
24 a request from a county, city, or town not planning under RCW  
25 36.70A.040.

26 (4) Whenever a state agency is considering awarding grants or loans  
27 ((to a special district)) for public facilities to a special district  
28 requesting funding for a proposed facility located in a county, city,  
29 or town planning under RCW 36.70A.040, it shall consider whether the  
30 county, city, or town in whose planning jurisdiction the proposed  
31 facility is located ((is a party to a county-wide planning policy under  
32 RCW 36.70A.210 relating to the type of public facility for which the  
33 grant or loan is sought)) has adopted a comprehensive plan and  
34 development regulations as required by RCW 36.70A.040 and shall apply  
35 the preference specified in subsection (2) of this section and  
36 restricted in subsection (3) of this section.

37 **Sec. 602.** RCW 43.155.070 and 1997 c 429 s 29 are each amended to  
38 read as follows:

1 (1) To qualify for loans or pledges under this chapter the board  
2 must determine that a local government meets all of the following  
3 conditions:

4 (a) The city or county must be imposing a tax under chapter 82.46  
5 RCW at a rate of at least one-quarter of one percent;

6 (b) The local government must have developed a long-term plan for  
7 financing public works needs; and

8 (c) The local government must be using all local revenue sources  
9 which are reasonably available for funding public works, taking into  
10 consideration local employment and economic factors(~~(; and)~~).

11 (~~(d)~~) (2) Except where necessary to address a public health need  
12 or substantial environmental degradation, a county, city, or town  
13 ((that is required or chooses to plan)) planning under RCW 36.70A.040  
14 must have adopted a comprehensive plan ((in conformance with the  
15 requirements of chapter 36.70A RCW, after it is required that the  
16 comprehensive plan be adopted, and must have adopted development  
17 regulations in conformance with the requirements of chapter 36.70A RCW,  
18 after it is required that development regulations be adopted)),  
19 including a capital facilities plan element, and development  
20 regulations as required by RCW 36.70A.040. This subsection does not  
21 require any county, city, or town planning under RCW 36.70A.040 to  
22 adopt a comprehensive plan or development regulations before requesting  
23 or receiving a loan or loan guarantee under this chapter if such  
24 request is made before the expiration of the time periods specified in  
25 RCW 36.70A.040. A county, city, or town planning under RCW 36.70A.040  
26 which has not adopted a comprehensive plan and development regulations  
27 within the time periods specified in RCW 36.70A.040 is not prohibited  
28 from receiving a loan or loan guarantee under this chapter if the  
29 comprehensive plan and development regulations are adopted as required  
30 by RCW 36.70A.040 before submitting a request for a loan or loan  
31 guarantee.

32 (3) In considering awarding loans for public facilities to special  
33 districts requesting funding for a proposed facility located in a  
34 county, city, or town planning under RCW 36.70A.040, the board shall  
35 consider whether the county, city, or town planning under RCW  
36 36.70A.040 in whose planning jurisdiction the proposed facility is  
37 located has adopted a comprehensive plan and development regulations as  
38 required by RCW 36.70A.040.

1        ~~((+2+))~~ (4) The board shall develop a priority process for public  
2 works projects as provided in this section. The intent of the priority  
3 process is to maximize the value of public works projects accomplished  
4 with assistance under this chapter. The board shall attempt to assure  
5 a geographical balance in assigning priorities to projects. The board  
6 shall consider at least the following factors in assigning a priority  
7 to a project:

8        (a) Whether the local government receiving assistance has  
9 experienced severe fiscal distress resulting from natural disaster or  
10 emergency public works needs;

11        (b) Whether the project is critical in nature and would affect the  
12 health and safety of a great number of citizens;

13        (c) The cost of the project compared to the size of the local  
14 government and amount of loan money available;

15        (d) The number of communities served by or funding the project;

16        (e) Whether the project is located in an area of high unemployment,  
17 compared to the average state unemployment;

18        (f) Whether the project is the acquisition, expansion, improvement,  
19 or renovation by a local government of a public water system that is in  
20 violation of health and safety standards, including the cost of  
21 extending existing service to such a system;

22        (g) The relative benefit of the project to the community,  
23 considering the present level of economic activity in the community and  
24 the existing local capacity to increase local economic activity in  
25 communities that have low economic growth; and

26        (h) Other criteria that the board considers advisable.

27        ~~((+3+))~~ (5) Existing debt or financial obligations of local  
28 governments shall not be refinanced under this chapter. Each local  
29 government applicant shall provide documentation of attempts to secure  
30 additional local or other sources of funding for each public works  
31 project for which financial assistance is sought under this chapter.

32        ~~((+4+))~~ (6) Before November 1 of each year, the board shall develop  
33 and submit to the appropriate fiscal committees of the senate and house  
34 of representatives a description of the loans made under RCW  
35 43.155.065, 43.155.068, and subsection ~~((+7+))~~ (9) of this section  
36 during the preceding fiscal year and a prioritized list of projects  
37 which are recommended for funding by the legislature, including one  
38 copy to the staff of each of the committees. The list shall include,  
39 but not be limited to, a description of each project and recommended

1 financing, the terms and conditions of the loan or financial guarantee,  
2 the local government jurisdiction and unemployment rate, demonstration  
3 of the jurisdiction's critical need for the project and documentation  
4 of local funds being used to finance the public works project. The  
5 list shall also include measures of fiscal capacity for each  
6 jurisdiction recommended for financial assistance, compared to  
7 authorized limits and state averages, including local government sales  
8 taxes; real estate excise taxes; property taxes; and charges for or  
9 taxes on sewerage, water, garbage, and other utilities.

10 ~~((+5))~~ (7) The board shall not sign contracts or otherwise  
11 financially obligate funds from the public works assistance account  
12 before the legislature has appropriated funds for a specific list of  
13 public works projects. The legislature may remove projects from the  
14 list recommended by the board. The legislature shall not change the  
15 order of the priorities recommended for funding by the board.

16 ~~((+6))~~ (8) Subsection ~~((+5))~~ (7) of this section does not apply  
17 to loans made under RCW 43.155.065, 43.155.068, and subsection ~~((+7))~~  
18 (9) of this section.

19 ~~((+7))~~ (9)(a) Loans made for the purpose of capital facilities  
20 plans shall be exempted from subsection ~~((+5))~~ (7) of this section.  
21 In no case shall the total amount of funds utilized for capital  
22 facilities plans and emergency loans exceed the limitation in RCW  
23 43.155.065.

24 (b) For the purposes of this section "capital facilities plans"  
25 means those plans required by the growth management act, chapter 36.70A  
26 RCW, and plans required by the public works board for local governments  
27 not subject to the growth management act.

28 ~~((+8))~~ (10) To qualify for loans or pledges for solid waste or  
29 recycling facilities under this chapter, a city or county must  
30 demonstrate that the solid waste or recycling facility is consistent  
31 with and necessary to implement the comprehensive solid waste  
32 management plan adopted by the city or county under chapter 70.95 RCW.

33 **Sec. 603.** RCW 70.146.070 and 1997 c 429 s 30 are each amended to  
34 read as follows:

35 (1) When making grants or loans for water pollution control  
36 facilities, the department shall consider the following:

37 ~~((+1))~~ (a) The protection of water quality and public health;

1       ~~((+2))~~ (b) The cost to residential ratepayers if they had to  
2 finance water pollution control facilities without state assistance;  
3       ~~((+3))~~ (c) Actions required under federal and state permits and  
4 compliance orders;  
5       ~~((+4))~~ (d) The level of local fiscal effort by residential  
6 ratepayers since 1972 in financing water pollution control facilities;  
7       ~~((+5))~~ (e) The extent to which the applicant county or city, or if  
8 the applicant is another public body, the extent to which the county or  
9 city in which the applicant public body is located, has established  
10 programs to mitigate nonpoint pollution of the surface or subterranean  
11 water sought to be protected by the water pollution control facility  
12 named in the application for state assistance; and  
13       ~~((+6))~~ (f) The recommendations of the Puget Sound action team and  
14 any other board, council, commission, or group established by the  
15 legislature or a state agency to study water pollution control issues  
16 in the state.

17       (2) Except where necessary to address a public health need or  
18 substantial environmental degradation, a county, city, or town ~~((that~~  
19 ~~is required or chooses to plan))~~ planning under RCW 36.70A.040 may not  
20 receive a grant or loan for water pollution control facilities unless  
21 it has adopted a comprehensive plan ~~((in conformance with the~~  
22 ~~requirements of chapter 36.70A RCW, after it is required that the~~  
23 ~~comprehensive plan be adopted, or unless it has adopted development~~  
24 ~~regulations in conformance with the requirements of chapter 36.70A RCW,~~  
25 ~~after it is required that development regulations be adopted))~~,  
26 including a capital facilities plan element, and development  
27 regulations as required by RCW 36.70A.040. This subsection does not  
28 require any county, city, or town planning under RCW 36.70A.040 to  
29 adopt a comprehensive plan or development regulations before requesting  
30 or receiving a grant or loan under this chapter if such request is made  
31 before the expiration of the time periods specified in RCW 36.70A.040.  
32 A county, city, or town planning under RCW 36.70A.040 which has not  
33 adopted a comprehensive plan and development regulations within the  
34 time periods specified in RCW 36.70A.040 is not prohibited from  
35 receiving a grant or loan under this chapter if the comprehensive plan  
36 and development regulations are adopted as required by RCW 36.70A.040  
37 before submitting a request for a grant or loan.

38       (3) Whenever the department is considering awarding grants or loans  
39 for public facilities to special districts requesting funding for a

1 proposed facility located in a county, city, or town planning under RCW  
2 36.70A.040, it shall consider whether the county, city, or town  
3 planning under RCW 36.70A.040 in whose planning jurisdiction the  
4 proposed facility is located has adopted a comprehensive plan and  
5 development regulations as required by RCW 36.70A.040.

6 **PART VII**  
7 **REPEALED SECTIONS**

8 **Sec. 701.** RCW 43.131.386 and 1997 c 367 s 19 are each amended to  
9 read as follows:

10 The following acts or parts of acts, as now existing or hereafter  
11 amended, are each repealed, effective June 30, 2001:

12 (1) RCW 43.31.601 and 1997 c 367 s 1, 1995 c 226 s 1, 1992 c 21 s  
13 2, & 1991 c 314 s 2;

14 (2) RCW 43.31.641 and 1997 c 367 s 6, 1995 c 226 s 4, 1993 c 280 s  
15 50, & 1991 c 314 s 7;

16 (3) RCW 50.22.090 and (~~1995 c 226 s 5, 1993 c 316 s 10, 1992 c 47~~  
17 ~~s 2, & 1991 c 315 s 4~~) 1997 c 367 s 4;

18 (4) (~~RCW 43.160.212 and 1996 c 168 s 4, 1995 c 226 s 6, & 1993 c~~  
19 ~~316 s 5~~;

20 ~~(5)~~) RCW 43.63A.021 and 1997 c 367 s 5 & 1995 c 226 s 11;

21 (~~(6)~~) (5) RCW 43.63A.600 and 1995 c 226 s 12, 1994 c 114 s 1,  
22 1993 c 280 s 77, & 1991 c 315 s 23;

23 (~~(7)~~) (6) RCW 43.63A.440 and 1997 c 367 s 7, 1995 c 226 s 13,  
24 1993 c 280 s 74, & 1989 c 424 s 7;

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

27 ~~(9)~~) (7) RCW 28B.50.258 and 1995 c 226 s 18 & 1991 c 315 s 16;

28 (~~(10)~~) (8) RCW 28B.50.262 and 1995 c 226 s 19 & 1994 c 282 s 3;

29 (~~(11)~~) (9) RCW 28B.80.570 and 1997 c 367 s 14, 1995 c 226 s 20,  
30 1992 c 21 s 6, & 1991 c 315 s 18;

31 (~~(12)~~) (10) RCW 28B.80.575 and 1995 c 269 s 1001, 1995 c 226 s  
32 21, & 1991 c 315 s 19;

33 (~~(13)~~) (11) RCW 28B.80.580 and 1997 c 367 s 15, 1995 c 226 s 22,  
34 1993 sp.s. c 18 s 34, 1992 c 231 s 31, & 1991 c 315 s 20;

35 (~~(14)~~) (12) RCW 28B.80.585 and 1995 c 226 s 23 & 1991 c 315 s 21;

36 (~~(15)~~) (13) RCW 43.17.065 and 1995 c 226 s 24, 1993 c 280 s 37,  
37 1991 c 314 s 28, & 1990 1st ex.s. c 17 s 77;

1 (~~(16)~~) (14) RCW 43.20A.750 and (~~(1995 c 226 s 25, 1993 c 280 s~~  
2 38, 1992 c 21 s 4, & 1991 c 153 s 28)) 1997 c 367 s 16;

3 (~~(17)~~) (15) RCW 43.168.140 and 1995 c 226 s 28 & 1991 c 314 s 20;  
4 (~~(18)~~) (16) RCW 50.12.270 and 1997 c 367 s 17, 1995 c 226 s 30,  
5 & 1991 c 315 s 3;

6 (~~(19)~~) (17) RCW 50.70.010 and 1995 c 226 s 31, 1992 c 21 s 1, &  
7 1991 c 315 s 5; and

8 (~~(20)~~) (18) RCW 50.70.020 and 1995 c 226 s 32 & 1991 c 315 s 6.

9 NEW SECTION. Sec. 702. RCW 43.160.212 (Rural natural resources  
10 impact areas--Loans for public works facilities) and 1996 c 168 s 4,  
11 1995 c 226 s 6, 1993 c 316 s 5, 1992 c 21 s 8, & 1991 c 314 s 26 are  
12 each repealed.

13 NEW SECTION. Sec. 703. 1997 c 367 s 11, 1995 c 226 s 8, 1993 c  
14 316 s 7, & 1991 c 314 s 33 (uncodified) are each repealed.

15 **PART VIII**  
16 **MISCELLANEOUS**

17 NEW SECTION. Sec. 801. Part headings and subheadings used in this  
18 act are not any part of the law.

19 NEW SECTION. Sec. 802. This act takes effect August 1, 1999.

20 NEW SECTION. Sec. 803. Sections 301 through 303, 305, 306, and  
21 601 through 603 of this act do not affect any existing right acquired  
22 or liability or obligation under the sections amended or repealed in  
23 those sections or any rule or order adopted under those sections, nor  
24 does it affect any proceeding instituted under those sections.

25 NEW SECTION. Sec. 804. If any provision of this act or its  
26 application to any person or circumstance is held invalid, the  
27 remainder of the act or the application of the provision to other  
28 persons or circumstances is not affected."



1 **E2SSB 5594** - H AMD  
2 By Representative

3

4 On page 1, line 1 of the title, after "vitality;" strike the  
5 remainder of the title and insert "amending RCW 43.160.010, 43.160.020,  
6 43.160.060, 43.160.070, 43.160.900, 43.160.200, 43.180.160, 82.60.020,  
7 82.60.040, 82.60.070, 82.62.010, 82.62.030, 43.168.010, 43.168.020,  
8 43.168.110, 43.168.120, 43.17.250, 43.155.070, 70.146.070, and  
9 43.131.386; reenacting and amending RCW 43.160.076; adding a new  
10 section to chapter 43.63A RCW; adding a new section to chapter 82.60  
11 RCW; adding a new section to chapter 82.62 RCW; adding a new section to  
12 chapter 43.168 RCW; creating new sections; repealing RCW 43.160.212;  
13 repealing 1997 c 367 s 11, 1995 c 226 s 8, 1993 c 316 s 7, and 1991 c  
14 314 s 33 (uncodified); providing an effective date; and providing an  
15 expiration date."

EFFECT: The striker:

(1)(i) Targets the existing distressed area sales and use tax deferral program to rural counties, community empowerment zones, and counties that contain community empowerment zones; and

(ii) Targets the B&O tax credit for job creation to rural counties and community empowerment zones;

(2) Makes the following revisions to CERB:

(i) Adds rate of return as an evaluation criteria;

(ii) Uses the rural county definition;

(iii) Allows partial forgiveness of loan repayments;

(iv) Requires a JLARC study on the effectiveness of CERB;

(v) Allows CERB to accept federal TEA-21 moneys to fund transportation projects;

(vi) Makes telecommunication projects eligible for CERB funding;

(vii) Removes the twenty percent limitation on CERB grants; and

(viii) Makes technology and research and development project eligible for CERB funding;

(3)(i) Revises existing preference for public facilities loans and grants to apply to competing requests from Growth Management Act (GMA) jurisdiction and special districts in GMA jurisdictions (does not apply to non-GMA jurisdictions); and

(ii) Revises requirements in public works board and water pollution control facilities funding statutes for adoption of comprehensive plans and development regulations within statutory time periods and adds similar consideration for special district requests;

(4) Revises and renames the existing development loan fund and adds rural counties as eligible areas;

(5) Increases the Washington State Housing Finance Commission's outstanding statutory debt limit from \$2 billion to \$3 billion;

(6) Creates a "one-stop clearinghouse" in DCTED to coordinate state assistance for growers and nonprofits that develop housing for agricultural employees; and

(7) Creates an economic vitality committee to analyze potential economic development projects of state-wide significance.

--- END ---