
HOUSE BILL 3191

State of Washington 60th Legislature 2008 Regular Session

By Representatives Dunshee, Miloscia, and McIntire

Read first time 01/24/08. Referred to Committee on Capital Budget.

1 AN ACT Relating to efficiency of state investments; amending RCW
2 43.88.030, 43.82.035, 43.160.060, 43.160.230, 39.102.040, 47.26.282,
3 43.63A.135, 43.63A.125, 43.63A.750, and 27.34.330; reenacting and
4 amending RCW 43.155.070; creating a new section; and providing
5 expiration dates.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that the state capital
8 budget provides billions of dollars for projects in communities across
9 the state of Washington. These state dollars and policies shape the
10 map of urban, suburban, and rural communities in every region of the
11 state. This state investment sometimes leads to the unintended
12 consequences of failed small businesses, the increased costs of
13 services, displaced jobs from one community to another with no net gain
14 in the number of jobs created, additional requests for state funding to
15 adjust for the unintended consequences, and developed infrastructure on
16 the margins of a community instead of addressing the infrastructure
17 needs in a community's core where higher density is encouraged.
18 Without careful analysis, state funded capital projects may lead to

1 sprawl and inefficiencies in access to goods, services, and
2 transportation.

3 The legislature also finds that the 2007 study committee on public
4 infrastructure programs and funding structures recommended that state
5 infrastructure assistance to local governments should support projects
6 that are consistent with state policy goals, including the growth
7 management act, energy policy, transportation policy, sustainable
8 communities, workforce development goals, and economic development
9 goals.

10 Therefore, it is the intent of the legislature to ensure that state
11 funded capital projects create a net gain in economic activity, limit
12 land use patterns that contribute to the production of greenhouse
13 gases, and result in the following benefits to communities and the
14 business environment:

15 (1) Creation of additional family wage jobs, rather than shifting
16 jobs from one location to another;

17 (2) Promotion of the development and sustainability of small
18 businesses;

19 (3) A reduction of the overall cost for public infrastructure;

20 (4) Efficiencies in the delivery of goods and services, public
21 transit, and transportation;

22 (5) The avoidance of additional costs to state and local
23 governments that adversely impact local residents and small businesses;
24 and

25 (6) The promotion of compliance with the growth management act and
26 smart growth while not fostering sprawl.

27 **Sec. 2.** RCW 43.88.030 and 2006 c 334 s 43 are each amended to read
28 as follows:

29 (1) The director of financial management shall provide all agencies
30 with a complete set of instructions for submitting biennial budget
31 requests to the director at least three months before agency budget
32 documents are due into the office of financial management. The budget
33 document or documents shall consist of the governor's budget message
34 which shall be explanatory of the budget and shall contain an outline
35 of the proposed financial policies of the state for the ensuing fiscal
36 period, as well as an outline of the proposed six-year financial
37 policies where applicable, and shall describe in connection therewith

1 the important features of the budget. The biennial budget document or
2 documents shall also describe performance indicators that demonstrate
3 measurable progress towards priority results. The message shall set
4 forth the reasons for salient changes from the previous fiscal period
5 in expenditure and revenue items and shall explain any major changes in
6 financial policy. Attached to the budget message shall be such
7 supporting schedules, exhibits and other explanatory material in
8 respect to both current operations and capital improvements as the
9 governor shall deem to be useful to the legislature. The budget
10 document or documents shall set forth a proposal for expenditures in
11 the ensuing fiscal period, or six-year period where applicable, based
12 upon the estimated revenues and caseloads as approved by the economic
13 and revenue forecast council and caseload forecast council or upon the
14 estimated revenues and caseloads of the office of financial management
15 for those funds, accounts, sources, and programs for which the forecast
16 councils do not prepare an official forecast. Revenues shall be
17 estimated for such fiscal period from the source and at the rates
18 existing by law at the time of submission of the budget document,
19 including the supplemental budgets submitted in the even-numbered years
20 of a biennium. However, the estimated revenues and caseloads for use
21 in the governor's budget document may be adjusted to reflect budgetary
22 revenue transfers and revenue and caseload estimates dependent upon
23 budgetary assumptions of enrollments, workloads, and caseloads. All
24 adjustments to the approved estimated revenues and caseloads must be
25 set forth in the budget document. The governor may additionally
26 submit, as an appendix to each supplemental, biennial, or six-year
27 agency budget or to the budget document or documents, a proposal for
28 expenditures in the ensuing fiscal period from revenue sources derived
29 from proposed changes in existing statutes.

30 The budget document or documents shall also contain:

31 (a) Revenues classified by fund and source for the immediately past
32 fiscal period, those received or anticipated for the current fiscal
33 period, and those anticipated for the ensuing biennium;

34 (b) The undesignated fund balance or deficit, by fund;

35 (c) Such additional information dealing with expenditures,
36 revenues, workload, performance, and personnel as the legislature may
37 direct by law or concurrent resolution;

1 (d) Such additional information dealing with revenues and
2 expenditures as the governor shall deem pertinent and useful to the
3 legislature;

4 (e) Tabulations showing expenditures classified by fund, function,
5 and agency;

6 (f) The expenditures that include nonbudgeted, nonappropriated
7 accounts outside the state treasury;

8 (g) Identification of all proposed direct expenditures to implement
9 the Puget Sound water quality plan under chapter 90.71 RCW, shown by
10 agency and in total; and

11 (h) Tabulations showing each postretirement adjustment by
12 retirement system established after fiscal year 1991, to include, but
13 not be limited to, estimated total payments made to the end of the
14 previous biennial period, estimated payments for the present biennium,
15 and estimated payments for the ensuing biennium.

16 (2) The budget document or documents shall include detailed
17 estimates of all anticipated revenues applicable to proposed operating
18 or capital expenditures and shall also include all proposed operating
19 or capital expenditures. The total of beginning undesignated fund
20 balance and estimated revenues less working capital and other reserves
21 shall equal or exceed the total of proposed applicable expenditures.
22 The budget document or documents shall further include:

23 (a) Interest, amortization and redemption charges on the state
24 debt;

25 (b) Payments of all reliefs, judgments, and claims;

26 (c) Other statutory expenditures;

27 (d) Expenditures incident to the operation for each agency;

28 (e) Revenues derived from agency operations;

29 (f) Expenditures and revenues shall be given in comparative form
30 showing those incurred or received for the immediately past fiscal
31 period and those anticipated for the current biennium and next ensuing
32 biennium;

33 (g) A showing and explanation of amounts of general fund and other
34 funds obligations for debt service and any transfers of moneys that
35 otherwise would have been available for appropriation;

36 (h) Common school expenditures on a fiscal-year basis;

37 (i) A showing, by agency, of the value and purpose of financing

1 contracts for the lease/purchase or acquisition of personal or real
2 property for the current and ensuing fiscal periods; and

3 (j) A showing and explanation of anticipated amounts of general
4 fund and other funds required to amortize the unfunded actuarial
5 accrued liability of the retirement system specified under chapter
6 41.45 RCW, and the contributions to meet such amortization, stated in
7 total dollars and as a level percentage of total compensation.

8 (3) The governor's operating budget document or documents shall
9 reflect the statewide priorities as required by RCW 43.88.090.

10 (4) The governor's operating budget document or documents shall
11 identify activities that are not addressing the statewide priorities.

12 (5) A separate capital budget document or schedule shall be
13 submitted that will contain the following:

14 (a) A statement setting forth a long-range facilities plan for the
15 state that identifies and includes the highest priority needs within
16 affordable spending levels;

17 (b) A capital program consisting of proposed capital projects for
18 the next biennium and the two biennia succeeding the next biennium
19 consistent with the long-range facilities plan. Inasmuch as is
20 practical, and recognizing emergent needs, the capital program shall
21 reflect the priorities, projects, and spending levels proposed in
22 previously submitted capital budget documents in order to provide a
23 reliable long-range planning tool for the legislature and state
24 agencies;

25 (c) A capital plan consisting of proposed capital spending for at
26 least four biennia succeeding the next biennium;

27 (d) A strategic plan for reducing backlogs of maintenance and
28 repair projects. The plan shall include a prioritized list of specific
29 facility deficiencies and capital projects to address the deficiencies
30 for each agency, cost estimates for each project, a schedule for
31 completing projects over a reasonable period of time, and
32 identification of normal maintenance activities to reduce future
33 backlogs;

34 (e) A statement of the reason or purpose for a project;

35 (f) Verification that a project is consistent with the provisions
36 set forth in chapter 36.70A RCW;

37 (g) A statement about the proposed site, size, and estimated life
38 of the project, if applicable;

- 1 (h) Estimated total project cost;
- 2 (i) For major projects valued over five million dollars, estimated
3 costs for the following project components: Acquisition, consultant
4 services, construction, equipment, project management, and other costs
5 included as part of the project. Project component costs shall be
6 displayed in a standard format defined by the office of financial
7 management to allow comparisons between projects;
- 8 (j) Estimated total project cost for each phase of the project as
9 defined by the office of financial management;
- 10 (k) Estimated ensuing biennium costs;
- 11 (l) Estimated costs beyond the ensuing biennium;
- 12 (m) Estimated construction start and completion dates;
- 13 (n) Source and type of funds proposed;
- 14 (o) Estimated ongoing operating budget costs or savings resulting
15 from the project, including staffing and maintenance costs;
- 16 (p) For any capital appropriation requested for a state agency for
17 the acquisition of land or the capital improvement of land in which the
18 primary purpose of the acquisition or improvement is recreation or
19 wildlife habitat conservation, the capital budget document, or an
20 omnibus list of recreation and habitat acquisitions provided with the
21 governor's budget document, shall identify the projected costs of
22 operation and maintenance for at least the two biennia succeeding the
23 next biennium. Omnibus lists of habitat and recreation land
24 acquisitions shall include individual project cost estimates for
25 operation and maintenance as well as a total for all state projects
26 included in the list. The document shall identify the source of funds
27 from which the operation and maintenance costs are proposed to be
28 funded;
- 29 (q) Such other information bearing upon capital projects as the
30 governor deems to be useful;
- 31 (r) Standard terms, including a standard and uniform definition of
32 normal maintenance, for all capital projects;
- 33 (s) Such other information as the legislature may direct by law or
34 concurrent resolution.
- 35 For purposes of this subsection (5), the term "capital project"
36 shall be defined subsequent to the analysis, findings, and
37 recommendations of a joint committee comprised of representatives from

1 the house capital appropriations committee, senate ways and means
2 committee, legislative evaluation and accountability program committee,
3 and office of financial management.

4 (6) The capital budget instructions shall require the public works
5 board criteria in RCW 43.155.070; the community economic revitalization
6 board criteria in RCW 43.160.060; the job development fund criteria in
7 RCW 43.160.230; the local infrastructure financing tool criteria in RCW
8 39.102.040; the transportation improvement board criteria in RCW
9 47.26.282; the nonprofit youth organization criteria in RCW 43.63A.135;
10 the nonprofit nonresidential social services criteria in RCW
11 43.63A.125; the nonprofit performing arts, art museums, and cultural
12 facilities criteria in RCW 43.63A.750; and the Washington state
13 historical society criteria in RCW 27.34.330 to include a review of
14 applicant answers to the questions in (a) through (bb) of this
15 subsection. Before making funding decisions, these boards and
16 departments must consider the answers to the questions and the growth-
17 related impacts of a project. The purpose of the questions is to
18 identify the impacts from the proposal and to assist the boards or
19 departments to determine whether the proposed project is consistent
20 with state policy goals. Capital budget instructions must include the
21 following questions:

22 (a) How many family wage jobs will be created by the project?

23 (b) Will the project result in development or expansion that may
24 displace existing jobs in any other community or state?

25 (c) Is the project located in a distressed area or will the jobs
26 benefit socially disadvantaged groups?

27 (d) Are resources available to train local residents who are
28 unemployed or underemployed?

29 (e) Describe the impact on area small businesses: Will this
30 development displace existing businesses in the region, adversely
31 impact existing small businesses, and/or increase small business
32 opportunities?

33 (f) Will the project impact the local jurisdiction's central
34 business district?

35 (g) Will the jobs created assist the state in meeting clean energy
36 targets?

37 (h) Will the project contribute to state greenhouse gas reduction
38 goals?

- 1 (i) Will the project promote infill and redevelopment or greenfield
2 or brownfield development?
- 3 (j) Will the project convert either working farms or forests, or
4 both to residential or commercial development?
- 5 (k) Has the project applicant pursued working with other entities
6 to improve the sustainability of the local area; i.e., consolidate the
7 footprint of the project or reduce energy and transportation costs?
- 8 (l) Do plans exist for future additions, expansions, or other
9 activity related to the proposal?
- 10 (m) Does the project fix infrastructure or is it developing new
11 infrastructure?
- 12 (n) Does the project require the expansion of the urban growth
13 boundary or will it cause the community to consider expanding the urban
14 growth boundary in the next five years?
- 15 (o) Describe how the local comprehensive plan is furthered by this
16 project: Will the project encourage development in areas designated as
17 natural resource lands or rural areas? Will this project encourage
18 development in areas where development is preferred by the
19 comprehensive plan?
- 20 (p) Is the project consistent with the comprehensive plans of
21 adjacent jurisdictions?
- 22 (q) Is the project included in the local capital facility plan?
- 23 (r) Are other capital projects planned for the area?
- 24 (s) Will the project address existing safety hazards?
- 25 (t) Will investments be made to mitigate the impact that this
26 project will have on the increased number of school children, traffic
27 congestion, run off, and other services provided by area governments?
- 28 (u) Will this project lead to the need for additional local, state,
29 or federal funds to serve this project or the commuter trips or
30 development induced by this investment? If so, are the funds
31 available?
- 32 (v) Will the applicant report on the results that the project
33 intends to accomplish and on the unintended consequences that might
34 arise?
- 35 (w) Will the project move more people and freight per dollar than
36 the other projects?
- 37 (x) Is the project consistent with plans adopted by regional
38 transportation planning organizations?

1 (y) Will the development associated with this project be connected
2 with local transit options?

3 (z) Will the project result in longer commutes to work or to access
4 goods and services?

5 (aa) Will the project require additional transportation
6 infrastructure to service the project?

7 (bb) Will the project contribute to or reduce transportation
8 congestion; i.e., colocated facility, closer location to clients, and
9 nearby public transportation?

10 (7) No change affecting the comparability of agency or program
11 information relating to expenditures, revenues, workload, performance
12 and personnel shall be made in the format of any budget document or
13 report presented to the legislature under this section or RCW
14 43.88.160(1) relative to the format of the budget document or report
15 which was presented to the previous regular session of the legislature
16 during an odd-numbered year without prior legislative concurrence.
17 Prior legislative concurrence shall consist of (a) a favorable majority
18 vote on the proposal by the standing committees on ways and means of
19 both houses if the legislature is in session or (b) a favorable
20 majority vote on the proposal by members of the legislative evaluation
21 and accountability program committee if the legislature is not in
22 session.

23 **Sec. 3.** RCW 43.82.035 and 2007 c 506 s 4 are each amended to read
24 as follows:

25 (1) The office of financial management shall design and implement
26 a modified predesign process for any space request to lease, purchase,
27 or build facilities that involve (a) the housing of new state programs,
28 (b) a major expansion of existing state programs, or (c) the relocation
29 of state agency programs. This includes the consolidation of multiple
30 state agency tenants into one facility. The office of financial
31 management shall define facilities that meet the criteria described in
32 (a) and (b) of this subsection.

33 (2) State agencies shall submit modified predesigns to the office
34 of financial management and the legislature. Modified predesigns must
35 include a problem statement, an analysis of alternatives to address
36 programmatic and space requirements, proposed locations, and a
37 financial assessment. For proposed projects of twenty thousand gross

1 square feet or less, the agency may provide a cost-benefit analysis,
2 rather than a life-cycle cost analysis, as determined by the office of
3 financial management.

4 (3) Projects that meet the capital requirements for predesign on
5 major facility projects with an estimated project cost of five million
6 dollars or more pursuant to chapter 43.88 RCW shall not be required to
7 prepare a modified predesign.

8 (4) The office of financial management shall require state agencies
9 to identify plans for major leased facilities as part of the ten-year
10 capital budget plan. State agencies shall not enter into new or
11 renewed leases of more than one million dollars per year unless such
12 leases have been approved by the office of financial management except
13 when the need for the lease is due to an unanticipated emergency. The
14 regular termination date on an existing lease does not constitute an
15 emergency. The department of general administration shall notify the
16 office of financial management and the appropriate legislative fiscal
17 committees if an emergency situation arises.

18 (5) For project proposals in which there are estimates of
19 operational savings, the office of financial management shall require
20 the agency or agencies involved to provide details including but not
21 limited to fund sources and timelines.

22 (6) The office of financial management shall require state agencies
23 to answer the questions in (a) through (x) of this subsection. The
24 office of financial management's state agency facility oversight review
25 must consider the growth-related impacts of a project before project
26 approval. The purpose of the questions is to identify the growth-
27 related impacts of the proposed project and to assist the office of
28 financial management in determining whether the project is consistent
29 with state policy goals.

30 (a) Do plans exist for future additions, expansions, or other
31 activities related to the proposed project?

32 (b) Will existing jobs be shifted from one location to another by
33 the project?

34 (c) Will the project impact a local jurisdiction's central business
35 district?

36 (d) Is the project located in a distressed area or will the jobs
37 benefit socially disadvantaged groups?

- 1 (e) Are resources available to train local residents who are
2 unemployed or underemployed?
- 3 (f) Will the development associated with this project be connected
4 with local transit options?
- 5 (g) Will the project result in longer commutes to work or to access
6 goods and services?
- 7 (h) Will the project require additional transportation
8 infrastructure to service the project?
- 9 (i) Will the project contribute to or reduce transportation
10 congestion; i.e., colocated facility, closer location to clients, and
11 nearby public transportation?
- 12 (j) Will the project promote infill and redevelopment or greenfield
13 or brownfield development?
- 14 (k) Will the project contribute to state greenhouse gas reduction
15 goals?
- 16 (l) Does the proposed project fix infrastructure or develop new
17 infrastructure?
- 18 (m) Will the project address existing safety hazards?
- 19 (n) Does the project require the expansion of the urban growth
20 boundary or will it cause the community to consider expanding the urban
21 growth boundary in the next five years?
- 22 (o) How is the local comprehensive plan furthered by this project?
- 23 (p) Will the project encourage development in areas designated as
24 natural resource lands or rural areas?
- 25 (q) Will this project encourage development in areas where
26 development is preferred by the comprehensive plan?
- 27 (r) Is the project consistent with the comprehensive plans of
28 adjacent jurisdictions?
- 29 (s) Is the project consistent with the plan adopted by regional
30 transportation planning organizations?
- 31 (t) Are other capital projects planned for the area?
- 32 (u) Has the project applicant pursued working with other entities
33 to improve the sustainability of the local area; i.e., consolidate the
34 footprint of the project or reduce energy and transportation costs?
- 35 (v) Will investments be made to mitigate the impact that this
36 project will have on the increased number of school children, traffic
37 congestion, run off, and other services provided by area governments?

1 (w) Will this project lead to more local, state, or federal funds
2 to serve this project or the commuter trips or development induced by
3 this investment? If so, are the funds available?

4 (x) Will the applicant report on the results that the project
5 intends to accomplish and on the unintended consequences that might
6 arise?

7 **Sec. 4.** RCW 43.155.070 and 2007 c 341 s 24 and 2007 c 231 s 2 are
8 each reenacted and amended to read as follows:

9 (1) To qualify for loans or pledges under this chapter the board
10 must determine that a local government meets all of the following
11 conditions:

12 (a) The city or county must be imposing a tax under chapter 82.46
13 RCW at a rate of at least one-quarter of one percent;

14 (b) The local government must have developed a capital facility
15 plan; and

16 (c) The local government must be using all local revenue sources
17 which are reasonably available for funding public works, taking into
18 consideration local employment and economic factors.

19 (2) Except where necessary to address a public health need or
20 substantial environmental degradation, a county, city, or town planning
21 under RCW 36.70A.040 must have adopted a comprehensive plan, including
22 a capital facilities plan element, and development regulations as
23 required by RCW 36.70A.040. This subsection does not require any
24 county, city, or town planning under RCW 36.70A.040 to adopt a
25 comprehensive plan or development regulations before requesting or
26 receiving a loan or loan guarantee under this chapter if such request
27 is made before the expiration of the time periods specified in RCW
28 36.70A.040. A county, city, or town planning under RCW 36.70A.040
29 which has not adopted a comprehensive plan and development regulations
30 within the time periods specified in RCW 36.70A.040 is not prohibited
31 from receiving a loan or loan guarantee under this chapter if the
32 comprehensive plan and development regulations are adopted as required
33 by RCW 36.70A.040 before submitting a request for a loan or loan
34 guarantee.

35 (3) In considering awarding loans for public facilities to special
36 districts requesting funding for a proposed facility located in a
37 county, city, or town planning under RCW 36.70A.040, the board shall

1 consider whether the county, city, or town planning under RCW
2 36.70A.040 in whose planning jurisdiction the proposed facility is
3 located has adopted a comprehensive plan and development regulations as
4 required by RCW 36.70A.040.

5 (4) The board shall develop a priority process for public works
6 projects as provided in this section. The intent of the priority
7 process is to maximize the value of public works projects accomplished
8 with assistance under this chapter. The board shall attempt to assure
9 a geographical balance in assigning priorities to projects. The board
10 shall consider at least the following factors in assigning a priority
11 to a project:

12 (a) Whether the local government receiving assistance has
13 experienced severe fiscal distress resulting from natural disaster or
14 emergency public works needs;

15 (b) Except as otherwise conditioned by RCW 43.155.110, whether the
16 entity receiving assistance is a Puget Sound partner, as defined in RCW
17 90.71.010;

18 (c) Whether the project is referenced in the action agenda
19 developed by the Puget Sound partnership under RCW 90.71.310;

20 (d) Whether the project is critical in nature and would affect the
21 health and safety of a great number of citizens;

22 (e) Whether the applicant has developed and adhered to guidelines
23 regarding its permitting process for those applying for development
24 permits consistent with section 1(2), chapter 231, Laws of 2007;

25 (f) The cost of the project compared to the size of the local
26 government and amount of loan money available;

27 (g) The number of communities served by or funding the project;

28 (h) Whether the project is located in an area of high unemployment,
29 compared to the average state unemployment;

30 (i) Whether the project is the acquisition, expansion, improvement,
31 or renovation by a local government of a public water system that is in
32 violation of health and safety standards, including the cost of
33 extending existing service to such a system;

34 (j) The relative benefit of the project to the community,
35 considering the present level of economic activity in the community and
36 the existing local capacity to increase local economic activity in
37 communities that have low economic growth; and

38 (k) Other criteria that the board considers advisable.

1 (5) The board shall require applicants to answer the questions in
2 RCW 43.88.030(6) (a) through (bb) and must review the responses to the
3 questions and consider the growth-related impacts of a project before
4 making funding decisions.

5 (6) Existing debt or financial obligations of local governments
6 shall not be refinanced under this chapter. Each local government
7 applicant shall provide documentation of attempts to secure additional
8 local or other sources of funding for each public works project for
9 which financial assistance is sought under this chapter.

10 (~~(6)~~) (7) Before November 1st of each year, the board shall
11 develop and submit to the appropriate fiscal committees of the senate
12 and house of representatives a description of the loans made under RCW
13 43.155.065, 43.155.068, and subsection (~~(9)~~) (10) of this section
14 during the preceding fiscal year and a prioritized list of projects
15 which are recommended for funding by the legislature, including one
16 copy to the staff of each of the committees. The list shall include,
17 but not be limited to, a description of each project and recommended
18 financing, the terms and conditions of the loan or financial guarantee,
19 the local government jurisdiction and unemployment rate, demonstration
20 of the jurisdiction's critical need for the project and documentation
21 of local funds being used to finance the public works project. The
22 list shall also include measures of fiscal capacity for each
23 jurisdiction recommended for financial assistance, compared to
24 authorized limits and state averages, including local government sales
25 taxes; real estate excise taxes; property taxes; and charges for or
26 taxes on sewerage, water, garbage, and other utilities.

27 (~~(7)~~) (8) The board shall not sign contracts or otherwise
28 financially obligate funds from the public works assistance account
29 before the legislature has appropriated funds for a specific list of
30 public works projects. The legislature may remove projects from the
31 list recommended by the board. The legislature shall not change the
32 order of the priorities recommended for funding by the board.

33 (~~(8)~~) (9) Subsection (~~(7)~~) (8) of this section does not apply
34 to loans made under RCW 43.155.065, 43.155.068, and subsection (~~(9)~~)
35 (10) of this section.

36 (~~(9)~~) (10) Loans made for the purpose of capital facilities plans
37 shall be exempted from subsection (~~(7)~~) (8) of this section.

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

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

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

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

9 (a) For those projects which would result in specific private
10 developments or expansions (i) in manufacturing, production, food
11 processing, assembly, warehousing, advanced technology, research and
12 development, and industrial distribution; (ii) for processing
13 recyclable materials or for facilities that support recycling,
14 including processes not currently provided in the state, including but
15 not limited to, de-inking facilities, mixed waste paper, plastics, yard
16 waste, and problem-waste processing; (iii) for manufacturing facilities
17 that rely significantly on recyclable materials, including but not
18 limited to waste tires and mixed waste paper; (iv) which support the
19 relocation of businesses from nondistressed urban areas to rural
20 counties or rural natural resources impact areas; or (v) which
21 substantially support the trading of goods or services outside of the
22 state's borders.

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

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

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

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

35 (b) The rate of return of the state's investment, that includes the
36 expected increase in state and local tax revenues associated with the
37 project; and

1 (c) Whether the applicant has developed and adhered to guidelines
2 regarding its permitting process for those applying for development
3 permits consistent with section 1(2), chapter 231, Laws of 2007.

4 (4) The board shall require applicants to answer the questions in
5 RCW 43.88.030(6) (a) through (bb) and must review the responses to the
6 questions and consider the growth-related impacts of a project before
7 making funding decisions.

8 (5) A responsible official of the political subdivision or the
9 federally recognized Indian tribe shall be present during board
10 deliberations and provide information that the board requests.

11 Before any financial assistance application is approved, the
12 political subdivision or the federally recognized Indian tribe seeking
13 the assistance must demonstrate to the community economic
14 revitalization board that no other timely source of funding is
15 available to it at costs reasonably similar to financing available from
16 the community economic revitalization board.

17 **Sec. 6.** RCW 43.160.230 and 2007 c 231 s 4 are each amended to read
18 as follows:

19 (1) The job development fund program is created to provide grants
20 for public infrastructure projects that will stimulate job creation or
21 assist in job retention. The program is to be administered by the
22 board. The board shall establish a competitive process to request and
23 prioritize proposals and make grant awards.

24 (2) For the purposes of chapter 425, Laws of 2005, "public
25 infrastructure projects" has the same meaning as "public facilities" as
26 defined in RCW 43.160.020(11).

27 (3) The board shall conduct a statewide request for project
28 applications. The board shall apply the following criteria for
29 evaluation and ranking of applications:

30 (a) The relative benefits provided to the community by the jobs the
31 project would create, including, but not limited to: (i) The total
32 number of jobs; (ii) the total number of full-time, family wage jobs;
33 (iii) the unemployment rate in the area; and (iv) the increase in
34 employment in comparison to total community population;

35 (b) The present level of economic activity in the community and the
36 existing local financial capacity to increase economic activity in the
37 community;

1 (c) Whether the applicant has developed and adhered to guidelines
2 regarding its permitting process for those applying for development
3 permits consistent with section 1(2), chapter 231, Laws of 2007;

4 (d) The rate of return of the state's investment, that includes the
5 expected increase in state and local tax revenues associated with the
6 project;

7 (e) The lack of another timely source of funding available to
8 finance the project which would likely prevent the proposed community
9 or economic development, absent the financing available under chapter
10 425, Laws of 2005;

11 (f) The ability of the project to improve the viability of existing
12 business entities in the project area;

13 (g) Whether or not the project is a partnership of multiple
14 jurisdictions;

15 (h) Demonstration that the requested assistance will directly
16 stimulate community and economic development by facilitating the
17 creation of new jobs or the retention of existing jobs; and

18 (i) The availability of existing assets that applicants may apply
19 to projects.

20 (4) The board shall require applicants to answer the questions in
21 RCW 43.88.030(6) (a) through (bb) and must review the responses to the
22 questions and consider the growth-related impacts of a project before
23 making funding decisions.

24 (5) Job development fund program grants may only be awarded to
25 those applicants that have entered into or expect to enter into a
26 contract with a private developer relating to private investment that
27 will result in the creation or retention of jobs upon completion of the
28 project. Job development fund program grants shall not be provided for
29 any project where:

30 (a) The funds will not be used within the jurisdiction or
31 jurisdictions of the applicants; or

32 (b) Evidence exists that the project would result in a development
33 or expansion that would displace existing jobs in any other community
34 in the state.

35 ((+5)) (6) The board shall, with the joint legislative audit and
36 review committee, develop performance criteria for each grant and
37 evaluation criteria to be used to evaluate both how well successful

1 applicants met the community and economic development objectives stated
2 in their applications, and how well the job development fund program
3 performed in creating and retaining jobs.

4 **Sec. 7.** RCW 39.102.040 and 2007 c 229 s 2 are each amended to read
5 as follows:

6 (1) Prior to applying to the board to use local infrastructure
7 financing, a sponsoring local government shall:

8 (a) Designate a revenue development area within the limitations in
9 RCW 39.102.060;

10 (b) Certify that the conditions in RCW 39.102.070 are met;

11 (c) Complete the process in RCW 39.102.080;

12 (d) Provide public notice as required in RCW 39.102.100; and

13 (e) Pass an ordinance adopting the revenue development area as
14 required in RCW 39.102.090.

15 (2) Any local government that has created an increment area under
16 chapter 39.89 RCW and has not issued bonds to finance any public
17 improvement may apply to the board and have its increment area
18 considered for approval as a revenue development area under this
19 chapter without adopting a new revenue development area under RCW
20 39.102.090 and 39.102.100 if it amends its ordinance to comply with RCW
21 39.102.090(1) and otherwise meets the conditions and limitations under
22 this chapter.

23 (3) As a condition to imposing a sales and use tax under RCW
24 82.14.475, a sponsoring local government, including any cosponsoring
25 local government seeking authority to impose a sales and use tax under
26 RCW 82.14.475, must apply to the board and be approved for a project
27 award amount. The application shall be in a form and manner prescribed
28 by the board and include but not be limited to information establishing
29 that the applicant is an eligible candidate to impose the local sales
30 and use tax under RCW 82.14.475, the anticipated effective date for
31 imposing the tax, the estimated number of years that the tax will be
32 imposed, and the estimated amount of tax revenue to be received in each
33 fiscal year that the tax will be imposed. The board shall make
34 available forms to be used for this purpose. As part of the
35 application, each applicant must provide to the board a copy of the
36 ordinance or ordinances creating the revenue development area as
37 required in RCW 39.102.090. A notice of approval to use local

1 infrastructure financing shall contain a project award that represents
2 the maximum amount of state contribution that the applicant, including
3 any cosponsoring local governments, can earn each year that local
4 infrastructure financing is used. The total of all project awards
5 shall not exceed the annual state contribution limit. The
6 determination of a project award shall be made based on information
7 contained in the application and the remaining amount of annual state
8 contribution limit to be awarded. Determination of a project award by
9 the board is final.

10 (4) The board shall require applicants to answer the questions in
11 RCW 43.88.030(6) (a) through (bb) and must review the responses to the
12 questions and consider the growth-related impacts of a project before
13 making funding decisions.

14 (5)(a) Sponsoring local governments, and any cosponsoring local
15 governments, applying in calendar year 2007 for a competitive project
16 award, must submit completed applications to the board no later than
17 July 1, 2007. By September 15, 2007, in consultation with the
18 department of revenue and the department of community, trade, and
19 economic development, the board shall approve competitive project
20 awards from competitive applications submitted by the 2007 deadline.
21 No more than two million five hundred thousand dollars in competitive
22 project awards shall be approved in 2007. For projects not approved by
23 the board in 2007, sponsoring and cosponsoring local governments may
24 apply again to the board in 2008 for approval of a project.

25 (b) Sponsoring local governments, and any cosponsoring local
26 governments, applying in calendar year 2008 for a competitive project
27 award, must submit completed applications to the board no later than
28 July 1, 2008. By September 18, 2008, in consultation with the
29 department of revenue and the department of community, trade, and
30 economic development, the board shall approve competitive project
31 awards from competitive applications submitted by the 2008 deadline.

32 (c) Except as provided in RCW 39.102.050(2), a total of no more
33 than five million dollars in competitive project awards shall be
34 approved for local infrastructure financing.

35 (d) The project selection criteria and weighting developed prior to
36 July 22, 2007, for the application evaluation and approval process
37 shall apply to applications received prior to November 1, 2007. In
38 evaluating applications for a competitive project award after November

1 1, 2007, the board shall, in consultation with the Washington state
2 economic development commission, develop the relative weight to be
3 assigned to the following criteria:

4 (i) The project's potential to enhance the sponsoring local
5 government's regional and/or international competitiveness;

6 (ii) The project's ability to encourage mixed use and transit-
7 oriented development and the redevelopment of a geographic area;

8 (iii) Achieving an overall distribution of projects statewide that
9 reflect geographic diversity;

10 (iv) The estimated wages and benefits for the project is greater
11 than the average labor market area;

12 (v) The estimated state and local net employment change over the
13 life of the project;

14 (vi) The current economic health and vitality of the proposed
15 revenue development area and the contiguous community and the estimated
16 impact of the proposed project on the proposed revenue development area
17 and contiguous community;

18 (vii) The estimated state and local net property tax change over
19 the life of the project;

20 (viii) The estimated state and local sales and use tax increase
21 over the life of the project;

22 (ix) An analysis that shows that, over the life of the project,
23 neither the local excise tax allocation revenues nor the local property
24 tax allocation revenues will constitute more than eighty percent of the
25 total local funds as described in RCW 39.102.020(29)(c); and

26 (x) If a project is located within an urban growth area, evidence
27 that the project utilizes existing urban infrastructure and that the
28 transportation needs of the project will be adequately met through the
29 use of local infrastructure financing or other sources.

30 (e)(i) Except as provided in this subsection (~~((4))~~) (5)(e), the
31 board may not approve the use of local infrastructure financing within
32 more than one revenue development area per county.

33 (ii) In a county in which the board has approved the use of local
34 infrastructure financing, the use of such financing in additional
35 revenue development areas may be approved, subject to the following
36 conditions:

37 (A) The sponsoring local government is located in more than one
38 county; and

1 (B) The sponsoring local government designates a revenue
2 development area that comprises portions of a county within which the
3 use of local infrastructure financing has not yet been approved.

4 (iii) In a county where the local infrastructure financing tool is
5 authorized under RCW 39.102.050, the board may approve additional use
6 of the local infrastructure financing tool.

7 ~~((+5))~~ (6) Once the board has approved the sponsoring local
8 government, and any cosponsoring local governments, to use local
9 infrastructure financing, notification must be sent by the board to the
10 sponsoring local government, and any cosponsoring local governments,
11 authorizing the sponsoring local government, and any cosponsoring local
12 governments, to impose the local sales and use tax authorized under RCW
13 82.14.475, subject to the conditions in RCW 82.14.475.

14 **Sec. 8.** RCW 47.26.282 and 2002 c 189 s 5 are each amended to read
15 as follows:

16 In any project funded by the transportation improvement board,
17 except for projects in cities having a population of less than five
18 thousand persons, and in addition to any other items required to be
19 considered by statute, the board also shall consider the land use
20 implications of the project, such as whether the programs and projects:

21 (1) Support development in and revitalization of existing
22 downtowns;

23 (2) Implement local comprehensive plans for rural and urban
24 residential and nonresidential densities;

25 (3) Have land use planning and regulations encouraging compact
26 development for rural and urban residential and nonresidential
27 densities; ~~((and))~~

28 (4) Promote the use of multimodal transportation; and

29 (5) Are consistent with state policy goals and have growth-related
30 impacts identified in responses to the questions in RCW 43.88.030(6)
31 (a) through (bb). The board must review the responses to the questions
32 and consider the growth-related impacts of a project before making
33 funding decisions.

34 **Sec. 9.** RCW 43.63A.135 and 2006 c 371 s 234 are each amended to
35 read as follows:

36 (1) The department of community, trade, and economic development

1 must establish a competitive process to solicit proposals for and
2 prioritize projects whose primary objective is to assist nonprofit
3 youth organizations in acquiring, constructing, or rehabilitating
4 facilities used for the delivery of nonresidential services, excluding
5 outdoor athletic fields.

6 (2) The department of community, trade, and economic development
7 must establish a competitive process to prioritize applications for the
8 assistance as follows:

9 (a) The department of community, trade, and economic development
10 must conduct a statewide solicitation of project applications from
11 local governments, nonprofit organizations, and other entities, as
12 determined by the department of community, trade, and economic
13 development. The department of community, trade, and economic
14 development must evaluate and rank applications in consultation with a
15 citizen advisory committee using objective criteria. Projects must
16 have a major recreational component, and must have either an
17 educational or social service component. At a minimum, applicants must
18 demonstrate that the requested assistance will increase the efficiency
19 or quality of the services it provides to youth. The evaluation and
20 ranking process must also include an examination of existing assets
21 that applicants may apply to projects. Grant assistance under this
22 section may not exceed twenty-five percent of the total cost of the
23 project. The nonstate portion of the total project cost may include
24 cash, the value of real property when acquired solely for the purpose
25 of the project, and in-kind contributions.

26 (b) The department of community, trade, and economic development
27 must submit a prioritized list of recommended projects to the governor
28 and the legislature in the department of community, trade, and economic
29 development's biennial capital budget request beginning with the 2005-
30 2007 biennium and thereafter. The list must include a description of
31 each project, the amount of recommended state funding, and
32 documentation of nonstate funds to be used for the project. The total
33 amount of recommended state funding for projects on a biennial project
34 list must not exceed eight million dollars. The department of
35 community, trade, and economic development may not sign contracts or
36 otherwise financially obligate funds under this section until the
37 legislature has approved a specific list of projects.

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

11 (3) The department of community, trade, and economic development
12 shall require applicants to answer the questions in RCW 43.88.030(6)
13 (a) through (bb) and must review the responses to the questions and
14 consider the growth-related impacts of a project before making funding
15 decisions.

16 **Sec. 10.** RCW 43.63A.125 and 2006 c 371 s 233 are each amended to
17 read as follows:

18 (1) The department shall establish a competitive process to solicit
19 proposals for and prioritize projects that assist nonprofit
20 organizations in acquiring, constructing, or rehabilitating facilities
21 used for the delivery of nonresidential social services.

22 (2) The department shall establish a competitive process to
23 prioritize applications for the assistance as follows:

24 (a) The department shall conduct a statewide solicitation of
25 project applications from local governments, nonprofit organizations,
26 and other entities, as determined by the department. The department
27 shall evaluate and rank applications in consultation with a citizen
28 advisory committee using objective criteria. At a minimum, applicants
29 must demonstrate that the requested assistance will increase the
30 efficiency or quality of the social services it provides to citizens.
31 The evaluation and ranking process shall also include an examination of
32 existing assets that applicants may apply to projects. Grant
33 assistance under this section shall not exceed twenty-five percent of
34 the total cost of the project. The nonstate portion of the total
35 project cost may include cash, the value of real property when acquired
36 solely for the purpose of the project, and in-kind contributions.

1 (b) The department shall submit a prioritized list of recommended
2 projects to the governor and the legislature in the department's
3 biennial capital budget request beginning with the 2001-2003 biennium
4 and thereafter. For the 1999-2001 biennium, the department shall
5 conduct a solicitation and ranking process, as described in (a) of this
6 subsection, for projects to be funded by appropriations provided for
7 this program in the 1999-2001 capital budget. The list shall include
8 a description of each project, the amount of recommended state funding,
9 and documentation of nonstate funds to be used for the project. The
10 total amount of recommended state funding for projects on a biennial
11 project list shall not exceed ten million dollars. Except for the
12 1999-2001 biennium, the department shall not sign contracts or
13 otherwise financially obligate funds under this section until the
14 legislature has approved a specific list of projects.

15 (c) In contracts for grants authorized under this section the
16 department shall include provisions which require that capital
17 improvements shall be held by the grantee for a specified period of
18 time appropriate to the amount of the grant and that facilities shall
19 be used for the express purpose of the grant. If the grantee is found
20 to be out of compliance with provisions of the contract, the grantee
21 shall repay to the state general fund the principal amount of the grant
22 plus interest calculated at the rate of interest on state of Washington
23 general obligation bonds issued most closely to the date of
24 authorization of the grant.

25 (3) The department shall require applicants to answer the questions
26 in RCW 43.88.030(6) (a) through (bb) and must review the responses to
27 the questions and consider the growth-related impacts of a project
28 before making funding decisions.

29 **Sec. 11.** RCW 43.63A.750 and 2006 c 371 s 235 are each amended to
30 read as follows:

31 (1) A competitive grant program to assist nonprofit organizations
32 in acquiring, constructing, or rehabilitating performing arts, art
33 museums, and cultural facilities is created.

34 (2)(a) The department shall submit a list of recommended performing
35 arts, art museum projects, and cultural organization projects eligible
36 for funding to the governor and the legislature in the department's
37 biennial capital budget request beginning with the 2001-2003 biennium

1 and thereafter. The list, in priority order, shall include a
2 description of each project, the amount of recommended state funding,
3 and documentation of nonstate funds to be used for the project. The
4 total amount of recommended state funding for projects on a biennial
5 project list shall not exceed twelve million dollars.

6 (b) The department shall establish a competitive process to
7 prioritize applications for state assistance as follows:

8 (i) The department shall conduct a statewide solicitation of
9 project applications from nonprofit organizations, local governments,
10 and other entities, as determined by the department. The department
11 shall evaluate and rank applications in consultation with a citizen
12 advisory committee, including a representative from the state arts
13 commission, using objective criteria. The evaluation and ranking
14 process shall also consider local community support for projects and an
15 examination of existing assets that applicants may apply to projects.

16 (ii) The department may establish the amount of state grant
17 assistance for individual project applications but the amount shall not
18 exceed twenty percent of the estimated total capital cost or actual
19 cost of a project, whichever is less. The remaining portions of the
20 project capital cost shall be a match from nonstate sources. The
21 nonstate match may include cash, the value of real property when
22 acquired solely for the purpose of the project, and in-kind
23 contributions. The department is authorized to set matching
24 requirements for individual projects. State assistance may be used to
25 fund separate definable phases of a project if the project demonstrates
26 adequate progress and has secured the necessary match funding.

27 (iii) The department shall not sign contracts or otherwise
28 financially obligate funds under this section until the legislature has
29 approved a specific list of projects. In contracts for grants
30 authorized under this section, the department shall include provisions
31 requiring that capital improvements be held by the grantee for a
32 specified period of time appropriate to the amount of the grant and
33 that facilities be used for the express purpose of the grant. If the
34 grantee is found to be out of compliance with provisions of the
35 contract, the grantee shall repay to the state general fund the
36 principal amount of the grant plus interest calculated at the rate of
37 interest on state of Washington general obligation bonds issued most
38 closely to the date of authorization of the grant.

1 (3) The department shall require applicants to answer the questions
2 in RCW 43.88.030(6) (a) through (bb) and must review the responses to
3 the questions and consider the growth-related impacts of a project
4 before making funding decisions.

5 **Sec. 12.** RCW 27.34.330 and 2006 c 371 s 232 are each amended to
6 read as follows:

7 (1) The Washington state historical society shall establish a
8 competitive process to solicit proposals for and prioritize heritage
9 capital projects for potential funding in the state capital budget.
10 The society shall adopt rules governing project eligibility and
11 evaluation criteria.

12 (2) Application for funding of specific projects may be made to the
13 society by local governments, public development authorities, nonprofit
14 corporations, tribal governments, and other entities, as determined by
15 the society.

16 (3) The society, with the advice of leaders in the heritage field,
17 including but not limited to representatives from the office of the
18 secretary of state, the eastern Washington state historical society,
19 and the department of archaeology and historic preservation, shall
20 establish and submit a prioritized list of heritage capital projects to
21 the governor and the legislature in the society's biennial capital
22 budget request. The list shall include a description of each project,
23 the amount of recommended state funding, and documentation of nonstate
24 funds to be used for the project.

25 (a) The total amount of recommended state funding for projects on
26 a biennial project list shall not exceed ten million dollars.

27 (b) The prioritized list shall be developed through open and public
28 meetings and the amount of state funding shall not exceed thirty-three
29 percent of the total cost of the project.

30 (c) The Washington state historical society shall require
31 applicants to answer the questions in RCW 43.88.030(6) (a) through (bb)
32 and must review the responses to the questions and consider the growth-
33 related impacts of a project before making funding decisions.

34 (4) The nonstate portion of the total project cost may include
35 cash, the value of real property when acquired solely for the purpose
36 of the project, and in-kind contributions. The department shall not
37 sign contracts or otherwise financially obligate funds under this

1 section until the legislature has approved a specific list of projects.
2 In contracts for grants authorized under this section, the society
3 shall include provisions requiring that capital improvements be held by
4 the grantee for a specified period of time appropriate to the amount of
5 the grant and that facilities be used for the express purpose of the
6 grant. If the grantee is found to be out of compliance with provisions
7 of the contract, the grantee shall repay to the state general fund the
8 principal amount of the grant plus interest calculated at the rate of
9 interest on state of Washington general obligation bonds issued most
10 closely to the date of authorization of the grant.

11 NEW SECTION. **Sec. 13.** Section 6 of this act expires June 30,
12 2011.

13 NEW SECTION. **Sec. 14.** Section 7 of this act expires June 30,
14 2039.

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