

SENATE BILL REPORT

SHB 1222

As Reported By Senate Committee On:
Ways & Means, April 5, 1999

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: House Committee on Capital Budget (originally sponsored by Representatives Ogden, Mitchell, Lantz, Murray, Constantine, Hankins and O'Brien).

Brief History:

Committee Activity: Ways & Means: 3/30/99, 4/5/99 [DPA, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Kline, Kohl-Welles, Long, Rasmussen, B. Sheldon, Snyder, Spanel, West and Winsley.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Staff: Michael Groesch (786-7434)

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. The project list provided to the Legislature is not prioritized.

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. 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. 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.

Summary of Amended 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. 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 CTED establishing a competitive process for nonresidential social service project applications is removed. 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. 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 Department of Community, Trade, and Economic Development must develop a prioritized list of projects for the community services facilities program for the 1999-01 biennium and subsequent biennial budgets.

The budget requests for building for the arts, heritage, and community service facility grants must not exceed \$4 million in each biennium. The requests may identify an alternate list of projects not to exceed \$500,000 for each biennium.

All new sections and statutes pertaining to building for the arts, heritage, and community service facility grants expire on June 30, 2007.

Amended Bill Compared to Substitute Bill: The Department of Community, Trade, and Economic Development must develop a prioritized list of projects for the community services facilities program for the 1999-01 biennium and subsequent biennial budgets. The emergency clause of the original bill is stricken from the bill.

The budget requests for building for the arts, heritage, and community service facility grants must not exceed \$4 million in each biennium. The requests may identify an alternate list of projects not to exceed \$500,000 for each biennium.

All new sections and statutes pertaining to building for the arts, heritage, and community service facility grants expire on June 30, 2007.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The purpose of the bill is to codify and coordinate the capital grant programs for arts, heritage, and community service organizations. These programs have allowed local agencies and social service agencies to acquire their own facilities and concentrate resources on service delivery. The grants provide a small amount of state funds to leverage a large amount of private money. The building for the arts program has operated successfully with a 15 percent match and without a ranked prioritization process, but the proponents of the program believe that the program will continue to be successful with the proposed changes.

Testimony Against: None.

Testified: PRO: Representative Val Ogden; Majken Ryherd Keira, Washington Association of Community Action Agencies; Sharon Case, Building for the Arts; Laurie Lippold, Children's Home Society.