

SENATE BILL REPORT

SHB 1870

As Passed Senate - Amended, March 1, 2024

Title: An act relating to promoting economic development by increasing opportunities for local communities to secure federal funding.

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

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Barnard, Ryu, Leavitt, Connors, Couture, Schmidt, Duerr, Slatter, Reed, Chapman, Graham, Ormsby, Timmons, Donaghy, Paul, Doglio, Reeves, Hackney and Griffey).

Brief History: Passed House: 2/13/24, 97-0.

Committee Activity: Business, Financial Services, Gaming & Trade: 2/20/24, 2/20/24 [DP-WM].

Ways & Means: 2/23/24, 2/26/24 [DPA].

Floor Activity: Passed Senate - Amended: 3/1/24, 49-0.

Brief Summary of Bill (As Amended by Senate)

- Requires the Department of 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 subject to appropriations.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Stanford, Chair; Frame, Vice Chair; Dozier, Ranking Member; Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Clint McCarthy (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Robinson, Chair; Mullet, Vice Chair, Capital; Nguyen, Vice Chair, Operating; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Pedersen, Randall, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Staff: Michael Bezanson (786-7449)

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 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.

Associate Development Organizations. Associate Development Organizations (ADOs) are under contract with the state to provide economic development services in the communities they represent. As part of their contracts, ADOs are required to submit annual performance reports to Commerce, which Commerce compiles as a report and submits to the Legislature biennially. The annual base funding an ADO receives from the state is dependent on local matching funds as well as whether the county served is a rural county. Funding is provided on a per capita basis. Commerce may consider an ADO's total resources when making contracting and fund allocation decisions. The mission of an ADO is to further a county's or region's economic development goals. There are 34 ADOs serving all 39 counties.

Grant Writers. In 2023 the Legislature directed Commerce to establish a grant program to support ADOs in recruiting, hiring, and retention of grant writers. Commerce must award

grants on an annual basis and must prioritize grants for distressed areas. In order to receive the grant, ADOs must apply for the grant. Awardees must provide certain information on the use of the funds in the required annual report to Commerce.

Summary of Amended Bill: Commerce is directed to provide technical assistance as either an agency or through a contracted party to assist local communities to develop competitive applications for federal funding to the extent funding is available.

The prioritization model that Commerce uses to award grants to ADOs on an annual basis to recruit, hire, and retain grant writers is expanded to include grant applications for federal funds in addition to whether the grant is originating from a distressed area as defined in statute.

Commerce is permitted to provide a resource guide for applicants for federal grants.

The bill has a null and void clause.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Substitute House Bill (Business, Financial Services, Gaming & Trade): PRO: Resource guides are all over the place. But there aren't a lot of guides for businesses to apply for grants. We need to be able to take advantage of all of the federal grants right now. We need to remove barriers so that businesses can access capital. This will create a one-stop shop for organizations to see what is available to them. This program provides grants for grant writers. Many ADOs don't have the bandwidth to have people thinking about applying for grants. Increasing technical assistance will provide new avenues for revenue that promotes development. Applying for federal funds is one of the most difficult issues our ADOs face. The technical assistance that will be provided will greatly enhance the ability of some of the smaller ADO's to get federal funds. Securing more state investment will assist the state receive more federal funds. We could have used this bill a couple years ago when some of these federal programs were being rolled out. The state is at a competitive disadvantage without accessing the federal funds. This program can open many doors.

Persons Testifying (Business, Financial Services, Gaming & Trade): PRO: Representative Stephanie Barnard, Prime Sponsor; Emily Shay, Association of Washington Business; Brandy DeLange, Association of Washington Cities; Suzanne Dale Estey, Washington Economic Development Association.

Persons Signed In To Testify But Not Testifying (Business, Financial Services, Gaming & Trade): No one.

Staff Summary of Public Testimony on Substitute House Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* None.

Persons Testifying (Ways & Means): No one.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.