

# HOUSE BILL REPORT

## HB 1952

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### As Reported by House Committee On: Capital Budget

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

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

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

**Brief History:**

**Committee Activity:**

Capital Budget: 2/21/19, 2/26/19 [DP].

<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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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 13 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; Callan, Davis, Leavitt, Lekanoff, Morgan, Riccelli, Santos, Sells, Stonier and Walsh.

**Minority Report:** Do not pass. Signed by 9 members: Representatives DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Steele, Assistant Ranking Minority Member; Corry, Dye, Eslick, Gildon, Irwin and Maycumber.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Jenkin.

**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

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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. The Department of 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 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.

The Department of 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 the 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 property and in-kind contributions.

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### **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 no longer 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.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The changes to the BCF would provide help to very distressed and low-income communities. Getting funding to these local entities is difficult. The individuals in these communities rely on the local entities. The goal is to open up the program guidelines to get funding to distressed and low-income communities. The Communities of Concern Commission is eager to use the BCF and these changes would enable access. Smaller communities that have made efforts to raise smaller amounts of funds and are determined to build community assets. These changes can assist the communities in achieving their goals. The BCF helps nonprofits achieve their mission and these changes can assist organizations in doing so more efficiently and effectively.

(Opposed) None.

**Persons Testifying:** Representative Ortiz-Self, prime sponsor; Josephine Tamayo Murray, Catholic Community Services of Western Washington; and Paul Benz, Faith Action Network.

**Persons Signed In To Testify But Not Testifying:** None.