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**SUBSTITUTE SENATE BILL 5915**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** Senate Committee on Economic Development (originally sponsored by Senators T. Sheldon, Swecker, Kline, Fraser, Rasmussen and Shin)

READ FIRST TIME 03/05/03.

1 AN ACT Relating to the community economic revitalization board; and  
2 amending RCW 43.160.020, 43.160.030, and 43.160.200.

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

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

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

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

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

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

14 (4) "Financial institution" means any bank, savings and loan  
15 association, credit union, development credit corporation, insurance  
16 company, investment company, trust company, savings institution, or  
17 other financial institution approved by the board and maintaining an  
18 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 a project of a local government or  
23 a federally recognized Indian tribe for the planning, acquisition,  
24 construction, repair, reconstruction, replacement, rehabilitation, or  
25 improvement of bridges, roads, domestic and industrial water, earth  
26 stabilization, sanitary sewer, storm sewer, railroad, electricity,  
27 telecommunications, transportation, natural gas, buildings or  
28 structures, and port facilities, all for the purpose of job creation,  
29 job retention, or job expansion.

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

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

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

37 (b) A nonmetropolitan county with a population of less than forty

1 thousand in the 1990 decennial census, that meets two of the five  
2 criteria as set forth in subsection (14) of this section; or

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

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

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

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

12 (c) Projected or actual direct lumber and wood products job losses  
13 of one hundred positions or more;

14 (d) Projected or actual direct commercial salmon fishing job losses  
15 of one hundred positions or more; and

16 (e) An unemployment rate twenty percent or more above the state  
17 average. The counties that meet these criteria shall be determined by  
18 the employment security department for the most recent year for which  
19 data is available. For the purposes of administration of programs  
20 under this chapter, the United States post office five-digit zip code  
21 delivery areas will be used to determine residence status for  
22 eligibility purposes. For the purpose of this definition, a zip code  
23 delivery area of which any part is ten miles or more from an urbanized  
24 area is considered nonurbanized. A zip code totally surrounded by zip  
25 codes qualifying as nonurbanized under this definition is also  
26 considered nonurbanized. The office of financial management shall make  
27 available a zip code listing of the areas to all agencies and  
28 organizations providing services under this chapter.

29 **Sec. 2.** RCW 43.160.030 and 1996 c 51 s 3 are each amended to read  
30 as follows:

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

33 (2) The board shall consist of the chairman of and one minority  
34 member appointed by the speaker of the house of representatives from  
35 the committee of the house of representatives that deals with issues of  
36 economic development, the chairman of and one minority member appointed  
37 by the president of the senate from the committee of the senate that

1 deals with issues of economic development, and the following members  
2 appointed by the governor: A recognized private or public sector  
3 economist; one port district official; one county official; one city  
4 official; one representative of a federally recognized Indian tribe;  
5 one representative of the public; one representative of small  
6 businesses each from: (a) The area west of Puget Sound, (b) the area  
7 east of Puget Sound and west of the Cascade range, (c) the area east of  
8 the Cascade range and west of the Columbia river, and (d) the area east  
9 of the Columbia river; one executive from large businesses each from  
10 the area west of the Cascades and the area east of the Cascades. The  
11 appointive members shall initially be appointed to terms as follows:  
12 Three members for one-year terms, three members for two-year terms, and  
13 three members for three-year terms which shall include the chair.  
14 Thereafter each succeeding term shall be for three years. The chair of  
15 the board shall be selected by the governor. The members of the board  
16 shall elect one of their members to serve as vice-chair. The director  
17 of community, trade, and economic development, the director of revenue,  
18 the commissioner of employment security, and the secretary of  
19 transportation shall serve as nonvoting advisory members of the board.

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

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

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

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

35 **Sec. 3.** RCW 43.160.200 and 1999 c 164 s 107 are each amended to  
36 read as follows:

37 (1) The economic development account is created within the public

1 facilities construction loan revolving fund under RCW 43.160.080.  
2 Moneys in the account may be spent only after appropriation.  
3 Expenditures from the account may be used only for the purposes of RCW  
4 43.160.010(5) and this section. The account is subject to allotment  
5 procedures under chapter 43.88 RCW.

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

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

13 (4) Applicants must demonstrate that their request is part of an  
14 economic development plan consistent with applicable state planning  
15 requirements. Applicants must demonstrate that tourism projects have  
16 been approved by the local government or federally recognized Indian  
17 tribe. Industrial projects must be approved by the local government or  
18 the federally recognized Indian tribe and the associate development  
19 organization.

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

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

26 (7) Board financing for project-specific environmental, capital  
27 facilities, land use, permitting, feasibility(~~{,}~~), and marketing  
28 studies and plans; project engineering, design, and site planning and  
29 analysis; and project debt and revenue impact analysis shall not exceed  
30 fifty thousand dollars per study. Board funds for these purposes may  
31 be provided as a grant and require a match.

32 (8) Board financing for tourism projects shall not exceed two  
33 hundred fifty thousand dollars. Other public facility construction  
34 projects under this section shall not exceed one million dollars.  
35 Loans with flexible terms and conditions to meet the needs of the  
36 applicants shall be provided. Grants may also be authorized, but only  
37 when, and to the extent that, a loan is not reasonably possible, given  
38 the limited resources of the political subdivision.

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

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

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

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

12 (a) A process to equitably compare and evaluate applications from  
13 competing communities.

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

22 (c) A method of evaluating the impact of the financial assistance  
23 on the economy of the community and whether the financial assistance  
24 achieved its purpose.

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