

February 18, 1999

BILL ANALYSIS

TO: Members, Committee on Economic Development, Housing & Trade
FROM: Kenny Pittman, Research Analyst (786-7392)
RE: **HB 1497 - Enhancing economic vitality.**

Brief Summary of Bill

- Revises the Community Economic Revitalization Board (CERB) to allow funding of telecommunications infrastructure and certain pre-construction costs in distressed counties.
- Transfers the Jobs Skills Program from the Work Force Training Board to the State Board of Community and Technical Colleges.
- Creates a congestion relief account and funds designated projects approved by the voters in Referendum 49.
- Increases the Washington State Housing Finance Commission's statutory debt limit from \$2 billion to \$3 billion.
- Creates a one-stop clearinghouse— in the Department of Community, Trade, and Economic Development to assist in the development of housing for farmworkers by growers and nonprofit organizations.

BACKGROUND:

The Department of Community, Trade, and Economic Development (CTED) is responsible for assisting in community and economic development in the state; through the provision of

technical and financial assistance to local governments, businesses, and community-based organizations; soliciting private and federal grants for economic and community development programs; and conducting the necessary research and analysis to support economic and community development efforts at the state and local level.

The key service areas of the department are: (1) local development assistance; (2) international trade; (3) economic development services, that include tourism, film and video, business development and forest products; (4) community services that support local efforts to develop self-reliant individuals and families through prevention, intervention, technical assistance and advocacy programs; (5) housing and housing-related services; (6) growth management; (7) archeology and historic preservation; and (8) energy.

The State Jobs Skills program provides state dollars as a match to private dollars to provide training that meets specific skills requirements of business (customized job skills training).

The Washington State Housing Finance Commission was created in 1983. The goal of the commission is to stimulate the production of affordable single, multifamily, and special needs housing through the (1) issuance of tax-exempt and taxable nonrecourse revenue bonds; (2) administration of the federal low-income housing tax credit program; and (3) administration of other programs authorized under federal and state law. Under current state law, the commission's total amount of outstanding debt limit may not exceed \$2 billion at any time.

SUMMARY:

Rural Economic Development

The type of projects that can be financed through Community Economic Revitalization Board (CERB) is broadened to include project specific, development work related to planning and permits and new forms of telecommunications infrastructure that supports business development, retention, and expansion in specified distressed counties.

CERB funds can be used to make general system improvements if the improvements are linked to the vitality of the economic development project assisted with CERB funds. The requirement that CERB uses 75 percent of its financial for projects in distressed counties or rural natural resources impact areas is extended.

A distressed county is defined as (i) a county where the average unemployment rate exceeds the state average unemployment rate by 20 percent for the previous three-year period, or (ii) a county with a median household income is less than 75 percent of the state median household income for the previous three-year period.

The Community Economic Revitalization Board (CERB) is authorized to provide grants, not loans, for transportation improvements in distressed counties, rural natural resource impact areas, and designated community empowerment zones. Up to 22 percent of monies available

through the federal transportation equity act for the 21 century may be used for these improvements. Any funds not expended by June 1st of each year will revert in equal amounts to other designated surface transportation program purposes. The Washington State Department of Transportation is responsible for administering grants awarded by CERB for transportation improvements.

. Work Force Training

The state's Jobs Skills Program is transferred from the Work Force Training Board to the State Board for Community and technical Colleges. The State Board for Community and Technical Colleges must create a jobs skills advisory committee to recommend job skills grant applications for approval by the executive director of the board. The advisory committee must recommend goals and criteria for the Jobs Skills Program to be used by the grant applicants.

The advisory committee must consist of representatives of business, labor, postsecondary education, the employment security department, and other members as appropriate. Labor and business representatives must constitute a majority of the membership of the advisory committee. Members to the advisory committee are appointed by the executive director of the college board.

The college board must report to the Governor on the activities and outcomes of the Jobs Skills Program. The initial report is due October 1, 1999, and every two years thereafter.

. Congestion Relief

A congestion relief account is created and is funded revenue from an existing motor vehicle fuel tax and special fuel tax. One cent of every dollar is deposited in the congestion relief account and is expended for the design, right of way, and construction of congestion relief corridors. A list of corridors that projects that are slated for funding through the congestion relief account, as a result of Referendum 49, are listed.

Criteria used to designate corridors to receive funding from the congestion relief account are: (i) the benefit/cost ratio using a 20-year project cost is greater than two; and (ii) at least 65 percent of the corridor improvement's benefits must accrue to the general motoring public.

. Housing

The Washington State Housing Finance Commission's statutory outstanding debt limit is raised from \$2 billion to \$3 billion.

The Department of Community, Trade, and Economic Development must establish and administer a one-stop clearinghouse— to coordinate state assistance for farmworker housing

that is provided by growers and nonprofit organizations. The department must provide assistance on planning and design, codes, financing options, housing management techniques to interested grower and nonprofit groups.

A farmworker housing advisory board is established to advise the department on capital expenditures appropriated for the development of farmworker housing. The advisory board must consist of representatives of banking institutions, growers, housing finance commission, legal services, the legislature, and state agencies.

The advisory board may: (i) review state policies that affect the construction and maintenance of farmworker housing; (ii) advise the department on the appropriate criteria and policies related to granting of farmworker housing funds; (iii) review and make recommendations to the department on funding of farmworker housing projects; (iv) review the progress of farmworker housing project that have been funded; (v) establish performance measures for future evaluation; and (vi) advise the department regarding program modifications, changes or additions to the grant process.

Appropriation: None.

Fiscal Note: Requested February 10, 1999.

Effective Date: Section 101 of the bill takes effect January 1, 2001; Section 106 of the bill contains an emergency clause and takes effect July 1, 1999; and Section 304 of the bill takes effect September 1, 2000.