

# SENATE BILL REPORT

## SB 5533

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As of February 13, 2013

**Title:** An act relating to fostering economic development through revitalization of abandoned and vacant properties.

**Brief Description:** Fostering economic development through revitalization of abandoned and vacant properties.

**Sponsors:** Senators Rolfes, Chase and Braun.

**Brief History:**

**Committee Activity:** Trade & Economic Development: 2/14/13.

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### SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Staff:** Jack Brummel (786-7428)

**Background:** The Community Economic Revitalization Board (CERB) program provides loans and grants for the construction, repair, and acquisition of public facilities that encourage new business development and expansion in areas seeking economic growth. Eligible public facility projects include those involving domestic and industrial water, buildings and structures, industrial wastewater treatment and storm water facilities, telecommunications, electricity, natural gas, and transportation.

The CERB is governed by a 20-member board that includes representatives of local governments, tribes, the private sector, the Legislature, and state agencies. The CERB conducts regularly scheduled competitive funding rounds for projects proposed by eligible jurisdictions, which include counties, cities and towns, port districts, special purpose districts, innovation partnership zones, municipal and quasi-municipal corporations, and federally-recognized Indian tribes.

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

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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.*

Funding for CERB projects is appropriated in the Capital Budget primarily from the Public Facilities Construction Loan Revolving Account. The CERB is required to 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 bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** A Revitalization Loan Program (program) is established as a separate and distinct program under the CERB to encourage the revitalization of abandoned and vacant properties in incorporated areas so that the number and types of businesses, services and employment opportunities within a community will be maximized.

Under the program, CERB is authorized to make interest-free loans to municipalities to finance the cost of improving public facilities. The CERB may provide financial assistance to municipalities for a project that will improve the opportunity in incorporated areas to revitalize existing retail, industrial, or commercial properties that are either abandoned or whose square footage is more than 75 percent vacant. Applicants must demonstrate that a specific private development or expansion is ready to occur and will only occur if the public facility improvement is made.

The CERB may not provide financial assistance for a project that: facilitates a retail shopping development with a floor area over 10,000 square feet; results in displacement of existing jobs in another Washington community; primarily facilitates or promotes gambling; is located outside the municipality's jurisdiction; or results in the development of a professional sports arena.

In evaluating projects, CERB must consider the project's value to the community, including support from affected local businesses and government; the project's economic feasibility and readiness to proceed; the project's inclusion in local planning documents; and the projected median hourly wage of the private sector jobs created after the project is completed.

The CERB may not require the municipality to pay interest on the loan. The maximum loan term is 20 years, but the borrower must begin repaying the loan five years after receiving it. The maximum amount that CERB may award to a specific project, in a single or a combination of loans, is \$2 million. The biennial amount appropriated for the Revitalization Program may not exceed \$10 million.

A revitalization loan program account is created. Loan repayments and other funds pledged to the program must be deposited into the new account. Monies in the account may be spent only after appropriation.

**Appropriation:** None.

**Fiscal Note:** Available.

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

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