

HOUSE BILL REPORT

2SSB 5455

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to community revitalization partnerships in distressed counties.

Brief Description: Creating the community revitalization partnership pilot program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Morton and Rasmussen).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 3/28/07, 3/29/07 [DP].

Brief Summary of Second Substitute Bill

- Creates the Community Revitalization Partnership Program to support locally-determined, sustainable community development in rural economically distressed areas.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and P. Sullivan.

Staff: Meg Van Schoorl (786-7105).

Background:

Washington's Rural Economically Distressed Counties

Fifteen Washington counties were designated as economically distressed in 2006 because their unemployment rate was 20 percent or more above the statewide average over the previous three years. All 15 were also designated as "rural" in 2006 because they had a population density of fewer than 100 persons per square mile. Rural economically distressed counties are characterized by high unemployment rates, low per capita incomes, inadequate

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infrastructure, remote locations, and a lack of health care, recreational, training, and public safety services and facilities.

Rural Empowerment Zones and Rural Enterprise Communities

Federal designation of Rural Empowerment Zones and Rural Enterprise Communities was authorized under the Omnibus Budget Reconciliation Act of 1993 and the Taxpayer Relief Act of 1997. According to U.S. Department of Agriculture (USDA) regulations, these programs were established "to facilitate the empowerment of the disadvantaged and long-term unemployed such that they may become economically self-sufficient and to promote revitalization of economically distressed areas." The programs were based on four key principles: economic opportunity, sustainable community development, community-based partnerships, and strategic vision for change. The USDA has managed the application, selection and designation process, and has provided annual grants to these communities to develop strategies and carry out work plans to achieve specific benchmarks and projects.

Designated as an "Enterprise Community" by the USDA in 1998, the Five Star Rural Enterprise Community is located in northeast Washington and consists of five census tracts covering parts of Ferry, Stevens and Pend Oreille Counties, Newport/Kalispel, and the Spokane and Colville reservations. The USDA has informed Enterprise Communities nationwide that by December 31, 2008, at the conclusion of its 10th program year, the Enterprise Community Program will be terminated.

Summary of Bill:

Purpose

A pilot Community Revitalization Partnership Program is created to enable rural economically distressed areas to plan and carry out locally-determined, comprehensive and sustainable community development projects.

Eligible Rural Areas

To be eligible to apply for designation as a "community revitalization partnership," a rural area must: have a population of less than 30,000; contain 1,000 square miles or less (government-owned land may be excluded); have a poverty rate no less than 17 percent in all area census tracts and a poverty rate no less than 19 percent in at least 90 percent of the area census tracts; and exhibit other evidence of pervasive poverty, unemployment, and general distress.

Eligible Projects

Eligible projects, which must be consistent with applicable environmental and land use laws, include:

- constructing infrastructure;
- developing safe and affordable housing;

- retaining, diversifying and expanding businesses and jobs;
- providing health, public safety, social and youth services;
- creating accessible cultural, artistic, and recreational facilities, equipment and services; and
- providing youth leadership, educational, entrepreneurial and workforce training opportunities.

Local Community Revitalization Partnership Responsibilities

Each local community revitalization partnership includes a lead managing entity and partner communities which together have primary decision-making authority and accountability for: developing and updating a strategic plan and work plans for priority projects; identifying and applying for public and private financial and technical assistance; allocating and accounting for funds to implement projects; and encouraging participation by area residents in project development and implementation.

Department of Community, Trade and Economic Development (Department) Responsibilities

By September 30, 2008, the Department must identify eligible areas, solicit and evaluate applications according to specified criteria, and designate up to five areas as pilot programs. The Department must contract with the lead managing entity in each area to formalize program requirements and award funds to support priority projects and administrative costs. The Department has the authority to give final approval for projects to proceed. The Department must work together with the lead managing entity and partner communities to develop performance measures, evaluate projects and report results and recommendations to the Legislature on a biennial basis. The first report to the Legislature is due by January 1, 2010.

Awards and Preferences

Awards to designated areas take effect January 1, 2009. Each community revitalization partnership designated by the Department will receive an equal share of the state funding, excluding funds appropriated to the Department for its own administrative costs. Designated areas will be given preference by any other state program to which it applies for support either in terms of additional points in the evaluation process or set-asides of available funding. In order to help determine the feasibility of the community revitalization partnership approach, before approving any other application, the Department must first approve the Five Star Enterprise Community Program as a demonstration project.

The demonstration project and the competitively designated community revitalization partnerships are expected to participate in the program for 10 years. The Department must reassess the key economic factors in each designated area every four years and in consultation with the lead managing entity and partner communities, may make adjustments in the geographic areas covered.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect January 1, 2008.

Staff Summary of Public Testimony:

(In support) Two years ago, Ferry County was on the verge of bankruptcy. Eighty-five percent of the land in Ferry County is non-taxable. Sixty-five percent of its population falls under the federal category of "low to moderate" income. The county has a .03 percent non-agricultural growth rate. Through the federal Five Star Enterprise Community Program, over the past seven years we have successfully taken on 35 projects per year. These have included health centers, senior vans, industrial parks, water sufficiency education, and skateboard parks, among many others. Eighty percent of these 255 projects are either complete or active. Our experience is that, although experts coming here from outside our area may know where grant programs are, they do not know our communities. Residents know best what their community needs. The projects that are undertaken at their initiative become "our" projects rather than something built by the government, and local empowerment results. Overall, for every dollar invested by Five Star Enterprise Community as seed funding in local projects, \$98 in other funds have been leveraged. For example, an emergency services facility may cost \$4 million. Five Star may provide \$20,000 in seed funding. The community must then raise the additional \$3.98 million. This program can work anywhere in this state.

(With concerns) We are concerned about section 5 of the bill which would allow community revitalization partnerships, from 2008 to 2018, to receive preference in applying to any other competitive state programs. This would potentially allow these communities to leapfrog over other jurisdictions, and take money off the table for other communities in programs like Community Economic Revitalization Board, Public Works Trust Fund, and the Community Development Fund. Our Department programs are based on need of the community and we'd like to keep that as a focus. This can't work exactly as the federal money has worked because there are more limitations to state funds.

(Opposed) None.

Persons Testifying: (In support) Senator Morton, prime sponsor; Jim Schumacher, Ray King, and Kyle Desautel, Five Star Enterprise Community; Lee Adolph, Colville Tribe; and Jeni Forman, Tri County Economic Development District.

(With concerns) Marie Sullivan, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.