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## Technology & Economic Development Committee

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### SSB 5334

**Brief Description:** Concerning public facilities' grants and loans.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Hewitt; by request of Washington State Department of Commerce).

#### Brief Summary of Substitute Bill

- Adds broadband to the public facilities that qualify for funding from the Community Economic Revitalization Board (CERB).
- Directs CERB to prioritize funding for public facilities projects under certain existing programs according to specified criteria.
- Authorizes CERB to elect to reserve up to \$1 million of its biennial appropriation to use as a state match for federal grant awards.

**Hearing Date:** 2/25/14

**Staff:** Kelly Leonard (786-7147).

#### Background:

The Community Economic Revitalization Board (CERB) is a 20-member statutory state board charged with funding public infrastructure improvements that encourage new business development and expansion in areas seeking economic growth. The CERB receives administrative support from the Department of Commerce (Commerce).

Through CERB, local governments can apply for low-interest loans, and grants to help finance public facility projects. Counties, cities, towns, port districts, federally-recognized Indian tribes, special purpose districts, municipal corporations, and quasi-municipal corporations with economic development purposes are eligible to apply. Public facilities eligible for the CERB financing include the following: bridges; roads; domestic and industrial water; earth

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stabilization; sanitary sewer; storm sewer; railroad; telecommunications; electricity; transportation; natural gas; buildings or structures; and port facilities.

The traditional CERB program offers three financing programs: 1) Committed Private Partner Construction, which requires evidence that a private development or expansion is ready to occur, contingent on approval of CERB funds; 2) Prospective Development Construction, which requires evidence that a private development or expansion is likely to occur as a result of the public improvements; and 3) planning projects, which evaluate high-priority economic development projects.

Funding for CERB projects is appropriated in the capital budget primarily from the Public Facilities Construction Loan Revolving Account. The CERB must make at least 75 percent of the first \$20 million of funds available and at least 50 percent of additional funds available to financial assistance for projects in rural counties.

### **Summary of Bill:**

The membership of CERB is modified. The six business representatives must be from specified geographic areas, including an even number from east of the Cascade range and from west of the Cascade range.

Broadband is added to the public facilities that qualify for CERB funding.

The CERB must balance the need for grants with the need to sustain the public facilities construction loan revolving account.

The CERB is directed to finance projects under the following programs: Committed Private Sector Partner Construction; Prospective Development Construction; Planning; and any other program authorized by the Legislature. For Committed Private Sector Partner Construction and Prospective Development Construction projects, CERB must prioritize funding using criteria that include:

- the number of jobs created;
- the average wage of those expected jobs;
- the local unemployment rate;
- the fit of the expected business creation or expansion within the region's preferred economic growth strategy;
- the speed with which the project can begin construction; and
- the leveraging of non-state funds.

In evaluating the average wages of the jobs created, the board must compare those wages to the median wages of private sector jobs in the county or counties surrounding the project location.

Criteria required for the awarding of loans and grants and requirements for prioritizing proposed projects are modified. Specifically, criteria are removed that relate to the following:

- convincing evidence that a specific private development is ready and will occur only with the proposed public facility improvement;
- consistency with the State Comprehensive Economic Development Plan developed by the Washington Economic Development Commission;

- obtaining local approval and support for an application for financing;
- demonstrating that wages of jobs created by a project will exceed the county's median wage;
- avoiding sprawl; and
- streamlining permitting.

The CERB is permitted to elect to reserve up to \$1 million of its biennial appropriation to use as a state match for federal grant awards as long as the purpose of the federal funds is consistent with CERB's purpose of financing economic development infrastructure and the reserved CERB funds are matched, at a minimum, dollar for dollar by federal funds.

The CERB's authority to familiarize government officials and members of the public with the CERB program is expanded to require collaborative relationships with economic development stakeholders and to provide advice to the Governor and Legislature on matters related to economic development.

The statutes governing the CERB are reorganized.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.