

SHB 1260 - S AMD 687

By Senators Hatfield, Braun, Hewitt

ADOPTED 03/13/2014

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.160.010 and 2012 c 225 s 2 are each amended to
4 read as follows:

5 (1) The legislature finds that it is the ((public)) policy of the
6 state of Washington to ((direct financial resources toward the
7 fostering of economic development through the stimulation of investment
8 and job opportunities and the retention of sustainable existing
9 employment)) employ state and federal resources to foster economic
10 development to promote private investment and to create or retain job
11 opportunities for the general welfare of the inhabitants of the state.
12 Reducing unemployment and reducing the time citizens remain jobless
13 ((is)) are important for the economic welfare of the state.

14 (2) The legislature finds that a valuable means of fostering
15 economic development is the construction of public facilities which
16 contribute to the stability and growth of the state's economic base.
17 Expenditures made for these purposes as authorized in this chapter are
18 declared to be in the public interest, and constitute a proper use of
19 public funds. ((A community economic revitalization board is needed
20 which shall aid the development of economic opportunities. The general
21 objectives of the board should include:

22 (a) ~~Strengthening the economies of areas of the state which have~~
23 ~~experienced or are expected to experience chronically high unemployment~~
24 ~~rates or below average growth in their economies;~~

25 (b) ~~Encouraging the diversification of the economies of the state~~
26 ~~and regions within the state in order to provide greater seasonal and~~
27 ~~cyclical stability of income and employment;~~

28 (c) ~~Encouraging wider access to financial resources for both large~~
29 ~~and small industrial development projects;~~

1 ~~(d) Encouraging new economic development or expansions to maximize~~
2 ~~employment;~~

3 ~~(e) Encouraging the retention of viable existing firms and~~
4 ~~employment;~~

5 ~~(f) Providing incentives for expansion of employment opportunities~~
6 ~~for groups of state residents that have been less successful relative~~
7 ~~to other groups in efforts to gain permanent employment; and~~

8 ~~(g) Enhancing job and business growth through facility development~~
9 ~~and other improvements in innovation partnership zones designated under~~
10 ~~RCW 43.330.270.~~

11 ~~(+2))~~ (3) The legislature also finds that the state's economic
12 development efforts can be enhanced by, in certain instances, providing
13 funds to improve state highways, county roads, or city streets for
14 industries considering locating or expanding in this state.

15 ~~((+3))~~ (4) The legislature finds it desirable to provide a process
16 whereby the need for diverse public works improvements necessitated by
17 planned economic development can be addressed in a timely fashion and
18 with coordination among all responsible governmental entities.

19 ~~((+4))~~ (5) The legislature also finds that the state's economic
20 development efforts can be enhanced by, in certain instances, providing
21 funds to assist development of telecommunications infrastructure that
22 supports business development, retention, and expansion in the state.

23 ~~((+5))~~ (6) The legislature also finds that the state's economic
24 development efforts can be enhanced by providing funds to improve
25 markets for those recyclable materials representing a large fraction of
26 the waste stream. The legislature finds that the construction or
27 rehabilitation of public facilities ~~((which))~~ that result in private
28 construction of processing or remanufacturing facilities for recyclable
29 materials ~~((are))~~ is eligible for consideration from the board.

30 ~~((+6))~~ (7) The legislature finds that sharing economic growth
31 statewide is important to the welfare of the state. The ability of
32 communities to pursue business and job retention, expansion, and
33 development opportunities depends on their capacity to ready necessary
34 economic development project plans, sites, permits, and infrastructure
35 for private investments. Project-specific planning, predevelopment,
36 and infrastructure are critical ingredients for economic development.

37 ~~((It is, therefore, the intent of the legislature to increase the~~
38 ~~amount of funding available through the community economic~~

1 ~~revitalization board and to authorize flexibility for available~~
2 ~~resources in these areas to help fund planning, predevelopment, and~~
3 ~~construction costs of infrastructure and facilities and sites that~~
4 ~~foster economic vitality and diversification.)~~)

5 (8) It is, therefore, the intent of the legislature to create a
6 community economic revitalization board to aid the development of
7 economic opportunities. The general objectives of the board should
8 include:

9 (a) Strengthening the economies of areas of the state which have
10 experienced or are expected to experience chronically high unemployment
11 rates or below average growth in their economies;

12 (b) Encouraging the diversification of the economies of the state
13 and regions within the state in order to provide greater stability of
14 income and employment;

15 (c) Encouraging greater access to financial resources for both
16 large and small industrial development projects;

17 (d) Encouraging new economic development or expansions to maximize
18 employment;

19 (e) Encouraging the retention of viable existing firms and
20 promoting employment within these firms;

21 (f) Providing incentives for expansion of employment opportunities
22 for groups of state residents that have been less successful relative
23 to other groups in efforts to gain permanent employment; and

24 (g) Enhancing job and business growth through facility development
25 and other improvements in innovation partnership zones designated under
26 RCW 43.330.270.

27 NEW SECTION. Sec. 2. A new section is added to chapter 43.160 RCW
28 to read as follows:

29 The legislature finds that the community economic revitalization
30 board has successfully acted as an economic development infrastructure
31 financier for local governments. It is, therefore, the intent of the
32 legislature to authorize flexibility for the community economic
33 revitalization board to help fund planning, predevelopment, and
34 construction costs of infrastructure and facilities and sites that
35 foster economic vitality and diversification.

1 **Sec. 3.** RCW 43.160.020 and 2012 c 225 s 3 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Board" means the community economic revitalization board.

6 (2) "Department" means the department of commerce.

7 (3) "Director" means the director of the department.

8 (4) "Local government" or "political subdivision" means any port
9 district, county, city, town, special purpose district, and any other
10 municipal corporations or quasi-municipal corporations in the state
11 providing for public facilities under this chapter.

12 ~~((+4))~~ (5) "Planning project" means project-specific
13 environmental, capital facilities, land use, permitting, feasibility,
14 and marketing studies and plans; project design, site planning, and
15 analysis; project debt and revenue impact analysis; and economic
16 development industry cluster analysis.

17 (6) "Project" means a project of a local government or a federally
18 recognized Indian tribe for the planning, acquisition, construction,
19 repair, reconstruction, replacement, rehabilitation, or improvement of
20 a public facility.

21 (7) "Public facilities" means ~~((a project of a local government or~~
22 ~~a federally recognized Indian tribe for the planning, acquisition,~~
23 ~~construction, repair, reconstruction, replacement, rehabilitation, or~~
24 ~~improvement of:))~~ bridges; roads; research, testing, training, and
25 incubation facilities in areas designated as innovation partnership
26 zones under RCW 43.330.270; buildings or structures; domestic and
27 industrial water, earth stabilization, sanitary sewer, storm ~~((sewer))~~
28 water, railroad, electricity, broadband, telecommunications,
29 transportation, natural gas, and port facilities ~~((; all for the purpose~~
30 ~~of job creation, job retention, or job expansion))~~.

31 ~~((+5))~~ (8) "Rural county" means a county with a population density
32 of fewer than one hundred persons per square mile or a county smaller
33 than two hundred twenty-five square miles, as determined by the office
34 of financial management and published each year by the department for
35 the period July 1st to June 30th.

36 **Sec. 4.** RCW 43.160.030 and 2011 1st sp.s. c 21 s 25 are each
37 amended to read as follows:

1 (1) The community economic revitalization board is hereby created
2 to exercise the powers granted under this chapter.

3 (2) The board (~~(shall)~~) must consist of one member from each of the
4 two major caucuses of the house of representatives to be appointed by
5 the speaker of the house and one member from each of the two major
6 caucuses of the senate to be appointed by the president of the senate.
7 The board (~~(shall)~~) must also consist of the following members
8 appointed by the director of commerce: A recognized private or public
9 sector economist; one port district official; one county official; one
10 city official; one representative of a federally recognized Indian
11 tribe; one representative of the public; (~~(one)~~) four representatives
12 of small businesses (~~(each from: (a) The area west of Puget Sound, (b)~~
13 ~~the area east of Puget Sound and west of the Cascade range, (c) the~~
14 ~~area east of the Cascade range and west of the Columbia river, and (d)~~
15 ~~the area east of the Columbia river; one executive from large~~
16 ~~businesses each from the area west of the Cascades and the area east of~~
17 ~~the Cascades)); and two executives from large businesses. The
18 appointive members (~~(shall)~~) must initially be appointed to terms as
19 follows: Three members for one-year terms, three members for two-year
20 terms, and three members for three-year terms (~~(which shall)~~) that must
21 include the chair. Thereafter each succeeding term (~~(shall)~~) must be
22 for three years. The chair of the board (~~(shall)~~) must be selected by
23 the director of commerce. When appointing members, the director must
24 endeavor to ensure equitable geographic representation. The members of
25 the board (~~(shall)~~) must elect one of their members to serve as
26 (~~(vice chair)~~) vice chair. The director of commerce, the director of
27 revenue, the commissioner of employment security, and the secretary of
28 transportation (~~(shall)~~) must serve as nonvoting advisory members of
29 the board.~~

30 (~~(3) (Management services, including fiscal and contract services,~~
31 ~~shall be provided by the department to assist the board in implementing~~
32 ~~this chapter.~~

33 (~~(4)~~) Members of the board (~~(shall)~~) must be reimbursed for travel
34 expenses as provided in RCW 43.03.050 and 43.03.060.

35 (~~(+5)~~) (4) If a vacancy occurs by death, resignation, or otherwise
36 of appointive members of the board, the director of commerce (~~(shall)~~)
37 must fill the same for the unexpired term. Members of the board may be

1 removed for malfeasance or misfeasance in office, upon specific written
2 charges by the director of commerce, under chapter 34.05 RCW.

3 ~~((+6))~~ (5) A member appointed by the director of commerce may not
4 be absent from more than fifty percent of the regularly scheduled
5 meetings in any one calendar year. Any member who exceeds this absence
6 limitation is deemed to have withdrawn from the office and may be
7 replaced by the director of commerce.

8 ~~((+7))~~ (6) A majority of members currently appointed constitutes
9 a quorum.

10 **Sec. 5.** RCW 43.160.050 and 2008 c 327 s 4 are each amended to read
11 as follows:

12 The board may:

13 (1) Adopt bylaws for the regulation of its affairs and the conduct
14 of its business.

15 (2) Adopt an official seal and alter the seal at its pleasure.

16 (3) Utilize the services of other governmental agencies.

17 (4) Accept from any federal agency loans or grants for the planning
18 or financing of any project and enter into an agreement with the agency
19 respecting the loans or grants.

20 (5) Conduct examinations and investigations and take testimony at
21 public hearings of any matter material for its information that will
22 assist in determinations related to the exercise of the board's lawful
23 powers.

24 (6) Accept any gifts, grants, or loans of funds, property, or
25 financial or other aid in any form from any other source on any terms
26 and conditions which are not in conflict with this chapter.

27 (7) Enter into agreements or other transactions with and accept
28 grants and the cooperation of any governmental agency in furtherance of
29 this chapter.

30 (8) Consistent with the guidelines issued by the office of
31 financial management and in consultation with the department, prepare
32 biennial operating and capital budgets and, as needed, update these
33 budgets during the biennium.

34 (9) Adopt rules under chapter 34.05 RCW as necessary to carry out
35 the purposes of this chapter.

36 ~~((+9))~~ (10) Do all acts and things necessary or convenient to
37 carry out the powers expressly granted or implied under this chapter.

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.160 RCW
2 to read as follows:

3 Management services, including fiscal and contract services, must
4 be provided by the department to assist the board in implementing this
5 chapter.

6 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.160 RCW
7 to read as follows:

8 (1) In order to assist political subdivisions of the state and
9 federally recognized Indian tribes in financing the cost of public
10 facilities, the board:

11 (a) Must manage the public facilities construction loan revolving
12 account in such a way as to ensure its sustainability.

13 (b) Must execute contracts or otherwise financially obligate funds
14 from the public facilities construction loan revolving account for
15 projects approved for funding by the board under the following
16 programs:

17 (i) Committed private sector partner construction;

18 (ii) Prospective development construction;

19 (iii) Planning; and

20 (iv) Any other program authorized by the legislature.

21 (c) Must provide loans to political subdivisions and federally
22 recognized Indian tribes for the purposes of financing the cost of
23 public facilities.

24 (i) The board must determine the interest rate that loans bear.
25 The interest rate may not exceed ten percent per annum.

26 (ii) The board may provide reasonable terms and conditions for
27 repayment for loans, including partial forgiveness of loan principal
28 and interest payments on projects located in rural communities as
29 defined by the board, or rural counties. The loans may not exceed
30 twenty years in duration.

31 (iii) In general, the board must require borrowers to begin
32 repaying loans within one year of final contract execution. The board
33 may authorize borrowers to defer initiating loan repayments for up to
34 five years. A borrower must submit a deferral request to the board in
35 writing and must include justification as to the need.

36 (d) May provide grants for purposes designated in this chapter, but
37 only when, and to the extent that, a loan is not reasonably possible,

1 given the limited resources of the political subdivision or the
2 federally recognized Indian tribe and the finding by the board that
3 financial circumstances require grant assistance to enable the project
4 to move forward.

5 (2) No more than twenty-five percent of all financial assistance
6 approved by the board in any biennium may consist of grants to
7 political subdivisions and federally recognized Indian tribes.

8 (3) Except as authorized to the contrary under subsection (4) of
9 this section, from all funds available to the board for financial
10 assistance in a biennium under this chapter, the board must approve at
11 least seventy-five percent of the first twenty million dollars of funds
12 available and at least fifty percent of any additional funds for
13 financial assistance for projects in rural counties or board defined
14 rural communities.

15 (4) If at any time during the last six months of a biennium the
16 board finds that the actual and anticipated applications for qualified
17 projects in rural counties or board defined rural communities are
18 clearly insufficient to use up the allocations under subsection (3) of
19 this section, the board must estimate the amount of the insufficiency
20 and during the remainder of the biennium may use that amount of the
21 allocation for financial assistance to projects not located in rural
22 counties or board defined rural communities.

23 (5) The board may elect to reserve up to one million dollars of its
24 biennial appropriation to use as state match for federal grant awards.
25 The purpose and use of the federal funds must be consistent with the
26 board's purpose of financing economic development infrastructure.
27 Reserved board funds must be matched, at a minimum, dollar for dollar
28 by federal funds. If the set aside funds are not fully utilized for
29 federal grant match by the 18th month of the biennium, the board may
30 use those funds for other eligible projects as stated in this chapter.

31 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.160 RCW
32 to read as follows:

33 The board must:

34 (1) Establish and maintain collaborative relations with
35 governmental, private, and other financing organizations, advocate
36 groups, and other stakeholders associated with state economic
37 development activities and policies;

1 (2) Provide information and advice to the governor and legislature
2 on matters related to economic development; and

3 (3) At the direction of the governor, provide information and
4 advocacy at the national level on matters related to economic
5 development financing.

6 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.160 RCW
7 to read as follows:

8 (1) Under the committed private sector partner construction
9 program, the board may only provide financial assistance to a project
10 that demonstrates convincing evidence that a specific private sector
11 development or expansion is ready to occur or will occur only if the
12 public facility improvement is made.

13 (2) Under the prospective development construction program, the
14 board may only provide financial assistance to a project that can
15 demonstrate project feasibility using standard economic principles.

16 (3)(a) Projects applying under either the committed private sector
17 partner construction program or the prospective development
18 construction program must submit evidence comparing the median hourly
19 wage of the private sector jobs to be created after the project is
20 completed with the countywide median hourly wage for private sector
21 jobs.

22 (b) The board must award a minimum of fifty percent of the moneys
23 appropriated to it in the omnibus capital appropriations act to
24 projects that are able to demonstrate convincing evidence that the
25 median hourly wage of the private sector jobs created after the project
26 is completed will exceed the countywide median hourly wage for private
27 sector jobs.

28 (4) The board must give funding priority to eligible projects
29 applying under the committed private sector partner construction
30 program.

31 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.160
32 RCW to read as follows:

33 (1) The board must prioritize awards for committed private sector
34 partner construction and prospective development construction projects
35 by considering at a minimum the following criteria:

1 (a) The number of jobs created by the expected business creation or
2 expansion and the average wage of those expected jobs. In evaluating
3 proposals for their job creation potential, the board may adjust the
4 job estimates in applications based on the board's judgment of the
5 credibility of the job estimates;

6 (b) The need for job creation based on the unemployment rate of the
7 county or counties in which the project is located. When evaluating
8 the jobs created by the project, the board may consider the area labor
9 supply and readily available skill sets of the labor pool in the county
10 or counties surrounding the project location;

11 (c) How the expected business creation or expansion fits within the
12 region's preferred economic growth strategy as indicated by the efforts
13 of nearby innovation partnership zones, industry clusters, future
14 export prospects, or local government equivalent if available;

15 (d) The speed with which the project can begin construction;

16 (e) Whether the proposed project offers a health insurance plan for
17 employees that includes an option for dependents of employees;

18 (f) Whether the public facility investment will increase existing
19 capacity necessary to accommodate projected population and employment
20 growth in a manner that supports infill and redevelopment of existing
21 urban or industrial areas served by adequate public facilities; and

22 (g) The extent that the project leverages nonstate funds, and
23 achieves overall the greatest benefit in job creation at good wages for
24 the amount of money provided.

25 (2) The board may not provide financial assistance:

26 (a) For a project the primary purpose of which is to facilitate or
27 promote a retail shopping development or expansion;

28 (b) For any project for which evidence exists that would result in
29 a development or expansion that would displace jobs in any other
30 community in the state;

31 (c) For a project the primary purpose of which is to facilitate or
32 promote gambling; or

33 (d) For a project located outside the jurisdiction of the applicant
34 political subdivision or federally recognized Indian tribe.

35 **Sec. 11.** RCW 43.160.076 and 2011 c 180 s 301 are each amended to
36 read as follows:

37 ~~((1) Except as authorized to the contrary under subsection (2) of~~

1 this section, from all funds available to the board for financial
2 assistance in a biennium under this chapter, the board shall approve at
3 least seventy five percent of the first twenty million dollars of funds
4 available and at least fifty percent of any additional funds for
5 financial assistance for projects in rural counties.

6 (2) If at any time during the last six months of a biennium the
7 board finds that the actual and anticipated applications for qualified
8 projects in rural counties are clearly insufficient to use up the
9 allocations under subsection (1) of this section, then the board shall
10 estimate the amount of the insufficiency and during the remainder of
11 the biennium may use that amount of the allocation for financial
12 assistance to projects not located in rural counties.

13 (3)) The board ((shall)) must solicit qualifying projects to plan,
14 design, and construct public facilities needed to attract new
15 industrial and commercial activities in areas impacted by the closure
16 or potential closure of large coal-fired electric generation
17 facilities, which for the purposes of this section means a facility
18 that emitted more than one million tons of greenhouse gases in any
19 calendar year prior to 2008. The projects should be consistent with
20 any applicable plans for major industrial activity on lands formerly
21 used or designated for surface coal mining and supporting uses under
22 RCW 36.70A.368. When the board receives timely and eligible project
23 applications from a political subdivision of the state for financial
24 assistance for such projects, the board from available funds ((shall))
25 must give priority consideration to such projects.

26 **Sec. 12.** RCW 43.160.080 and 2010 1st sp.s. c 36 s 6011 are each
27 amended to read as follows:

28 (1) There ((shall)) must be a fund in the state treasury known as
29 the public facilities construction loan revolving account, which
30 ((shall)) consists of all moneys collected under this chapter and any
31 moneys appropriated to it by law. Disbursements from the revolving
32 account ((shall)) must be on authorization of the board. In order to
33 maintain an effective expenditure and revenue control, the public
34 facilities construction loan revolving account ((shall be)) is subject
35 in all respects to chapter 43.88 RCW. During the 2009-2011 biennium,
36 sums in the public facilities construction loan revolving account may
37 be used for community economic revitalization board export assistance

1 grants and loans in section 1018, chapter 36, Laws of 2010 1st sp.
2 sess. and for matching funds for the federal energy regional innovation
3 cluster in section 1017, chapter 36, Laws of 2010 1st sp. sess.

4 (2) The moneys in the public facilities construction loan revolving
5 account must be used solely to fulfill commitments arising from
6 financial assistance authorized in this chapter. The total outstanding
7 amount, which the board must dispense at any time pursuant to this
8 section, may not exceed the moneys available from the account.

9 (3) Repayments of loans made from the public facilities
10 construction loan revolving account under the contracts for public
11 facilities construction loans must be paid into the public facilities
12 construction loan revolving account.

13 **Sec. 13.** RCW 43.160.900 and 2008 c 327 s 9 are each amended to
14 read as follows:

15 (1) The community economic revitalization board (~~shall~~) must
16 conduct biennial outcome-based evaluations of the financial assistance
17 provided under this chapter. The evaluations (~~shall~~) must include
18 information on the number of applications for community economic
19 revitalization board assistance; the number and types of projects
20 approved; the grant or loan amount awarded each project; the projected
21 number of jobs created or retained by each project; the actual number
22 and cost of jobs created or retained by each project; the wages and
23 health benefits associated with the jobs; the amount of state funds and
24 total capital invested in projects; the number and types of businesses
25 assisted by funded projects; the location of funded projects; the
26 transportation infrastructure available for completed projects; the
27 local match and local participation obtained; the number of delinquent
28 loans; and the number of project terminations. The evaluations may
29 also include additional performance measures and recommendations for
30 programmatic changes.

31 (2)(a) By September 1st of each even-numbered year, the board
32 (~~shall~~) must forward its draft evaluation to the Washington state
33 economic development commission for review and comment(~~(, as required~~
34 ~~in section 10 of this act)~~). The board (~~shall~~) must provide any
35 additional information as may be requested by the commission for the
36 purpose of its review.

1 (b) Any written comments or recommendations provided by the
2 commission as a result of its review (~~shall~~) must be included in the
3 board's completed evaluation. The evaluation must be presented to the
4 governor and appropriate committees of the legislature by December 31st
5 of each even-numbered year. (~~The initial evaluation must be submitted~~
6 ~~by December 31, 2010.~~)

7 NEW SECTION. **Sec. 14.** The following acts or parts of acts are
8 each repealed:

9 (1) RCW 43.160.060 (Loans and grants to political subdivisions and
10 federally recognized Indian tribes for public facilities authorized--
11 Application--Requirements for financial assistance) and 2012 c 196 s
12 10, 2008 c 327 s 5, 2007 c 231 s 3, & 2004 c 252 s 3;

13 (2) RCW 43.160.070 (Conditions) and 2008 c 327 s 6, 1999 c 164 s
14 104, 1998 c 321 s 27, 1997 c 235 s 721, 1996 c 51 s 6, 1990 1st ex.s.
15 c 16 s 802, 1983 1st ex.s. c 60 s 4, & 1982 1st ex.s. c 40 s 7; and

16 (3) RCW 43.160.078 (Board to familiarize government officials and
17 public with chapter provisions) and 1985 c 446 s 5."

SHB 1260 - S AMD
By Senators Hatfield, Braun, Hewitt

ADOPTED 03/13/2014

18 On page 1, line 1 of the title, after "loans;" strike the remainder
19 of the title and insert "amending RCW 43.160.010, 43.160.020,
20 43.160.030, 43.160.050, 43.160.076, 43.160.080, and 43.160.900; adding
21 new sections to chapter 43.160 RCW; and repealing RCW 43.160.060,
22 43.160.070, and 43.160.078."

EFFECT: Requires the board to award a minimum of fifty percent of
the moneys from its capital appropriations to projects that exceed the
countywide median hourly wage for private sector jobs.

Requires that the board prioritize its awards based, among other factors, on whether the project offers health insurance for employees that includes an option for dependents; and whether the project's public facility investment will support infill in urban or industrial areas.

States the general rule that borrowers begin repayment within one year. Allows the board to authorize deferment of initial loan repayments for up to five years.

Requires the director to endeavor to ensure equitable geographic representation on the board.

Requires that the board manage the construction loan revolving account to ensure its sustainability and only to award assistance to projects demonstrating feasibility using standard economic principles.

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