

CERTIFICATION OF ENROLLMENT

SENATE BILL 6314

58th Legislature
2004 Regular Session

Passed by the Senate March 10, 2004
YEAS 46 NAYS 3

President of the Senate

Passed by the House March 3, 2004
YEAS 54 NAYS 42

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Milton H. Doumit, Jr.,
Secretary of the Senate of the
State of Washington, do hereby
certify that the attached is
SENATE BILL 6314 as passed by the
Senate and the House of
Representatives on the dates
hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 6314

AS AMENDED BY THE HOUSE

Passed Legislature - 2004 Regular Session

State of Washington 58th Legislature 2004 Regular Session

By Senators T. Sheldon, Hale, Kohl-Welles, Swecker, Eide, Thibaudeau, Finkbeiner, Brown, B. Sheldon, Shin, Franklin, Regala, Keiser, Doumit, Prentice, McAuliffe, Fraser, Kline, Winsley, Mulliken and Rasmussen

Read first time 01/16/2004. Referred to Committee on Economic Development.

1 AN ACT Relating to the community economic revitalization board;
2 amending RCW 43.160.020, 43.160.030, and 43.160.200; and reenacting and
3 amending RCW 43.160.060.

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

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

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

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

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

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

15 (4) "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.

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 2003 c 151 s 1 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 one member from each of the two
34 major caucuses of the house of representatives to be appointed by the
35 speaker of the house and one member from each of the two major caucuses
36 of the senate to be appointed by the president of the senate. The
37 board shall also consist of the following members appointed by the

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

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

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

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

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

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

36 The board is authorized to make direct loans to political
37 subdivisions of the state and to federally recognized Indian tribes for

1 the purposes of assisting the political subdivisions and federally
2 recognized Indian tribes in financing the cost of public facilities,
3 including development of land and improvements for public facilities,
4 project-specific environmental, capital facilities, land use,
5 permitting, feasibility, and marketing studies and plans; project
6 design, site planning, and analysis; project debt and revenue impact
7 analysis; as well as the construction, rehabilitation, alteration,
8 expansion, or improvement of the facilities. A grant may also be
9 authorized for purposes designated in this chapter, but only when, and
10 to the extent that, a loan is not reasonably possible, given the
11 limited resources of the political subdivision or the federally
12 recognized Indian tribe and the finding by the board that financial
13 circumstances require grant assistance to enable the project to move
14 forward. However, at least ten percent of all financial assistance
15 provided by the board in any biennium shall consist of grants to
16 political subdivisions and federally recognized Indian tribes.

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

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

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

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

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

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

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

31 (a) For those projects which would result in specific private
32 developments or expansions (i) in manufacturing, production, food
33 processing, assembly, warehousing, advanced technology, research and
34 development, and industrial distribution; (ii) for processing
35 recyclable materials or for facilities that support recycling,
36 including processes not currently provided in the state, including but
37 not limited to, de-inking facilities, mixed waste paper, plastics, yard
38 waste, and problem-waste processing; (iii) for manufacturing facilities

1 that rely significantly on recyclable materials, including but not
2 limited to waste tires and mixed waste paper; (iv) which support the
3 relocation of businesses from nondistressed urban areas to rural
4 counties or rural natural resources impact areas; or (v) which
5 substantially support the trading of goods or services outside of the
6 state's borders.

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

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

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

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

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

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

25 Before any financial assistance application is approved, the
26 political subdivision or the federally recognized Indian tribe seeking
27 the assistance must demonstrate to the community economic
28 revitalization board that no other timely source of funding is
29 available to it at costs reasonably similar to financing available from
30 the community economic revitalization board.

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

33 (1) The economic development account is created within the public
34 facilities construction loan revolving fund under RCW 43.160.080.
35 Moneys in the account may be spent only after appropriation.
36 Expenditures from the account may be used only for the purposes of RCW

1 43.160.010(5) and this section. The account is subject to allotment
2 procedures under chapter 43.88 RCW.

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

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

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

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

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

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

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

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

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

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

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

10 (a) A process to equitably compare and evaluate applications from
11 competing communities.

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

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

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