
HOUSE BILL 1084

State of Washington

56th Legislature

1999 Regular Session

By Representatives Dunn, Gombosky and Kessler

Read first time 01/14/1999. Referred to Committee on Economic Development, Housing & Trade.

1 AN ACT Relating to loans and grants made by the community economic
2 revitalization board; amending RCW 43.160.010, 43.160.020, 43.160.060,
3 and 43.160.200; reenacting and amending RCW 43.160.076; repealing 1998
4 c 321 s 29, 1997 c 367 s 10, 1995 c 226 s 7, 1993 c 320 s 10, & 1991 c
5 314 s 32 (uncodified); and providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 43.160.010 and 1996 c 51 s 1 are each amended to read
8 as follows:

9 (1) The legislature finds that it is the public policy of the state
10 of Washington to direct financial resources toward the fostering of
11 economic development through the stimulation of investment and job
12 opportunities and the retention of sustainable existing employment for
13 the general welfare of the inhabitants of the state. Reducing
14 unemployment and reducing the time citizens remain jobless is important
15 for the economic welfare of the state. A valuable means of fostering
16 economic development is the construction of public facilities which
17 contribute to the stability and growth of the state's economic base.
18 Strengthening the economic base through issuance of industrial
19 development bonds, whether single or umbrella, further serves to reduce

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

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

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

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

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

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

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

24 (2) The legislature also finds that the state's economic
25 development efforts can be enhanced by, in certain instances, providing
26 funds to ~~((improve state highways in the vicinity of new industries~~
27 ~~considering locating in this state or existing industries that are~~
28 ~~considering significant 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. All~~
37 ~~such improvements must first be approved by the state transportation~~
38 ~~commission and the community economic revitalization board in~~
39 ~~accordance with the procedures established by RCW 43.160.074 and~~

1 47.01.280. ~~It is further the intent of the legislature that such~~
2 ~~improvements not jeopardize any other planned highway construction~~
3 ~~projects. The improvements are intended to be of limited size and~~
4 ~~cost, and to include such items as additional turn lanes,~~
5 ~~signalization, illumination, and safety improvements)) assist
6 development of telecommunications infrastructure that supports business
7 development, retention, and expansion in rural natural resources impact
8 areas and distressed counties of the state.~~

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

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

36 **Sec. 2.** RCW 43.160.020 and 1997 c 367 s 8 are each amended to read
37 as follows:

1 Unless the context clearly requires otherwise, the definitions in
2 this section apply throughout this chapter.

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

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

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

9 (4) "Distressed county" means either: (a) A county in which the
10 average level of unemployment for the previous three years exceeds the
11 average state unemployment rate for those years by twenty percent; or
12 (b) a county that has a median household income that is less than
13 seventy-five percent of the state median household income for the
14 previous three years.

15 (5) "Financial institution" means any bank, savings and loan
16 association, credit union, development credit corporation, insurance
17 company, investment company, trust company, savings institution, or
18 other financial institution approved by the board and maintaining an
19 office in the state.

20 (~~(+5)~~) (6) "Industrial development facilities" means "industrial
21 development facilities" as defined in RCW 39.84.020.

22 (~~(+6)~~) (7) "Industrial development revenue bonds" means tax-exempt
23 revenue bonds used to fund industrial development facilities.

24 (~~(+7)~~) (8) "Local government" or "political subdivision" means any
25 port district, county, city, town, special purpose district, and any
26 other municipal corporations or quasi-municipal corporations in the
27 state providing for public facilities under this chapter.

28 (~~(+8)~~) (9) "Sponsor" means any of the following entities which
29 customarily provide service or otherwise aid in industrial or other
30 financing and are approved as a sponsor by the board: A bank, trust
31 company, savings bank, investment bank, national banking association,
32 savings and loan association, building and loan association, credit
33 union, insurance company, or any other financial institution,
34 governmental agency, or holding company of any entity specified in this
35 subsection.

36 (~~(+9)~~) (10) "Umbrella bonds" means industrial development revenue
37 bonds from which the proceeds are loaned, transferred, or otherwise
38 made available to two or more users under this chapter.

1 (~~(10)~~) (11) "User" means one or more persons acting as lessee,
2 purchaser, mortgagor, or borrower under a financing document and
3 receiving or applying to receive revenues from bonds issued under this
4 chapter.

5 (~~(11)~~) (12) "Public facilities" means bridges, roads, domestic
6 and industrial water, sanitary sewer, storm sewer, railroad,
7 electricity, natural gas, buildings or structures, and port facilities.

8 (~~(12)~~) (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. 3.** RCW 43.160.060 and 1996 c 51 s 5 are each amended to read
4 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~~((7))~~;
9 project-specific environmental, capital facilities, land use,
10 permitting, feasibility, and marketing studies and plans; project
11 design, site planning, and analysis; project debt and revenue impact
12 analysis; as well as the construction, rehabilitation, alteration,
13 expansion, or improvement of the facilities. A grant may also be
14 authorized for purposes and activities designated in this chapter, but
15 only when, and to the extent that, a loan is not reasonably possible,
16 given the limited resources of the political subdivision and the
17 finding by the board that ~~((unique))~~ financial circumstances ~~((exist.~~
18 ~~The board shall not obligate more than twenty percent of its biennial~~
19 ~~appropriation as grants))~~ require grant assistance to enable the
20 project to move forward.

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

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

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

27 (b) For any project that evidence exists would result in a
28 development or expansion that would displace existing jobs in any other
29 community in the state, except a project that would relocate a business
30 from a nondistressed urban area to a distressed county or rural natural
31 resources impact area.

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

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

35 (a) For those projects which would result in specific private
36 developments or expansions (i) in manufacturing, production, food
37 processing, assembly, warehousing, advanced technology, research and
38 development, and industrial distribution; (ii) for processing

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

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

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

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

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

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

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

36 (1) Except as authorized to the contrary under subsection (2) of
37 this section, from all funds available to the board for financial
38 assistance in a biennium under this chapter without reference to

1 financial assistance provided under RCW 43.160.220, the board shall
2 spend at least seventy-five percent for financial assistance for
3 projects in distressed counties or rural natural resources impact
4 areas. For purposes of this section, the term "distressed counties"
5 includes any county, in which the average level of unemployment for the
6 three years before the year in which an application for financial
7 assistance is filed, exceeds the average state unemployment for those
8 years by twenty percent.

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

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

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

21 (1) The economic development account is created within the public
22 facilities construction loan revolving fund under RCW 43.160.080.
23 Moneys in the account may be spent only after appropriation.
24 Expenditures from the account may be used only for the purposes of RCW
25 43.160.010(~~((3))~~) (4) and this section. The account is subject to
26 allotment procedures under chapter 43.88 RCW.

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

31 (3) Eligible applicants under this section are limited to political
32 subdivisions of the state in rural natural resources impact areas
33 (~~((that demonstrate, to the satisfaction of the board, the local
34 economy's dependence on the forest products and salmon fishing
35 industries))~~) and distressed counties.

36 (4) Applicants must demonstrate that their request is part of an
37 economic development plan consistent with applicable state planning
38 requirements. Applicants must demonstrate that tourism projects have

1 been approved by the local government. Industrial projects must be
2 approved by the local government and the associate development
3 organization.

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

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

10 (7) Board financing for project-specific environmental, capital
11 facilities, land use, permitting, feasibility, and marketing studies
12 and plans; project engineering, design, and site planning and analysis;
13 and project debt and revenue impact analysis shall not exceed ~~((twenty-~~
14 ~~five))~~ fifty thousand dollars per study. Board funds for ~~((feasibility~~
15 ~~studies))~~ these purposes may be provided as a grant and require a
16 ~~((dollar for dollar match with up to one-half))~~ financial or in-kind
17 match ~~((allowed))~~.

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

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

28 (10) The board may allow de minimus general system improvements to
29 be funded if they are critically linked to the viability of the
30 economic development project assisted under this section.

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

34 ~~((+11))~~ (12) The board shall establish guidelines for providing
35 financial assistance under this section to ensure that the requirements
36 of this chapter are complied with. The guidelines shall include:

37 (a) A process to equitably compare and evaluate applications from
38 competing communities.

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

9 (c) A method of evaluating the impact of the financial assistance
10 on the economy of the community and whether the financial assistance
11 achieved its purpose.

12 NEW SECTION. **Sec. 6.** 1998 c 321 s 29, 1997 c 367 s 10, 1995 c 226
13 s 7, 1993 c 320 s 10, & 1991 c 314 s 32 (uncodified) are each repealed.

14 NEW SECTION. **Sec. 7.** Section 5 of this act expires June 30, 2000.

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