

# HOUSE BILL REPORT

## HB 1222

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**As Reported By House Committee On:**  
Capital Budget

**Title:** An act relating to capital projects for local nonprofit art, cultural, heritage, and social service organizations.

**Brief Description:** Creating a competitive grant program to assist nonprofit organizations with capital projects.

**Sponsors:** Representatives Ogden, Mitchell, Lantz, Murray, Constantine, Hankins and O'Brien.

**Brief History:**

**Committee Activity:**

Capital Budget: 2/4/99, 2/15/99 [DPS].

**Brief Summary of Substitute Bill**

- Increases consistency between the Building for the Arts Program, the Heritage Program and the Community Services Facilities Program with regards to solicitation process, application process, and legislative approval process.
- Codifies the Building for the Arts Program in statute by establishing a competitive process for soliciting and prioritizing art, art museum and cultural organization projects, and setting matching requirements for projects.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Mitchell, Republican Co-Chair; Murray, Democratic Co-Chair; Edmonds, Democratic Vice Chair; Esser, Republican Vice Chair; Alexander; Anderson; Barlean; Bush; Constantine; Dunshee; Hankins; Koster; Lantz; Miloscia; O'Brien; Ogden and Schoesler.

**Staff:** Susan Howson (786-7142).

**Background:**

The capital budget provides funding for a variety of state and non-state functions. The following three programs receive funding through the capital budget:

Building for the Arts: Building for the Arts, a program giving state grants for local art facility projects, has been funded in the capital budget since 1991 through budget provisos. The state capital budget has provided over \$26 million for nonprofit art organization facilities located across the state. However, the solicitation process for the program has not been codified into statute.

Heritage Program: In the 1995 legislative session, a competitive state grant program was established in statute for Washington heritage capital projects. The Washington State Historical Society (WSHS) is required to submit a prioritized list of heritage projects to the Governor and the Legislature by September 1 of each even-numbered year, as a guide for appropriating funds. The prioritized list is developed with the advice of leaders in the heritage field through open and public meetings. In the 1997-99 capital budget, the first appropriation was made under this program totaling \$4.1 million for 26 heritage projects on the prioritized list submitted by the WSHS.

Community Services Facilities Program: In the 1997 legislative session, a process was established in statute for soliciting and ranking applications for nonresidential capital projects for social service organizations. If the Legislature provides an appropriation to assist nonprofit organizations in acquiring, constructing, or rehabilitating facilities used for the delivery of nonresidential social services, the Legislature may direct the Department of Community, Trade, and Economic Development (CTED) to establish a competitive process to prioritize applications for state assistance. The CTED must submit a prioritized list of recommended projects to the Legislature by November 1 following the effective date of the appropriation. State assistance is limited to up to 25 percent of the total project cost. The CTED may not sign contracts with organizations for funding assistance until the Legislature has approved a specific list of projects. The contracts must require the repayment of both principal and interest costs of the grant if the capital improvements are used for purposes other than that specified in the grant.

It has been suggested that these programs be more consistent with regards to solicitation process, application process, and legislative approval process.

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### **Summary of Substitute Bill:**

Building for the Arts: A process is established in statute for soliciting and ranking applications for performing arts, art museum, and cultural facility capital projects. The CTED must conduct a statewide solicitation of project applications from nonprofit organizations, evaluate and rank applications in consultation with a citizen advisory committee, and submit a prioritized list of recommended projects to the

Governor and the Legislature in the department's biennial capital budget request beginning with the 2001-03 biennium. State assistance is limited to up to 20 percent of the total project cost. The remaining portions of the project capital cost must be a match from non-state sources that may include cash, the value of real property when acquired solely for the purpose of the project, and in-kind contributions. State assistance may be used to fund separate definable phases of a project if the project demonstrates adequate progress and has secured the necessary match funding. The department may not sign contracts with organizations for funding assistance until the Legislature has approved a specific list of projects. The contracts must require the repayment of both principal and interest costs of the grant if the capital improvements are used for purposes other than that specified in the grant.

Heritage Program: The WSHS must submit a prioritized list of heritage capital projects to the Governor and the Legislature in the society's biennial capital budget request. State assistance is limited to up to 33 percent of the total project cost. The non-state portion of the total project cost may include cash, the value of real property when acquired solely for the purpose of the project, and in-kind contributions. The WSHS may not sign contracts with organizations for funding assistance until the Legislature has approved a specific list of projects. The contracts must require the repayment of both principal and interest costs of the grant if the capital improvements are used for purposes other than that specified in the grant.

Community Services Facilities Program: The requirement that a legislative appropriation be made prior to the CTED establishing a competitive process for nonresidential social service project applications is removed. The CTED must submit a prioritized list of recommended projects to the Governor and the Legislature in their biennial capital budget request beginning with the 2001-03 biennium. For the 1999-01 biennium, the department may submit a prioritized list to the Legislature for approval within 30 days after the effective date of this act. The non-state portion of the total project cost may include cash, the value of real property when acquired solely for the purpose of the project, and in-kind contributions.

**Substitute Bill Compared to Original Bill:** The substitute bill increases consistency between the three competitive grant programs by allowing the value of real property to be applied to the non-state portion of the project match.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** (Original bill) Projects in communities all over the state have benefitted from these programs. Project evaluation and prioritization by an independent advisory group makes the process fair and equitable. Local communities have seen a positive impact on their private fund raising activities by leveraging the dollars contributed to projects by the state. State capital assistance for non-profit social service organizations allows the nonprofit organizations to direct their precious resources to activities such as feeding the homeless, caring for senior citizens, providing recreational and counseling facilities for teenagers and other client services.

**Testimony Against:** None.

**Testified:** Ros Bond, Atlantic Street Center; Carl Lind, Museum of History and Industry; Majken Ryherd Keira, Washington State Association of Community Action Agencies; Charles Shelan, Community Youth Services; Dave Nicandri, Washington State Historical Society; Sharon Case, Building for the Arts; Laurie Lippold, Children's Home Society; Dawn Larsen, Olympia Child Care Center; Randi Abrams, Jewish Federation; and Rick Slunaker, Associated General Contractors.