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**Innovation, Community & Economic  
Development, & Veterans Committee**

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**HB 1870**

**Brief Description:** Promoting economic development by increasing opportunities for local communities to secure federal funding.

**Sponsors:** Representatives Barnard, Ryu, Leavitt, Connors, Couture, Schmidt, Duerr and Slatter.

**Brief Summary of Bill**

- Creates a program providing a state pool of matching funds for use by local communities submitting applications for federal grants.
- Requires the Department of Commerce (Commerce) to assist local communities by providing technical assistance with federal grant applications, prioritizing applications for federal funds in an existing grant program, and creating a resource guide for federal grant applicants.
- Requires Commerce to report on program effectiveness based on performance measurements, including the amount of federal dollars obtained relative to the state dollars expended.

**Hearing Date:** 1/9/24

**Staff:** Martha Wehling (786-7067).

**Background:**

The Department of Commerce (Commerce) is responsible for promoting community and economic development within the state by assisting Washington's communities to increase the quality of life of their citizens and their economic vitality and by assisting Washington's

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businesses to maintain and increase their economic competitiveness. Commerce's responsibilities include soliciting private and federal grants for economic and community development programs and maximizing the impact of federal funding for economic development through coordination with research facilities to leverage federal funding for research, development, innovation of new technologies, and transfer of technology to the private sector to promote business development and jobs in Washington.

Federal grant opportunities address multiple aspects of economic development, including broadband, clean and efficient energy, climate change resiliency, disaster mitigation and recovery, housing and homelessness, public infrastructure, semiconductor technology, transportation, and water and waste management. The majority of the federal grant opportunities require the applicant to provide a percentage of matching funds, also referred to as cost sharing. State funds may be used to meet federal match requirements in limited circumstances, including the Public Works Assistance Account and the Statewide Broadband Account.

#### Training and Technical Assistance to Local Communities.

Commerce provides training and technical assistance to local communities to promote local development and encourage economic growth and opportunity, including developing and implementing strategic development plans, assisting businesses, encouraging investment in public infrastructure, and expanding employment opportunities. Commerce makes training and technical assistance available through centralized and user-friendly information and referral, and coordinated community and economic development efforts. Local communities most in need of assistance are prioritized for training.

#### Associate Development Organization Grant Program.

By July 1, 2024, Commerce is required to establish a grant program to recruit, hire, and retain grant writers for associate development organizations. An "associate development organization" is a local economic development nonprofit corporation that is broadly representative of community interests. After the grant program is established, Commerce is required to award grants annually, and to prioritize grants for distressed areas.

#### Inventory of Grant Opportunities for Entities Engaged in Economic Development Activities.

Commerce inventories grant opportunities that are available for entities engaged in economic development activities. The inventory includes grant and project opportunities in the federal register. Commerce may consult with federal agencies on prospects for federal funds for Washington's economic development purposes, including the Small Business Administration, the Department of Labor, the Department of Commerce, the Department of Agriculture, and the Department of Ecology. Commerce facilitates joint efforts that will increase the likelihood of success in applicants seeking grants.

#### Reporting.

Commerce tracks the amount of federal economic development funding received and disbursed, along with any matching requirements, and provides the information annually to the economic development committees of the House of Representatives and the Senate. Commerce's April 2022 report identifies four completed grants, two ongoing grants, and one partial grant providing federal grants totaling \$19,087,000 with a state match of \$1,657,000. The grants provided funding for small business expansion into international markets, advancement of manufacturing in economically distressed areas, acceleration of innovation and modernization of the maritime industry, creation of nine innovation clusters, adaption to changes in defense manufacturing, and expansion of a training program from 75 to 292 businesses in rural counties.

Associate development organizations that receive grants provide annual reports to Commerce on the use of the grant funds and the number and type of grants applied for, and Commerce must include information on grant award funding and use in its reports on associate development organization contracts.

### **Summary of Bill:**

#### Moving Assets Towards Community Health Program.

The Department of Commerce (Commerce) is required to establish and administer the "Moving Assets Towards Community Health" (MATCH) program. The program will provide a state pool of matching funds to increase opportunities for local communities to compete for federal grants. Commerce may adopt rules to implement the MATCH program.

#### Technical Assistance for Federal Grant Applications.

Commerce must provide technical assistance to local communities developing applications for federal funding in Commerce's training and technical assistance that it provides to local communities, community-based nonprofit organizations, regional areas, and businesses. To the extent funding is made available, Commerce may provide the technical assistance through contracts with external parties.

#### Prioritized Grants for Federal Funds in Associate Development Organization Grant Program.

Commerce's grant program supporting associate development organizations must prioritize grants for applications for federal funds, in addition to grants for distressed areas.

#### Federal Resource Guide Included in Inventory of Grant Opportunities.

Commerce may include a resource guide for applicants for federal grants in its existing inventory of grant opportunities. The resource guide should include links to federal applications and relevant resources, as well as contact information for Commerce staff for grant applicants in need of assistance.

Reporting on Moving Assets Towards Community Health Program Effectiveness.

Beginning December 31, 2027, Commerce must provide a report on the MATCH program that identifies the federal funds awarded to entities, efforts made to assist local communities with obtaining federal funds, all applicants and projects receiving federal awards in the prior two years, and program effectiveness based on performance measurement requirements, including the amount of federal dollars obtained relative to the state dollars expended. The report must be updated every two years, posted on Commerce's website, and provided to the Governor and Legislature.

**Appropriation:** None.

**Fiscal Note:** Requested on January 2, 2024.

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