
Capital Budget Committee

HB 2325

Brief Description: Creating the community development fund.

Sponsors: Representatives Kenney, Pettigrew, Flannigan, Haler, Hankins, Skinner, Kirby, Blake, Ericks, Wood, Upthegrove, Ormsby, P. Sullivan, Barlow, Chase, Quall, Hasegawa, Conway, McIntire, Grant, Morris, McDermott, Sells, Kessler and Santos.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates the Community Development Fund in the State Treasury to provide grants for capacity-building, technical assistance, and capital projects in distressed communities.

Hearing Date: 2/27/07

Staff: Susan Howson (786-7142).

Background:

In 2006, 15 of the 39 counties in Washington were designated as economically distressed because their unemployment rate was 20 percent or more above the statewide average over the previous three years. Six jurisdictions have been designated as Community Empowerment Zones by having at least 51 percent of their households with incomes at or below 80 percent of the county's median income and an average unemployment rate 20 percent above the statewide average. In addition to those officially designated, there are a number of other communities in Washington that are characterized by high unemployment rates, low-income populations, deteriorating infrastructure, and a lack of facilities for community services, workforce training, and education.

Summary of Bill:

The Community Development Fund is created in the State Treasury to make grant awards to qualifying governments and non-profit organizations in economically distress communities for capacity-building, technical assistance and capital projects that: (1) support local economic development initiatives, (2) offer access to human services, (3) provide education and recreational opportunities, (4) strengthen local capacity, and (5) further community objectives. Moneys in the fund may only be spent after appropriation.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Department of Community, Trade and Economic Development (Department) is directed to establish and conduct a statewide competitive grant solicitation and evaluation process for projects that propose to invest in economic development and social services initiatives in distressed rural and urban areas.

The Department will use specific criteria to evaluate grant applications. Criteria includes: 1) an applicant's long-term vision for development of the community, 2) a demonstration that the state's investment is critical, 3) an applicant's ability to fulfill the terms of the grant agreement, 4) the severity of economic distress, 5) evidence of unmet need for human and social services, youth education, and workforce training, 6) evidence project will achieve stated goals, and 7) the extent to which the community, local leaders, and partners are involved in project implementation.

In recommending projects for funding, the Department may not set a monetary limit on funding requests, require applicants to contribute cash or in-kind match to the state funds requested, or require that state funds be the last to be spent on the project.

Beginning with the 2009-11 biennium and each biennia thereafter, the Department is directed to submit a \$10 million prioritized list of projects to the Governor and the Legislature in its biennial budget request. The Department is also required to submit an unranked list of the remaining projects, including all application materials received and all working papers developed during the evaluation process.

Once the Legislature has approved the list, the Department will develop and manage grantee contracts, monitor project expenditures and grantee performance, and report project information to the Legislature. Grantees must hold capital improvements for a specified time period, and such improvements must be used for the express purpose of the grant. If the grantee is found to be out of compliance with the terms of the grant, the grantee must repay the principle amount plus interest.

By January 1, 2009, and each biennium thereafter, the Department will submit a report to the Legislature that includes the results of projects funded during the current biennium, recommendations for policy and programmatic changes to the program, and the ranked and unranked project lists. The initial report to the Legislature must also include a proposal for one or more ongoing funding sources for the program.

Appropriation: None.

Fiscal Note: Requested on 2/23/07.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.