
SUBSTITUTE SENATE BILL 5594

State of Washington

56th Legislature

1999 Regular Session

By Senate Committee on Agriculture & Rural Economic Development
(originally sponsored by Senators Rasmussen, T. Sheldon, Prentice,
Fairley and Winsley; by request of Governor Locke)

Read first time 02/24/1999.

1 AN ACT Relating to enhancing economic vitality; amending RCW
2 43.160.010, 43.160.020, 43.160.060, 43.160.200, 43.180.160, 42.52.080,
3 and 43.131.386; reenacting and amending RCW 43.160.076; adding a new
4 section to chapter 43.63A RCW; adding new sections to chapter 43.31
5 RCW; adding a new section to chapter 82.04 RCW; adding a new section to
6 chapter 84.36 RCW; adding a new section to chapter 82.14 RCW; adding a
7 new section to chapter 28B.30 RCW; adding a new chapter to Title 43
8 RCW; creating new sections; repealing RCW 43.31.855 and 43.31.857;
9 repealing 1997 c 377 s 3 (uncodified); repealing 1997 c 367 s 11, 1995
10 c 226 s 8, 1993 c 316 s 7, and 1991 c 314 s 33 (uncodified); making
11 appropriations; providing effective dates; and declaring an emergency.

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

13 NEW SECTION. **Sec. 1.** The legislature finds that while
14 Washington's economy is currently prospering, economic growth continues
15 to be uneven, particularly as between metropolitan and rural areas.
16 This has created in effect two Washingtons. One afflicted by
17 inadequate infrastructure to support and attract investment, another
18 suffering from congestion and soaring housing prices. In order to
19 address these problems, the legislature intends to use resources

1 strategically to build on our state's strengths while addressing
2 threats to our prosperity.

3 **PART I**

4 **RURAL ECONOMIC DEVELOPMENT**

5 **Enhanced Flexibility for Use of Community Economic**
6 **Revitalization Board Funds**

7 **Sec. 101.** RCW 43.160.010 and 1996 c 51 s 1 are each amended to
8 read 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
20 unemployment. Consolidating issues of industrial development bonds
21 when feasible to reduce costs additionally advances the state's purpose
22 to improve economic vitality. Expenditures made for these purposes as
23 authorized in this chapter are declared to be in the public interest,
24 and constitute a proper use of public funds. A community economic
25 revitalization board is needed which shall aid the development of
26 economic opportunities. The general objectives of the board should
27 include:

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

31 (b) Encouraging the diversification of the economies of the state
32 and regions within the state in order to provide greater seasonal and
33 cyclical stability of income and employment;

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

1 (d) Encouraging new economic development or expansions to maximize
2 employment;

3 (e) Encouraging the retention of viable existing firms and
4 employment; and

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

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

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

18 (b) (~~(It is the intent of the legislature to create an economic~~
19 ~~development account within the motor vehicle fund from which~~
20 ~~expenditures can be made by the department of transportation for state~~
21 ~~highway improvements necessitated by planned economic development.))~~
22 All (~~(such)~~) transportation improvements on state highways must first
23 be approved by the state transportation commission and the community
24 economic revitalization board in accordance with the procedures
25 established by RCW 43.160.074 and 47.01.280. (~~(It is further the~~
26 ~~intent of the legislature that such improvements not jeopardize any~~
27 ~~other planned highway construction projects. The improvements are~~
28 ~~intended to be of limited size and cost, and to include such items as~~
29 ~~additional turn lanes, signalization, illumination, and safety~~
30 ~~improvements.))~~)

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

36 (4) The legislature also finds that the state's economic
37 development efforts can be enhanced by providing funds to improve
38 markets for those recyclable materials representing a large fraction of
39 the waste stream. The legislature finds that public facilities which

1 result in private construction of processing or remanufacturing
2 facilities for recyclable materials are eligible for consideration from
3 the board.

4 ~~((4))~~ (5) The legislature finds that sharing economic growth
5 state-wide is important to the welfare of the state. Rural counties
6 and rural natural resources impact areas do not share in the economic
7 vitality of the Puget Sound region. The ability of these communities
8 to pursue business and job retention, expansion, and development
9 opportunities depends on their capacity to ready necessary economic
10 development project plans, sites, permits, and infrastructure for
11 private investments. Project-specific planning, predevelopment, and
12 infrastructure ~~((is one of several))~~ are critical ingredients ~~((that~~
13 ~~are critical))~~ for economic development. Rural counties and rural
14 natural resources impact areas generally lack ~~((the infrastructure))~~
15 these necessary tools and resources to diversify and revitalize their
16 economies. It is, therefore, the intent of the legislature to increase
17 the ~~((availability of funds to help provide infrastructure to rural~~
18 ~~natural resource impact areas))~~ amount of funding available through the
19 community economic revitalization board for rural counties and rural
20 natural resources impact areas, and to authorize flexibility for
21 available resources in these areas to help fund planning,
22 predevelopment, and construction costs of infrastructure and facilities
23 and sites that foster economic vitality and diversification.

24 **Sec. 102.** RCW 43.160.020 and 1997 c 367 s 8 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) "Board" means the community economic revitalization board.

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

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

34 (4) "Financial institution" means any bank, savings and loan
35 association, credit union, development credit corporation, insurance
36 company, investment company, trust company, savings institution, or
37 other financial institution approved by the board and maintaining an
38 office in the state.

1 (5) "Industrial development facilities" means "industrial
2 development facilities" as defined in RCW 39.84.020.

3 (6) "Industrial development revenue bonds" means tax-exempt revenue
4 bonds used to fund industrial development facilities.

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

9 (8) "Sponsor" means any of the following entities which customarily
10 provide service or otherwise aid in industrial or other financing and
11 are approved as a sponsor by the board: A bank, trust company, savings
12 bank, investment bank, national banking association, savings and loan
13 association, building and loan association, credit union, insurance
14 company, or any other financial institution, governmental agency, or
15 holding company of any entity specified in this subsection.

16 (9) "Umbrella bonds" means industrial development revenue bonds
17 from which the proceeds are loaned, transferred, or otherwise made
18 available to two or more users under this chapter.

19 (10) "User" means one or more persons acting as lessee, purchaser,
20 mortgagor, or borrower under a financing document and receiving or
21 applying to receive revenues from bonds issued under this chapter.

22 (11) "Public facilities" means bridges, roads, domestic and
23 industrial water, sanitary sewer, storm sewer, railroad, electricity,
24 telecommunications, natural gas, buildings or structures, and port
25 facilities.

26 (12) "Rural county" means a county with a population density of
27 less than one hundred persons per square mile.

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

29 (a) A nonmetropolitan county, as defined by the 1990 decennial
30 census, that meets three of the five criteria set forth in subsection
31 ~~((+13))~~ (14) of this section;

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

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

38 ~~((+13))~~ (14) For the purposes of designating rural natural
39 resources impact areas, the following criteria shall be considered:

1 (a) A lumber and wood products employment location quotient at or
2 above the state average;
3 (b) A commercial salmon fishing employment location quotient at or
4 above the state average;
5 (c) Projected or actual direct lumber and wood products job losses
6 of one hundred positions or more;
7 (d) Projected or actual direct commercial salmon fishing job losses
8 of one hundred positions or more; and
9 (e) An unemployment rate twenty percent or more above the state
10 average. The counties that meet these criteria shall be determined by
11 the employment security department for the most recent year for which
12 data is available. For the purposes of administration of programs
13 under this chapter, the United States post office five-digit zip code
14 delivery areas will be used to determine residence status for
15 eligibility purposes. For the purpose of this definition, a zip code
16 delivery area of which any part is ten miles or more from an urbanized
17 area is considered nonurbanized. A zip code totally surrounded by zip
18 codes qualifying as nonurbanized under this definition is also
19 considered nonurbanized. The office of financial management shall make
20 available a zip code listing of the areas to all agencies and
21 organizations providing services under this chapter.

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

24 The board is authorized to make direct loans to political
25 subdivisions of the state for the purposes of assisting the political
26 subdivisions in financing the cost of public facilities, including
27 development of land and improvements for public facilities, project-
28 specific environmental, capital facilities, land use, permitting,
29 feasibility and marketing studies and plans; project design, site
30 planning, and analysis; project debt and revenue impact analysis; as
31 well as the construction, rehabilitation, alteration, expansion, or
32 improvement of the facilities. A grant may also be authorized for
33 purposes designated in this chapter, but only when, and to the extent
34 that, a loan is not reasonably possible, given the limited resources of
35 the political subdivision and the finding by the board that ((~~unique~~))
36 financial circumstances ((~~exist. The board shall not obligate more~~
37 ~~than twenty percent of its biennial appropriation as grants~~)) require
38 grant assistance to enable the project to move forward.

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

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

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

7 (b) For any project that evidence exists would result in a
8 development or expansion that would displace existing jobs in any other
9 community in the state, except a project that would relocate a business
10 from a nondistressed urban area to a rural county or rural natural
11 resources impact area.

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

14 (d) For a construction project to any local government applicant
15 that is not, at the time of application for financial assistance, in
16 compliance with the provisions of chapter 36.70A RCW.

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

18 (a) For those projects which would result in specific private
19 developments or expansions (i) in manufacturing, production, food
20 processing, assembly, warehousing, advanced technology, research and
21 development, and industrial distribution; (ii) for processing
22 recyclable materials or for facilities that support recycling,
23 including processes not currently provided in the state, including but
24 not limited to, de-inking facilities, mixed waste paper, plastics, yard
25 waste, and problem-waste processing; (iii) for manufacturing facilities
26 that rely significantly on recyclable materials, including but not
27 limited to waste tires and mixed waste paper; (iv) which support the
28 relocation of businesses from nondistressed urban areas to
29 ((distressed)) rural counties or rural natural resources impact areas;
30 or (v) which substantially support the trading of goods or services
31 outside of the state's borders.

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

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

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

8 (4) A responsible official of the political subdivision shall be
9 present during board deliberations and provide information that the
10 board requests.

11 Before any financial assistance application is approved, the
12 political subdivision seeking the assistance must demonstrate to the
13 community economic revitalization board that no other timely source of
14 funding is available to it at costs reasonably similar to financing
15 available from the community economic revitalization board.

16 **Sec. 104.** RCW 43.160.076 and 1998 c 321 s 28 (Referendum Bill No.
17 49) and 1998 c 55 s 4 are each reenacted and amended to read as
18 follows:

19 (1) Except as authorized to the contrary under subsection (2) of
20 this section, from all funds available to the board for financial
21 assistance in a biennium under this chapter without reference to
22 financial assistance provided under RCW 43.160.220, the board shall
23 spend at least seventy-five percent for financial assistance for
24 projects in (~~(distressed)~~) rural counties or rural natural resources
25 impact areas. For purposes of this section, the term "~~(distressed)~~
26 rural counties" includes any county, in which the average level of
27 unemployment for the three years before the year in which an
28 application for financial assistance is filed, exceeds the average
29 state unemployment for those years by twenty percent.

30 (2) If at any time during the last six months of a biennium the
31 board finds that the actual and anticipated applications for qualified
32 projects in (~~(distressed)~~) rural counties or rural natural resources
33 impact areas are clearly insufficient to use up the seventy-five
34 percent allocation under subsection (1) of this section, then the board
35 shall estimate the amount of the insufficiency and during the remainder
36 of the biennium may use that amount of the allocation for financial
37 assistance to projects not located in (~~(distressed)~~) rural counties or
38 rural natural resources impact areas.

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

2 **Sec. 105.** RCW 43.160.200 and 1996 c 51 s 9 are each amended to
3 read as follows:

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

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

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

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

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

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

31 (7) Board financing for project-specific environmental, capital
32 facilities, land use, permitting, feasibility and marketing studies and
33 plans; project engineering, design, and site planning and analysis; and
34 project debt and revenue impact analysis shall not exceed (~~(twenty-~~
35 ~~five))~~ fifty thousand dollars per study. Board funds for (~~(feasibility~~
36 ~~studies))~~ these purposes may be provided as a grant and require a
37 (~~(dollar for dollar))~~ match (~~(with up to one half in-kind match~~
38 ~~allowed))~~).

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

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

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

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

17 (~~(11)~~) (12) The board shall establish guidelines for providing
18 financial assistance under this section to ensure that the requirements
19 of this chapter are complied with. The guidelines shall include:

20 (a) A process to equitably compare and evaluate applications from
21 competing communities.

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

30 (c) A method of evaluating the impact of the financial assistance
31 on the economy of the community and whether the financial assistance
32 achieved its purpose.

33 **PART II**
34 **HOUSING**

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

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

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

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

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

25 **PART III**

26 **RURAL DEVELOPMENT COUNCIL**

27 NEW SECTION. **Sec. 301.** A new section is added to chapter 43.31
28 RCW to read as follows:

29 (1) The rural development council executive committee and the
30 department are authorized to establish a successor organization to the
31 rural development council executive committee created under RCW
32 43.31.855. The purpose of the successor organization is, at least in
33 part, to improve the delivery and accessibility of public and private
34 resources for meeting the needs of rural communities in Washington.

35 (2) For purposes of this section, "successor organization" means a
36 private nonprofit corporation created specifically to assume

1 responsibility for administering funds provided by the federal
2 government and other sources to carry out the purpose state in
3 subsection (1) of this section. A successor organization must qualify
4 as a tax-exempt nonprofit corporation under section 501(C) of the
5 federal internal revenue code.

6 NEW SECTION. **Sec. 302.** A new section is added to chapter 43.31
7 RCW to read as follows:

8 The executive committee and the department are authorized to take
9 all steps reasonably necessary and proper to effect the orderly
10 transition of the rural development council executive committee to the
11 successor organization. This authorization includes, but is not
12 necessarily limited to, the authority to:

13 (1) Transfer any equipment, records, other assets, or contracts for
14 services to the successor organization under appropriate terms and
15 conditions, including reasonable compensation for assets acquired with
16 state funds;

17 (2) Assist in the establishment of a successor organization,
18 including entering into contracts preparatory to the establishment of
19 the organization; and

20 (3) Unless otherwise provided by agreement, assign to the successor
21 organization any membership agreements, contracts, license, and other
22 duties and obligations related to the rural development council.

23 **Sec. 303.** RCW 42.52.080 and 1994 c 154 s 108 are each amended to
24 read as follows:

25 (1) No former state officer or state employee may, within a period
26 of one year from the date of termination of state employment, accept
27 employment or receive compensation from an employer if:

28 (a) The officer or employee, during the two years immediately
29 preceding termination of state employment, was engaged in the
30 negotiation or administration on behalf of the state or agency of one
31 or more contracts with that employer and was in a position to make
32 discretionary decisions affecting the outcome of such negotiation or
33 the nature of such administration;

34 (b) Such a contract or contracts have a total value of more than
35 ten thousand dollars; and

36 (c) The duties of the employment with the employer or the
37 activities for which the compensation would be received include

1 fulfilling or implementing, in whole or in part, the provisions of such
2 a contract or contracts or include the supervision or control of
3 actions taken to fulfill or implement, in whole or in part, the
4 provisions of such a contract or contracts. This subsection shall not
5 be construed to prohibit a state officer or state employee from
6 accepting employment with a state employee organization.

7 (2) No person who has served as a state officer or state employee
8 may, within a period of two years following the termination of state
9 employment, have a direct or indirect beneficial interest in a contract
10 or grant that was expressly authorized or funded by specific
11 legislative or executive action in which the former state officer or
12 state employee participated.

13 (3) No former state officer or state employee may accept an offer
14 of employment or receive compensation from an employer if the officer
15 or employee knows or has reason to believe that the offer of employment
16 or compensation was intended, in whole or in part, directly or
17 indirectly, to influence the officer or employee or as compensation or
18 reward for the performance or nonperformance of a duty by the officer
19 or employee during the course of state employment.

20 (4) No former state officer or state employee may accept an offer
21 of employment or receive compensation from an employer if the
22 circumstances would lead a reasonable person to believe the offer has
23 been made, or compensation given, for the purpose of influencing the
24 performance or nonperformance of duties by the officer or employee
25 during the course of state employment.

26 (5) No former state officer or state employee may at any time
27 subsequent to his or her state employment assist another person,
28 whether or not for compensation, in any transaction involving the state
29 in which the former state officer or state employee at any time
30 participated during state employment. This subsection shall not be
31 construed to prohibit any employee or officer of a state employee
32 organization from rendering assistance to state officers or state
33 employees in the course of employee organization business.

34 (6) As used in this section, "employer" means a person as defined
35 in RCW 42.52.010 or any other entity or business that the person owns
36 or in which the person has a controlling interest. For purposes of
37 subsection (1) of this section, the term "employer" does not include a
38 successor organization to the rural development council under chapter
39 43.31 RCW.

1 NEW SECTION. **Sec. 304.** A new section is added to chapter 43.31
2 RCW to read as follows:

3 Notwithstanding anything to the contrary in chapter 41.06 RCW or
4 any other provision of law, the department may contract to provide
5 funding to a successor organization under section 301 of this act to
6 carry out activities of the organization that are consistent with the
7 department's powers and duties. All moneys for contracts entered into
8 under this section are subject to appropriation.

9 NEW SECTION. **Sec. 305.** The following acts or parts of acts, as
10 now existing or hereafter amended, are each repealed, effective June
11 30, 2000:

- 12 (1) RCW 43.31.855 (Rural development council) and 1997 c 377 s 1;
13 (2) RCW 43.31.857 (Rural development council--Financial
14 contributions encouraged) and 1997 c 377 s 2; and
15 (3) 1997 c 377 s 3 (uncodified).

16 NEW SECTION. **Sec. 306.** The following acts or parts of acts, as
17 now existing or hereafter amended, are each repealed, effective June
18 30, 2002:

- 19 (1) RCW 43.31.--- and 1998 c ... s 301 (section 301 of this act);
20 and
21 (2) RCW 43.31.--- and 1998 c ... s 302 (section 302 of this act).

22 **PART IV**

23 **COMMERCIAL DISTRICT REVITALIZATION**

24 **Legislative Intent**

25 NEW SECTION. **Sec. 401.** (1) The legislature finds:

- 26 (a) The continued economic vitality of downtown and neighborhood
27 commercial districts in our state's cities is essential to community
28 preservation, social cohesion, and economic growth;
29 (b) In recent years there has been a deterioration of downtown and
30 neighborhood commercial districts in rural and urban communities due to
31 a shifting population base, changes in the marketplace, and greater
32 competition from suburban shopping malls and discount centers;

1 (c) This decline has eroded the ability of businesses and property
2 owners to renovate and enhance their commercial and residential
3 properties; and

4 (d) Business owners in these districts need to maintain their local
5 economies in order to provide goods and services to adjacent residents,
6 to provide employment opportunities, and to avoid disinvestment and
7 economic dislocations, and have developed downtown and neighborhood
8 commercial district revitalization programs to address these problems.

9 (2) It is the intent of the legislature to establish a program to:

10 (a) Work in partnership with these organizations;

11 (b) Provide technical assistance and training to local governments,
12 business organizations, downtown and neighborhood commercial district
13 organizations, and business and property owners to accomplish community
14 and economic revitalization and development of business districts; and

15 (c) Certify a downtown and neighborhood commercial district
16 organization's use of available tax incentives.

17 **Downtown and Neighborhood Commercial District**
18 **Revitalization Incentives**

19 NEW SECTION. **Sec. 402.** A new section is added to chapter 82.04
20 RCW to read as follows:

21 (1) There may be credit against the tax imposed by this chapter,
22 the value of private contributions that are designed to assist in the
23 development and operation of a downtown and neighborhood commercial
24 district revitalization program for any city with a population of less
25 than twenty thousand or a city or town located within a rural county.

26 (2) The credit allowed under this section is limited to an amount
27 equal to:

28 (a) Seventy-five percent of the value of the contribution that is
29 made directly, by the business, to a downtown and neighborhood
30 commercial district revitalization program; or

31 (b) Fifty percent of the value of the contribution that is made
32 directly, by the business, to the department of community, trade, and
33 economic development for distribution as financial or technical
34 assistance under section 406 of this act. The total credits allowed
35 under this section for an individual downtown and neighborhood
36 commercial district cannot exceed one hundred thousand dollars in a
37 calendar year. The total credits allowed under this section for a

1 business cannot exceed two hundred fifty thousand dollars in a calendar
2 year. The total credits allowed on a state-wide basis cannot exceed
3 two million dollars in a calendar year.

4 (3) Prior to making the contribution under this section, the
5 business must obtain approval from the department of community, trade,
6 and economic development. The businesses' request for approval must
7 include a description of the contribution and the value of the
8 contribution.

9 (4) This section applies only to contributions for which an
10 application is approved on or after the effective date of this section.

11 (5) As used in this section:

12 (a) "Contribution" means either cash or other in-kind contributions
13 or both.

14 (b) "Downtown and neighborhood commercial district revitalization
15 program" means a program designated by the department of community,
16 trade, and economic development under sections 401 and 405 through 409
17 of this act.

18 (c) "Rural county" means a county with a population density of less
19 than one hundred persons per square mile.

20 NEW SECTION. **Sec. 403.** A new section is added to chapter 84.36
21 RCW to read as follows:

22 (1) A physical improvement to a commercial building upon real
23 property, that is located within boundaries identified and approved by
24 the department of community, trade, and economic development under
25 section 407 of this act and that is located in a city with a population
26 of less than twenty thousand or a rural county, is exempt from taxation
27 for the ten assessment years subsequent to the completion of the
28 improvement, if the improvement meets the guidelines established by the
29 local downtown and neighborhood commercial district revitalization
30 program. In addition, for buildings that meet the definition of
31 historic property as defined in RCW 84.26.020, the improvements must be
32 consistent with the definition of rehabilitation as defined in RCW
33 84.26.020, and adhere to the historic preservation process and
34 guidelines adopted by the community. A taxpayer desiring to obtain the
35 exemption granted by this section must file notice of their intent to
36 construct the improvement prior to the improvement being made on forms
37 prescribed by the department of revenue and furnished to the taxpayer
38 by the county assessor. This exemption cannot be claimed more than

1 once in a fifteen-year period. As used in this section, "downtown and
2 neighborhood commercial district revitalization program" has the same
3 meaning as in section 402 of this act.

4 (2) The department of revenue shall adopt those rules as are
5 necessary to properly administer the provisions of this section.

6 (3) As used in this section, "rural county" means a county with a
7 population density of less than one hundred persons per square mile.

8 NEW SECTION. **Sec. 404.** A new section is added to chapter 82.14
9 RCW to read as follows:

10 (1) The legislative authority of an eligible local government
11 located in a city with a population of less than twenty thousand or a
12 rural county may impose a sales and use tax in accordance with the
13 terms of this chapter. The tax is in addition to other taxes
14 authorized by law and shall be collected from those persons who are
15 taxable by the state under chapters 82.08 and 82.12 RCW upon the
16 occurrence of any taxable event within the boundaries of the local
17 government. The rate of tax shall not exceed two-tenths of one percent
18 of the selling price in the case of a sales tax or value of the article
19 used in the case of a use tax.

20 (2) The tax imposed under subsection (1) of this section shall be
21 deducted from the amount of tax otherwise required to be collected or
22 paid to the department of revenue under chapter 82.08 or 82.12 RCW.
23 The department of revenue shall perform the collection of such taxes on
24 behalf of the local government at no cost to the local government.

25 (3) Moneys collected under this section shall only be used for the
26 purpose of paying the costs for a downtown and neighborhood commercial
27 district revitalization project in an eligible area.

28 (4) No tax may be collected under this section before January 1,
29 2000.

30 (5) Moneys collected under this section must be matched with one
31 dollar of local government or private funds for every two dollars of
32 funds collected under this section.

33 (6) As used in this section:

34 (a) "Downtown and neighborhood commercial district revitalization
35 project" means: Public infrastructure improvements, including street
36 and utility improvements; professional management, planning, and
37 promotion within the eligible area, including the management and
38 promotion of retail trade activities in the eligible area; maintenance

1 and security for common or public areas in the eligible area; and
2 historic preservation activities authorized under RCW 35.21.395.

3 (b) "Eligible local government" means a local government that is
4 implementing a program designated by the department of community,
5 trade, and economic development at the partner-level or associate-level
6 under section 407 of this act.

7 (c) "Local government" means a city, code city, or town.

8 (d) "Rural county" means a county with a population density of less
9 than one hundred persons per square mile.

10 **Downtown and Neighborhood Commercial District**
11 **Revitalization Program**

12 NEW SECTION. **Sec. 405.** The definitions in this section apply
13 throughout this section and sections 401 and 406 through 409 of this
14 act unless the context clearly requires otherwise.

15 (1) "Area" means a geographic area within a local government that
16 is described by a closed perimeter boundary.

17 (2) "Department" means the department of community, trade, and
18 economic development.

19 (3) "Director" means the director of community, trade, and economic
20 development.

21 (4) "Local government" means a city, code city, or town.

22 (5) "Qualified levels of participation" means a local downtown and
23 neighborhood commercial district revitalization effort that has been
24 certified by the department, as being at the participant-level,
25 associate-level, or partner-level.

26 NEW SECTION. **Sec. 406.** The Washington main street program is
27 created within the department. In order to implement the Washington
28 main street program, the department shall:

29 (1) Provide technical assistance to businesses, property owners,
30 organizations, and local governments undertaking a comprehensive
31 downtown and neighborhood commercial district revitalization and
32 management strategy within a specified area. Technical assistance
33 includes, but is not limited to: Initial site evaluations and
34 assessments; training for local programs; training for local program
35 staff; site visits and assessments by technical specialists; local

1 program design assistance and evaluation; and continued local program
2 on-site assistance;

3 (2) To the extent funds are made available, provide financial
4 assistance to local governments or local organizations to assist in
5 initial program start-up costs, specific project feasibility studies,
6 market studies, and design assistance;

7 (3) Develop objective criteria for selecting recipients of
8 financial assistance under subsection (1) of this section and providing
9 designation of a local program under section 407 of this act;

10 (4) Operate the Washington main street program in accordance with
11 the plan described in section 408(2) of this act; and

12 (5) Consider other factors the department deems necessary for the
13 implementation of this chapter.

14 NEW SECTION. **Sec. 407.** (1) The department shall, by rule, adopt
15 criteria for the designation of the local downtown and neighborhood
16 commercial district revitalization programs and official local main
17 street programs. In establishing the criteria, the department shall
18 consider:

19 (a) The degree of interest and commitment to downtown and
20 neighborhood commercial district revitalization and, where applicable,
21 historic preservation by both the public and private sectors;

22 (b) The evidence of potential private sector investment in the
23 downtown and neighborhood commercial district;

24 (c) Where applicable, a downtown and neighborhood commercial
25 district with sufficient historic fabric to become a foundation for an
26 enhanced community image;

27 (d) The capacity of the organization to undertake a comprehensive
28 program and the financial commitment to implement a long-term downtown
29 and neighborhood commercial district revitalization program that
30 includes a commitment to employ a professional program manager with a
31 sufficient operating budget;

32 (e) The department's existing downtown revitalization services tier
33 system;

34 (f) The national main street center's criteria for designating
35 official main street cities; and

36 (g) Other factors the department deems necessary for the
37 designation of a local program.

1 (2) The department shall designate local downtown and neighborhood
2 commercial district revitalization programs and official local main
3 street programs. The programs shall be limited to the following three
4 categories: Partner-level, associate-level, and participant-level.

5 (3) Sections 402, 403, and 404 of this act do not apply to any
6 local downtown and neighborhood commercial district revitalization
7 program unless the boundaries of the program have been identified and
8 approved by the department. The boundaries of a local downtown and
9 neighborhood commercial district revitalization program are typically
10 limited to the pedestrian core area or the central commercial district.

11 NEW SECTION. **Sec. 408.** (1) The Washington main street advisory
12 committee is created within the department. The members of the
13 advisory committee are appointed by the director and consist of:

14 (a) The director, or the director's designee, who shall serve as
15 chair;

16 (b) One representative of private industry councils;

17 (c) Two representatives of local governments;

18 (d) The chair of the governor's small business improvement council;

19 (e) Five representatives from existing main street programs or
20 downtown and neighborhood commercial district programs; and

21 (f) One representative of the Washington state office of
22 archaeology and historic preservation.

23 (2) The department shall develop a plan for the Washington main
24 street program, in consultation with the Washington main street
25 advisory committee. The plan must describe:

26 (a) The objectives and strategies of the Washington main street
27 program;

28 (b) How the Washington main street program will be coordinated with
29 existing federal, state, local, and private sector business development
30 and historic preservation efforts;

31 (c) The means by which private investment will be solicited and
32 employed;

33 (d) The methods of selecting and providing assistance to
34 participating local programs; and

35 (e) A means to solicit private contributions for state and local
36 operations of the Washington main street program.

1 NEW SECTION. **Sec. 409.** The Washington main street trust fund
2 account is created in the state treasury. All receipts from private
3 contributions, federal funds, legislative appropriations, and fees for
4 services, if levied, must be deposited into the account. Moneys in the
5 account may be spent only after appropriation. Expenditures from the
6 account may be used only for the operation of the Washington main
7 street program.

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PART V
AGRICULTURAL RESEARCH

10 NEW SECTION. **Sec. 501.** A new section is added to chapter 28B.30
11 RCW to read as follows:

12 (1) The legislature finds that the health of the rural economy in
13 many areas in the state depends heavily on a productive and
14 economically healthy agricultural industry. The legislature finds that
15 a viable agricultural industry is dependent on the continual
16 improvement in technology to allow the state's agricultural industry to
17 keep pace in a changing society and competitive global economy.

18 Washington State University has played a pivotal role in
19 agricultural research and the improvement in agricultural technology.
20 The legislature recognizes the timeliness and importance of the indepth
21 review of priority needs in agricultural research and improvement in
22 technology as presented in the safe food initiative developed by
23 Washington State University in collaboration with representatives of
24 the state's agricultural industry.

25 (2) The objectives of the safe food initiative are to:

26 (a) Ensure food products for domestic and global markets by
27 elimination of risks from food-borne pathogens;

28 (b) Protect food crops from devastating pests through new crop
29 protection techniques and materials; and

30 (c) Assist farmers and ranchers to produce food safely and
31 economically while conserving natural resources.

32 (3) Washington State University is authorized to implement the safe
33 food initiative subject to the availability of funding.

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PART VI
LONG-TERM DEVELOPMENT EFFORTS

1 NEW SECTION. **Sec. 601.** A new section is added to chapter 43.31
2 RCW to read as follows:

3 It is the legislature's intent to ensure that Washington is
4 positioned for long-term economic vitality. To achieve this objective,
5 economic development efforts should be aimed at: (1) Keeping our
6 growing companies in the state; (2) helping troubled companies stay
7 competitive; (3) marketing Washington state as a viable business
8 location; and (4) finding a strategy that meets two key legislative
9 goals - rural economic development and growth management.

10 To implement these goals, the legislature finds it necessary to
11 provide funds for a state-wide business retention and expansion
12 partnership and for state-wide marketing and recruiting activities.
13 Furthermore, an advisory board has been created to ensure that funds
14 are leveraged and targeted appropriately.

15 NEW SECTION. **Sec. 602.** A new section is added to chapter 43.31
16 RCW to read as follows:

17 (1) The department, working with local communities, shall:

18 (a) Determine industries that best fit in Washington's rural
19 communities in order to enable the department to allocate incentive
20 funding to encourage these industries to operate within Washington;

21 (b) Determine changes that would improve Washington state's overall
22 business climate and would provide the best return on the state's
23 investment; and

24 (c) Commence advertising and publicity efforts, organize tours for
25 site location consultants, print or publish collateral materials and
26 fulfillment pieces, and conduct telemarketing to support advertising
27 and trade missions to promote economic growth in Washington.

28 (2) An advisory group shall be created to ensure that the funds
29 appropriated for this section are leveraged and targeted appropriately.
30 The advisory group shall consist of at least five economic development
31 professionals and shall represent the rural and nonrural areas of
32 eastern and western Washington.

33 NEW SECTION. **Sec. 603.** (1) The sum of one hundred fifty thousand
34 dollars, or as much thereof as may be necessary, is appropriated for
35 the fiscal year ending June 30, 2000, from the general fund to the
36 department of community, trade, and economic development for the
37 purposes of section 602 of this act.

1 (2) The sum of one hundred fifty thousand dollars, or as much
2 thereof as may be necessary, is appropriated for the fiscal year ending
3 June 30, 2001, from the general fund to the department of community,
4 trade, and economic development for the purposes of section 602 of this
5 act.

6 NEW SECTION. **Sec. 604.** (1) The sum of four hundred thousand
7 dollars, or as much thereof as may be necessary, is appropriated for
8 the fiscal year ending June 30, 2000, from the general fund to the
9 department of community, trade, and economic development to be used for
10 state-wide marketing and recruiting activities described in section 602
11 of this act.

12 (2) The sum of four hundred thousand dollars, or as much thereof as
13 may be necessary, is appropriated for the fiscal year ending June 30,
14 2001, from the general fund to the department of community, trade, and
15 economic development to be used for state-wide marketing and recruiting
16 activities described in section 602 of this act.

17 **PART VII**

18 **ECONOMIC VITALITY COMMITTEE**

19 NEW SECTION. **Sec. 701.** (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 VIII**
5 **REPEALED SECTIONS**

6 **Sec. 801.** RCW 43.131.386 and 1997 c 367 s 19 are each amended to
7 read as follows:

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

10 (1) RCW 43.31.601 and 1997 c 367 s 1, 1995 c 226 s 1, 1992 c 21 s
11 2, & 1991 c 314 s 2;

12 (2) RCW 43.31.641 and 1997 c 367 s 6, 1995 c 226 s 4, 1993 c 280 s
13 50, & 1991 c 314 s 7;

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

16 (4) RCW 43.160.212 and 1996 c 168 s 4, 1995 c 226 s 6, (~~&~~) 1993
17 c 316 s 5, 1992 c 21 s 8, & 1991 c 314 s 26;

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

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

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

23 (8) (~~RCW 43.160.200 and 1995 c 226 s 16, 1993 c 320 s 7, 1993 c~~
24 ~~316 s 4, & 1991 c 314 s 23~~;

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

26 (~~(10)~~) (9) RCW 28B.50.262 and 1995 c 226 s 19 & 1994 c 282 s 3;

27 (~~(11)~~) (10) RCW 28B.80.570 and 1997 c 367 s 14, 1995 c 226 s 20,
28 1992 c 21 s 6, & 1991 c 315 s 18;

29 (~~(12)~~) (11) RCW 28B.80.575 and 1995 c 269 s 1001, 1995 c 226 s
30 21, & 1991 c 315 s 19;

31 (~~(13)~~) (12) RCW 28B.80.580 and 1997 c 367 s 15, 1995 c 226 s 22,
32 1993 sp.s. c 18 s 34, 1992 c 231 s 31, & 1991 c 315 s 20;

33 (~~(14)~~) (13) RCW 28B.80.585 and 1995 c 226 s 23 & 1991 c 315 s 21;

34 (~~(15)~~) (14) RCW 43.17.065 and 1995 c 226 s 24, 1993 c 280 s 37,
35 1991 c 314 s 28, & 1990 1st ex.s. c 17 s 77;

36 (~~(16)~~) (15) RCW 43.20A.750 and (~~1995 c 226 s 25, 1993 c 280 s~~
37 ~~38, 1992 c 21 s 4, & 1991 c 153 s 28~~) 1997 c 367 s 16;

1 (~~(17)~~) (16) RCW 43.168.140 and 1995 c 226 s 28 & 1991 c 314 s 20;
2 (~~(18)~~) (17) RCW 50.12.270 and 1997 c 367 s 17, 1995 c 226 s 30,
3 & 1991 c 315 s 3;
4 (~~(19)~~) (18) RCW 50.70.010 and 1995 c 226 s 31, 1992 c 21 s 1, &
5 1991 c 315 s 5; and
6 (~~(20)~~) (19) RCW 50.70.020 and 1995 c 226 s 32 & 1991 c 315 s 6.

7 NEW SECTION. Sec. 802. 1997 c 367 s 11, 1995 c 226 s 8, 1993 c
8 316 s 7, & 1991 c 314 s 33 (uncodified) are each repealed.

9 **PART IX**
10 **MISCELLANEOUS**

11 NEW SECTION. Sec. 901. Part headings and subheadings used in this
12 act are not any part of the law.

13 NEW SECTION. Sec. 902. Section 101 of this act takes effect
14 January 1, 2001.

15 NEW SECTION. Sec. 903. Sections 401 and 405 through 409 of this
16 act constitute a new chapter in Title 43 RCW.

17 NEW SECTION. Sec. 904. Sections 402 through 404 of this act are
18 necessary for the immediate preservation of the public peace, health,
19 or safety, or support of the state government and its existing public
20 institutions, and take effect July 1, 1999.

21 NEW SECTION. Sec. 905. If any provision of this act or its
22 application to any person or circumstance is held invalid, the
23 remainder of the act or the application of the provision to other
24 persons or circumstances is not affected.

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