

# SENATE BILL REPORT

## HB 1440

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As Reported by Senate Committee On:  
Ways & Means, March 22, 2011

**Title:** An act relating to the building communities fund program competitive process.

**Brief Description:** Regarding the building communities fund program competitive process.

**Sponsors:** Representatives Kenney, Ryu, Liias and Hasegawa.

**Brief History:** Passed House: 2/26/11, 96-0.

**Committee Activity:** Ways & Means: 3/10/11, 3/16/11, 3/22/11 [DPA].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Rockefeller, Schoesler and Tom.

**Staff:** Brian Sims (786-7431)

**Background:** The Building Communities Fund (BCF) Program provides grants for qualified community and social service capital projects in distressed areas of the state, and provides funding support to nonprofit agencies to acquire, develop, or rehabilitate these facilities. These facilities must be used for the delivery of nonresidential community services, including social service centers and multipurpose community centers. Qualified projects must be located in a distressed community or serve a substantial number of low-income or disadvantaged persons.

Distressed communities are defined as:

- a county that has an unemployment rate that is 20 percent above the state average for the immediately previous three years;
- an area within a county that the Department of Commerce (Department) determines to be a low-income community, using as guidance the low-income community designations under the Community Development Financial Institutions Fund's new markets tax credit program; or
- a school district in which at least 50 percent of local elementary students receive free and reduced-price meals.

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*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.*

Grant assistance awarded through the BCF Program may cover up to 25 percent of the total cost of qualified projects, with the ability to reduce the non-state match requirement under exceptional circumstances. Beginning January 1, 2011, the Department is required to submit an annual report to the Legislature on the BCF Program.

The 2009 Capital Budget, Engrossed Substitute House Bill 1216, made some changes to the authorizing legislation for the 2009-2011 biennium. Those changes included:

- requiring the Department to rank the BCF Program applications;
- providing for one of the qualification requirements to be met if a proposed project offers three or more distinct activities that meet a single community service objective;
- allowing for up to 10 percent of the total granted amount to be awarded for eligible projects meeting the specified definition of exceptional circumstances; and
- requiring that the Department submit a biennial, rather than annual, ranked list of qualified eligible projects to the Governor and the Legislature.

Twenty-five projects approved by the Governor and the Legislature were awarded Building Communities Fund awards in the amount of \$28 million for the 2009-11 biennium. As of December 2010, \$21.917 million was expended.

For the 2011-13 biennium, 22 projects totaling \$14.679 million were submitted to the Governor and the Legislature for consideration.

**Summary of Bill (Recommended Amendments):** The Department is required to rank the BCF proposals, in addition to their current requirement to solicit and evaluate proposals.

An applicant can meet one of the qualification requirements for the BCF consideration by demonstrating that a proposed project will offer three or more distinct activities that meet a single community service objective.

Up to 10 percent of the total grant amount may be awarded to qualified eligible projects that meet the definition of exceptional circumstances as defined in the act. These include but are not limited to:

- natural disasters affecting projects;
- emergencies beyond an applicant's control such as a fire or unanticipated loss of a lease where services are currently provided; and
- a delay that could result in a threat to public health or safety.

The Department must submit a ranked list biennially, not annually, in its Capital Budget request to the Governor and the Legislature.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments):** The amendment eliminates the inability to raise other funds as a reason for exemption of the local match requirement.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: The changes proposed in this bill have already been successfully implemented by the Department of Commerce for the 2011-13 biennium. The BCF program is open, competitive, fair, uses logical criteria, sets rational limits, and supports projects statewide.

**Persons Testifying:** PRO: Seth Dawson, Washington State Community Action Partnership.