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## Capital Budget Committee

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### HB 1952

**Brief Description:** Concerning the building communities fund program.

**Sponsors:** Representatives Ortiz-Self, Kilduff, Lovick, Thai and Fey.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Modifies the state match for the Building Communities Fund.</li><li>• Adjusts conditions for providing technical assistance grants.</li></ul>
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**Hearing Date:** 2/21/19

**Staff:** Melissa Palmer (786-7388).

**Background:**

The Building Communities Fund (BCF) program was created in 2008 to provide competitive grants to nonprofit, community-based organizations for nonresidential community service projects, including social service centers and multipurpose community centers. The projects must be located in a distressed community or serve a substantial number of low-income or disadvantaged people.

In order to be considered qualified, the applicants for the BCF must demonstrate the project meets certain criteria including that the project increases services provided, offers three or more distinct activities, reflects the long-term vision of the community, accomplishes a usable phase of the project, makes timely use of funds, and fills an unmet community need.

The Department of Commerce (Commerce) administers the BCF application process; project selection, with a citizen advisory committee; and the contracts for grants that were awarded. Commerce may not set a monetary limit to the funding requests. A ranked list of qualified projects, including descriptions, total cost, and amount of state funds requested must be submitted to the Governor and Legislature biennially. The total amount of state capital funding available for BCF projects is determined by the Capital Budget. If cash funds have been

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appropriated, up to \$3 million may be used for technical assistance grants. In 2017-19, \$30.9 million in general obligation bonds was appropriated for 26 projects.

Commerce must include provisions in the contracts that require the capital improvements be held by the grantee for a specified period of time and that the facilities be used for the express purpose of the grant. If a grantee is found out of compliance, they must repay to the State General Fund the principal amount of grant plus interest.

The state match must not exceed 25 percent of the cost of the BCF project. In exceptional circumstances, the state assistance may exceed 25 percent; however the total amount awarded for that project must not exceed 10 percent of the overall BCF grants awarded. Exceptional circumstances include, but are not limited to: natural disasters and emergencies beyond applicant's control. The non-state portion of the project cost may include cash, the real value of propriety and in-kind contributions.

**Summary of Bill:**

For projects up to \$100,000, the state match may not exceed 100 percent of total costs. For projects that exceed \$100,000, up to \$250,000, the state match may not exceed 75 percent of the total costs. For projects that exceed \$250,000, up to \$500,000 the state match may not exceed 50 percent of the total costs. For projects that exceed \$500,000 the state match may not exceed 25 percent. For projects that are funded under exceptional circumstances, the total funding of the project is not limited to 10 percent of the overall BCF grant amount. The ability to provide up to \$3 million in technical assistance is not limited to a cash appropriation.

**Appropriation:** None.

**Fiscal Note:** Requested on February 8, 2019.

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