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HOUSE BILL 2325

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State of Washington

60th Legislature

2007 Regular Session

**By** 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

Read first time 02/21/2007. Referred to Committee on Capital Budget.

1 AN ACT Relating to creating the community development fund; and  
2 adding a new chapter to Title 43 RCW.

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

4 NEW SECTION. **Sec. 1.** INTENT. (1) The legislature recognizes that  
5 although many regions of the state are thriving, there are still  
6 distressed communities throughout rural and urban Washington where  
7 investments in economic development and social services initiatives  
8 could create vibrant local business districts and prosperous  
9 neighborhoods. Communities, whether they are formed by cultural  
10 identity, geography, or other characteristics, can grow strong with a  
11 long-term vision and the synergy of crucial investments. Providing  
12 these investments is critical for the economic health of local  
13 distressed communities, helps build strong relationships with the  
14 state, and expands life opportunities for underserved, low-income  
15 populations.

16 (2) The legislature further recognizes that private nonprofit  
17 corporations fill an important public purpose in providing health,  
18 safety, and welfare services to our state's residents. Acting through

1 partnerships with governmental entities, these private sector providers  
2 are able to increase the amount and quality of services available to  
3 state residents, conferring a valuable benefit on the public.

4 (3) The legislature therefore finds that existing programs by  
5 governmental entities and private nonprofit organizations to help  
6 distressed communities and underserved, low-income populations could be  
7 enhanced by creating the community development fund.

8 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this  
9 section apply throughout this chapter unless the context clearly  
10 requires otherwise.

11 (1) "Access to human services" means resources to help people in  
12 low-income communities access services including, but not limited to,  
13 health care, state programs, education, and workforce development and  
14 placement programs.

15 (2) "Capacity building" means supporting the development and  
16 stability of community organizations and programs including building  
17 cooperative relationships between low-income communities with  
18 established nonprofit organizations.

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

21 (4) "Director" means the director of the department of community,  
22 trade, and economic development.

23 (5) "Distressed rural and urban areas" means areas that show  
24 evidence of severe economic distress including poverty, unemployment,  
25 low-income residents, dependence upon public assistance, job loss,  
26 plant closures, outmigration, incidence of crime, abandoned housing  
27 stock, deteriorated infrastructure, and other quantifiable measures of  
28 economic distress.

29 (6) "Nonprofit organization" means an organization that is tax  
30 exempt, or not required to apply for an exemption, under section  
31 501(c)(3) or 501(c)(6) of the federal internal revenue code of 1986, as  
32 amended.

33 (7) "Technical assistance" means providing professional services  
34 under contract to emerging or expanding nonprofit organizations that  
35 will enable them to initiate or improve service to their customers.

1        NEW SECTION.    **Sec. 3.**    FUND CREATION AND PURPOSE.    The community  
2    development fund is created in the state treasury.    Moneys in the fund  
3    may be spent only after appropriation.    The fund shall be used to make  
4    grants to governmental entities and nonprofit organizations in  
5    economically distressed communities for high priority capacity-  
6    building, technical assistance, and capital projects that:

7        (1) Support local economic development initiatives, particularly  
8    those that encourage small business start-up and sustainability;

9        (2) Offer access to human services that help local communities care  
10   for those in need;

11       (3) Provide education and recreational opportunities separate from  
12   the public education system;

13       (4) Strengthen local capacity to establish goals, carry out  
14   initiatives, and build cooperative relationships within their  
15   communities; and

16       (5) Support capital projects that further community objectives.

17       NEW SECTION.    **Sec. 4.**    GRANT-MAKING PROCESS AND CRITERIA.    The  
18   department shall establish and conduct a competitive process to solicit  
19   and evaluate projects that propose to invest in economic development  
20   and social services initiatives in distressed rural and urban areas, as  
21   follows:

22       (1) The department shall determine a process to notify qualifying  
23   governmental entities and nonprofit organizations of the availability  
24   of moneys through the community development fund.

25       (2) The department shall issue a request for proposals, and conduct  
26   an application and evaluation process according to the following  
27   criteria:

28       (a) The applicant demonstrates a long-term vision for the  
29   development of the community, using the synergy of enhanced services,  
30   infrastructure, and community improvements;

31       (b) The applicant demonstrates that the state's investment in the  
32   project is critical;

33       (c) The applicant demonstrates that the applicant has the ability  
34   to fulfill the terms of the grant agreement;

35       (d) Severity of economic distress including poverty, unemployment,  
36   low-income residents, dependence upon public assistance, job loss,

1 plant closures, outmigration, incidence of crime, abandoned housing  
2 stock, deteriorated infrastructure, and other measures of distress;

3 (e) Evidence that there is an unmet need for human and social  
4 services, youth education, or workforce training;

5 (f) Evidence that the project will achieve its stated goals  
6 including:

7 (i) Creating new or retaining existing jobs;

8 (ii) Increasing local economic development opportunities;

9 (iii) Providing residents with needed human and social services; or

10 (iv) Providing the workforce and youth with needed education and  
11 training opportunities; and

12 (g) Extent to which the grassroots community, local leaders, and  
13 partners are involved in developing and carrying out the project.

14 (3) The department may not: (a) Set a monetary limit to funding  
15 requests; (b) require applicants to contribute cash or an in-kind match  
16 to the state funds requested; or (c) require that state funds be the  
17 last to be spent on a project.

18 (4)(a) The department shall submit to the governor and the  
19 legislature a ranked, prioritized list of recommended projects for  
20 funding in the department's biennial budget requests. The list must  
21 include a description of each prioritized project and the amount of  
22 recommended state funding. The total amount of recommended state  
23 funding for all projects on the ranked, prioritized list shall not  
24 exceed ten million dollars.

25 (b) The department shall also submit to the governor and the  
26 legislature an unranked list of the remaining projects for which  
27 applications were received. The appropriate committees of the  
28 legislature shall use this list to determine any additional community  
29 development fund projects that may receive funding in the biennial  
30 budgets.

31 (c) In addition to the ranked and the unranked lists, the  
32 department shall submit to the appropriate committees of the  
33 legislature all application materials it received and all working  
34 papers it developed during its evaluation process.

35 (5) After the legislature has approved a specific list of projects  
36 in law, the department shall develop and manage appropriate contracts  
37 with the selected applicants; monitor project expenditures and grantee  
38 performance; report project and contract information; and exercise due

1 diligence and other contract management responsibilities as required.  
2 The department may not sign agreements or otherwise financially  
3 obligate funds under this section until the legislature has approved a  
4 specific list of projects in law.

5 (6) In contracts for grants authorized under this section, the  
6 department shall include provisions which require that capital  
7 improvements must be held by the grantee for a specific period of time  
8 appropriate to the amount of the grant and that facilities must be used  
9 for the express purpose of the grant. If the grantee is found to be  
10 out of compliance with provisions of the contract, the grantee shall  
11 repay to the community development fund the principal amount of the  
12 grant plus interest calculated at the rate of interest on state of  
13 Washington general obligation bonds issued most closely to the date of  
14 authorization of the grant.

15 (7) The grant-making process and criteria described in this section  
16 shall be used by the department for community development fund grants  
17 beginning with the 2009-2011 fiscal biennium, and each biennium  
18 thereafter.

19 NEW SECTION. **Sec. 5.** ACCOUNTABILITY AND REPORTS. (1) The  
20 department shall develop accountability and reporting standards for  
21 grant recipients.

22 (2) The department shall submit a report each biennium to the  
23 appropriate committees of the legislature, including at a minimum:

24 (a) The results of projects funded during the current biennium;  
25 (b) Recommendations for policy and programmatic changes to the  
26 community development fund; and

27 (c) The ranked list of prioritized projects and amounts proposed  
28 for funding in the subsequent biennium, and the unranked list of the  
29 remaining projects for which applications were received.

30 (3) The department shall submit its initial report by January 1,  
31 2009, when, in addition to providing the information required in  
32 subsection (2) of this section, the department shall propose one or  
33 more sources of ongoing funding for the community development fund.

34 NEW SECTION. **Sec. 6.** CAPTIONS. Captions used in this act are not  
35 any part of the law.

1        NEW SECTION.   **Sec. 7.**   CODIFICATION.   Sections 1 through 6 of this  
2   act constitute a new chapter in Title 43 RCW.

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