

SB 6314 - H COMM AMD

By Committee on Trade & Economic Development

ADOPTED 03/03/2004

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.160.020 and 1999 c 164 s 102 are each amended to
4 read as follows:

5 Unless the context clearly requires otherwise, the definitions in
6 this section apply throughout this chapter.

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

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

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

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

18 (5) "Industrial development facilities" means "industrial
19 development facilities" as defined in RCW 39.84.020.

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

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

26 (8) "Sponsor" means any of the following entities which customarily
27 provide service or otherwise aid in industrial or other financing and
28 are approved as a sponsor by the board: A bank, trust company, savings
29 bank, investment bank, national banking association, savings and loan

1 association, building and loan association, credit union, insurance
2 company, or any other financial institution, governmental agency, or
3 holding company of any entity specified in this subsection.

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

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

10 (11) "Public facilities" means a project of a local government or
11 a federally recognized Indian tribe for the planning, acquisition,
12 construction, repair, reconstruction, replacement, rehabilitation, or
13 improvement of bridges, roads, domestic and industrial water, earth
14 stabilization, sanitary sewer, storm sewer, railroad, electricity,
15 telecommunications, transportation, natural gas, buildings or
16 structures, and port facilities, all for the purpose of job creation,
17 job retention, or job expansion.

18 (12) "Rural county" means a county with a population density of
19 fewer than one hundred persons per square mile as determined by the
20 office of financial management.

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

22 (a) A nonmetropolitan county, as defined by the 1990 decennial
23 census, that meets three of the five criteria set forth in subsection
24 (14) of this section;

25 (b) A nonmetropolitan county with a population of less than forty
26 thousand in the 1990 decennial census, that meets two of the five
27 criteria as set forth in subsection (14) of this section; or

28 (c) A nonurbanized area, as defined by the 1990 decennial census,
29 that is located in a metropolitan county that meets three of the five
30 criteria set forth in subsection (14) of this section.

31 (14) For the purposes of designating rural natural resources impact
32 areas, the following criteria shall be considered:

33 (a) A lumber and wood products employment location quotient at or
34 above the state average;

35 (b) A commercial salmon fishing employment location quotient at or
36 above the state average;

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

18 **Sec. 2.** RCW 43.160.030 and 2003 c 151 s 1 are each amended to read
19 as follows:

20 (1) The community economic revitalization board is hereby created
21 to exercise the powers granted under this chapter.

22 (2) The board shall consist of one member from each of the two
23 major caucuses of the house of representatives to be appointed by the
24 speaker of the house and one member from each of the two major caucuses
25 of the senate to be appointed by the president of the senate. The
26 board shall also consist of the following members appointed by the
27 governor: A recognized private or public sector economist; one port
28 district official; one county official; one city official; one
29 representative of a federally recognized Indian tribe; one
30 representative of the public; one representative of small businesses
31 each from: (a) The area west of Puget Sound, (b) the area east of
32 Puget Sound and west of the Cascade range, (c) the area east of the
33 Cascade range and west of the Columbia river, and (d) the area east of
34 the Columbia river; one executive from large businesses each from the
35 area west of the Cascades and the area east of the Cascades. The
36 appointive members shall initially be appointed to terms as follows:

1 Three members for one-year terms, three members for two-year terms, and
2 three members for three-year terms which shall include the chair.
3 Thereafter each succeeding term shall be for three years. The chair of
4 the board shall be selected by the governor. The members of the board
5 shall elect one of their members to serve as vice-chair. The director
6 of community, trade, and economic development, the director of revenue,
7 the commissioner of employment security, and the secretary of
8 transportation shall serve as nonvoting advisory members of the board.

9 (3) Management services, including fiscal and contract services,
10 shall be provided by the department to assist the board in implementing
11 this chapter and the allocation of private activity bonds.

12 (4) Members of the board shall be reimbursed for travel expenses as
13 provided in RCW 43.03.050 and 43.03.060.

14 (5) If a vacancy occurs by death, resignation, or otherwise of
15 appointive members of the board, the governor shall fill the same for
16 the unexpired term. Members of the board may be removed for
17 malfeasance or misfeasance in office, upon specific written charges by
18 the governor, under chapter 34.05 RCW.

19 (6) A member appointed by the governor may not be absent from more
20 than fifty percent of the regularly scheduled meetings in any one
21 calendar year. Any member who exceeds this absence limitation is
22 deemed to have withdrawn from the office and may be replaced by the
23 governor.

24 **Sec. 3.** RCW 43.160.060 and 2002 c 242 s 4 and 2002 c 239 s 1 are
25 each reenacted and amended to read as follows:

26 The board is authorized to make direct loans to political
27 subdivisions of the state and to federally recognized Indian tribes for
28 the purposes of assisting the political subdivisions and federally
29 recognized Indian tribes in financing the cost of public facilities,
30 including development of land and improvements for public facilities,
31 project-specific environmental, capital facilities, land use,
32 permitting, feasibility, and marketing studies and plans; project
33 design, site planning, and analysis; project debt and revenue impact
34 analysis; as well as the construction, rehabilitation, alteration,
35 expansion, or improvement of the facilities. A grant may also be
36 authorized for purposes designated in this chapter, but only when, and

1 to the extent that, a loan is not reasonably possible, given the
2 limited resources of the political subdivision or the federally
3 recognized Indian tribe and the finding by the board that financial
4 circumstances require grant assistance to enable the project to move
5 forward. However, at least ten percent of all financial assistance
6 provided by the board in any biennium shall consist of grants to
7 political subdivisions and federally recognized Indian tribes.

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

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

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

14 (b) For any project that evidence exists would result in a
15 development or expansion that would displace existing jobs in any other
16 community in the state.

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

19 (d) For a project the primary purpose of which is to facilitate or
20 promote gambling.

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

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

36 (b) For projects which it finds will improve the opportunities for

1 the successful maintenance, establishment, or expansion of industrial
2 or commercial plants or will otherwise assist in the creation or
3 retention of long-term economic opportunities.

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

7 (3) The board shall prioritize each proposed project according to:

8 (a) The relative benefits provided to the community by the jobs the
9 project would create, not just the total number of jobs it would create
10 after the project is completed and according to the unemployment rate
11 in the area in which the jobs would be located; and

12 (b) The rate of return of the state's investment, that includes the
13 expected increase in state and local tax revenues associated with the
14 project.

15 (4) A responsible official of the political subdivision or the
16 federally recognized Indian tribe shall be present during board
17 deliberations and provide information that the board requests.

18 Before any financial assistance application is approved, the
19 political subdivision or the federally recognized Indian tribe seeking
20 the assistance must demonstrate to the community economic
21 revitalization board that no other timely source of funding is
22 available to it at costs reasonably similar to financing available from
23 the community economic revitalization board.

24 **Sec. 4.** RCW 43.160.200 and 1999 c 164 s 107 are each amended to
25 read as follows:

26 (1) The economic development account is created within the public
27 facilities construction loan revolving fund under RCW 43.160.080.
28 Moneys in the account may be spent only after appropriation.
29 Expenditures from the account may be used only for the purposes of RCW
30 43.160.010(5) and this section. The account is subject to allotment
31 procedures under chapter 43.88 RCW.

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

1 (3) Eligible applicants under this section are limited to political
2 subdivisions of the state and federally recognized Indian tribes in
3 rural natural resources impact areas and rural counties.

4 (4) Applicants must demonstrate that their request is part of an
5 economic development plan consistent with applicable state planning
6 requirements. Applicants must demonstrate that tourism projects have
7 been approved by the local government or federally recognized Indian
8 tribe. Industrial projects must be approved by the local government
9 and the associate development organization, or by the federally
10 recognized Indian tribe.

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

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

17 (7) Board financing for project-specific environmental, capital
18 facilities, land use, permitting, feasibility(~~(+)~~), and marketing
19 studies and plans; project engineering, design, and site planning and
20 analysis; and project debt and revenue impact analysis shall not exceed
21 fifty thousand dollars per study. Board funds for these purposes may
22 be provided as a grant and require a match.

23 (8) Board financing for tourism projects shall not exceed two
24 hundred fifty thousand dollars. Other public facility construction
25 projects under this section shall not exceed one million dollars.
26 Loans with flexible terms and conditions to meet the needs of the
27 applicants shall be provided. Grants may also be authorized, but only
28 when, and to the extent that, a loan is not reasonably possible, given
29 the limited resources of the political subdivision or the federally
30 recognized Indian tribe.

31 (9) The board shall develop guidelines for allowable local match
32 and planning and predevelopment activities.

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

36 (11) Applications under this section need not demonstrate evidence

1 that specific private development or expansion is ready to occur or
2 will occur if funds are provided.

3 (12) The board shall establish guidelines for providing financial
4 assistance under this section to ensure that the requirements of this
5 chapter are complied with. The guidelines shall include:

6 (a) A process to equitably compare and evaluate applications from
7 competing communities.

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

16 (c) A method of evaluating the impact of the financial assistance
17 on the economy of the community and whether the financial assistance
18 achieved its purpose."

19 Correct the title.

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