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**SUBSTITUTE HOUSE BILL 1958**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Berg, Boehnke, Chapman, Ryu, Paul, Peterson, Frame, and Taylor)

AN ACT Relating to accelerating rural job growth and promoting economic recovery across Washington through a shovel-ready site certification program and grants; amending RCW 43.160.060; adding a new section to chapter 43.330 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that while many of Washington's high-wage industries, particularly those clustered around the Puget Sound corridor, have weathered both public health and economic crises well, many rural communities continue to struggle to recover without adequate access to resources. This has negative impacts on rural communities' broader ability to retain and grow family-wage jobs and local businesses, grow their tax base, and provide basic government services.

(2) The legislature further finds that reliable, modern infrastructure is critical for successful economic recovery and development. The underpinning of all commerce is physical infrastructure: Roads, transit, airports, railroads, water and sewer, broadband, and energy. Public investments in infrastructure create construction jobs, set the stage for future private investment, and shape an area's prospects for generations. New or relocating businesses often factor in the degree of certainty in timing of permitting and predevelopment work in selecting a site to locate.

(3) Therefore, the legislature intends to promote permanent job growth, ensure equitable recovery, and provide businesses as much predictability and certainty as possible through a "shovel-ready" certification program and investments in predevelopment work to help give new or relocating businesses the assurance and confidence they need to choose Washington communities as their next home.

**Sec.**  RCW 43.160.060 and 2014 c 112 s 108 are each amended to read as follows:

(1) The board is authorized to make direct loans to political subdivisions of the state and to federally recognized Indian tribes for the purposes of assisting the political subdivisions and federally recognized Indian tribes in financing the cost of public facilities, including development of land and improvements for public facilities, project-specific environmental, capital facilities, land use, permitting, feasibility, and marketing studies and plans; project design, site planning, and analysis; project debt and revenue impact analysis; as well as the construction, rehabilitation, alteration, expansion, or improvement of the facilities. A grant may also be authorized for purposes designated in this chapter, but only when, and to the extent that, a loan is not reasonably possible, given the limited resources of the political subdivision or the federally recognized Indian tribe and the finding by the board that financial circumstances require grant assistance to enable the project to move forward. However, no more than twenty-five percent of all financial assistance approved by the board in any biennium may consist of grants to political subdivisions and federally recognized Indian tribes.

(2) Application for funds must be made in the form and manner as the board may prescribe. In making grants or loans the board must conform to the following requirements:

(a) The board may not provide financial assistance:

(i) For a project the primary purpose of which is to facilitate or promote a retail shopping development or expansion.

(ii) For any project that evidence exists would result in a development or expansion that would displace existing jobs in any other community in the state.

(iii) For a project the primary purpose of which is to facilitate or promote gambling.

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

(b) The board may only provide financial assistance:

(i) For a project demonstrating convincing evidence that a specific private development or expansion is ready to occur and will occur only if the public facility improvement is made that:

(A) Results in the creation of significant private sector jobs or significant private sector capital investment as determined by the board; and

(B) Will improve the opportunities for the successful maintenance, establishment, or expansion of industrial or commercial plants or will otherwise assist in the creation or retention of long-term economic opportunities;

(ii) For a project that cannot meet the requirement of (b)(i) of this subsection but is a project that:

(A) Results in the creation of significant private sector jobs or significant private sector capital investment as determined by the board;

(B) Is part of a local economic development plan consistent with applicable state planning requirements;

(C) Can demonstrate project feasibility using standard economic principles; and

(D) Is located in a rural community as defined by the board, or a rural county;

(iii) For site-specific plans, studies, and analyses that address environmental impacts, capital facilities, land use, permitting, feasibility, marketing, project engineering, design, site planning, costs of achieving shovel-ready status, and project debt and revenue impacts, as grants ((~~not to exceed fifty thousand dollars~~)). After December 31, 2026, such grants may not exceed $200,000.

(c) The board must develop guidelines for local participation and allowable match and activities.

(d) An application must demonstrate local match and local participation, in accordance with guidelines developed by the board.

(e) An application must be approved by the political subdivision and supported by the local associate development organization or local workforce development council or approved by the governing body of the federally recognized Indian tribe.

(f) The board may allow de minimis general system improvements to be funded if they are critically linked to the viability of the project.

(g) An application must demonstrate convincing evidence that the median hourly wage of the private sector jobs created after the project is completed will exceed the countywide median hourly wage.

(h) The board must prioritize each proposed project according to:

(i) The relative benefits provided to the community by the jobs the project would create, not just the total number of jobs it would create after the project is completed, but also giving consideration to the unemployment rate in the area in which the jobs would be located;

(ii) The rate of return of the state's investment, including, but not limited to, the leveraging of private sector investment, anticipated job creation and retention, and expected increases in state and local tax revenues associated with the project;

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

(iv) Whether the public facility investment will increase existing capacity necessary to accommodate projected population and employment growth in a manner that supports infill and redevelopment of existing urban or industrial areas that are served by adequate public facilities. Projects should maximize the use of existing infrastructure and provide for adequate funding of necessary transportation improvements;

(v) Whether the applicant's permitting process has been certified as streamlined by the office of regulatory assistance; and

(vi) Whether the applicant has developed and adhered to guidelines regarding its permitting process for those applying for development permits consistent with section 1(2), chapter 231, Laws of 2007.

(i) A responsible official of the political subdivision or the federally recognized Indian tribe must be present during board deliberations and provide information that the board requests.

(3) Before any financial assistance application is approved, the political subdivision or the federally recognized Indian tribe seeking the assistance must demonstrate to the community economic revitalization board that no other timely source of funding is available to it at costs reasonably similar to financing available from the community economic revitalization board.

NEW SECTION. **Sec.**  A new section is added to chapter 43.330 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the department must develop and implement a shovel-ready certification program for the purpose of certifying sites seeking shovel-ready status designation.

(2) In developing the program, the department must consult with the community economic revitalization board, economic development professionals, industry leaders, and local governments. The department may consult with other interested parties at its discretion.

(3) The department must establish an application process for the program and criteria for certification.

(4) The department may adopt rules to implement this section.

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