

SENATE BILL REPORT

SB 5229

As Reported by Senate Committee On:
Business, Financial Services, Gaming & Trade, January 19, 2023
Ways & Means, February 7, 2023

Title: An act relating to accelerating rural job growth and promoting economic recovery across Washington through site readiness grants.

Brief Description: Accelerating rural job growth and promoting economic recovery across Washington through site readiness grants.

Sponsors: Senators Frame, Warnick, Kuderer, Lovelett, Nobles, Randall, Salomon, Shewmake and Torres.

Brief History:

Committee Activity: Business, Financial Services, Gaming & Trade: 1/17/23, 1/19/23 [DP-WM, w/oRec].
Ways & Means: 2/02/23, 2/07/23 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Adds site readiness as an allowable use of the Community Economic Revitalization Board's (CERB) grants for certain planning activities.
- Removes the cap for planning grants until December 31, 2028, after which it may not exceed \$200,000.
- Requires CERB to include the total number, percentage, and dollar amount of projects' utilization of the Office of Minority and Women's Business Enterprise and the Department of Veterans Affairs certified businesses or businesses that self-report as meeting certification in their biennial report to the Legislature.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

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.

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, Lovick, MacEwen and Mullet.

Minority Report: That it be referred without recommendation.

Signed by Senator Hasegawa.

Staff: Kellee Gunn (786-7429)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5229 be substituted therefor, and the substitute bill do pass.

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

Minority Report: That it be referred without recommendation.

Signed by Senator Braun.

Staff: Michael Bezanson (786-7449)

Background: The Community Economic Revitalization Board (CERB) was formed in 1982 to respond to local economic development in Washington communities. CERB provides funding to local governments and federally recognized tribes for public infrastructure which supports private development or expansion resulting in jobs and capital sector improvements. The Department of Commerce provides administrative support for the program.

CERB's funding support may be provided as a loan or a grant. Certain activities, such as facilitating or promoting gambling and projects that would displace existing jobs to another community, are not eligible.

Applications for financial assistance must include certain information regarding job creation, support from local political subdivision and economic development organization or workforce council and establish local match and participation. Prioritization is given to certain projects that demonstrate or provide certain information regarding community benefit, employee benefits, planning, feasibility, and permitting.

Grants, not to exceed \$50,000, may be awarded to support site-specific plans, studies, and analyses that address environmental impacts, capital facilities, land use, permitting, feasibility, marketing, project engineering, design, site planning, and project debt and

readiness.

CERB must conduct a biennial outcome-based evaluation of the financial assistance they provide. The evaluation must include certain information including the number of awards, types of projects, award amounts, jobs created, wages and health benefits associated with those jobs, and other criteria.

Summary of Bill (First Substitute): Costs of achieving site readiness is added as an allowable use of CERB's grant funding for site-specific plans, studies, and analyses. CERB must define "achieving site readiness." The \$50,000 cap for grants is removed until December 31, 2028, after which it may not exceed \$200,000.

In CERB's biennial report to the Legislature, certain information identifying the biennial total number, percentage, and dollar amount of projects' utilization of the Office of Minority and Women's Business Enterprise (OMWBE) and the Department of Veterans Affairs (DVA) certified businesses or businesses not yet certified with these organizations but which self-report as meeting the requirements of certification, must be included.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Requires CERB to define "achieving site-readiness."
- Requires, in CERB's biennial report to the Legislature, certain information identifying the biennial total number, percentage, and dollar amount of projects' utilization of OMWBE and DVA certified businesses or businesses not yet certified with these organizations but which self-report as meeting the requirements of certification, be included.

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 Original Bill (Business, Financial Services, Gaming & Trade): PRO: This is a rural economic development bill. Site readiness is an important component for CERB projects. CERB is a bipartisan group that supports the entire state. The 50k limit is extraordinarily low. Removing the cap will make sure we capitalize on federal dollars, and establishes a higher limit of \$200k at the end of 2028. Eliminating the cap and raising the cap permanently will help get projects started.

Our port has been a recipient of CERB funds about 13 times. Federal funding for these

projects is cumbersome for small ports. To be competitive for federal grants, a port needs to have 10% of the project completed. The planning program cap was established at \$50k in 1999. The costs of these activities have gone up since then. CERB grants are a relied upon tool in our rural communities. CERB has a high return rate on these dollars. Getting sites ready to go will help job growth. The pandemic devastated communities and families. We are past the triage phase; we need tools and resources. We were disappointed to see language removed regarding shovel ready projects, that was in a previous version from last year. The site readiness program at Commerce is geared towards sophisticated and large ports. This bill will help the others.

OTHER: Site readiness grants for large industrial projects, through another Commerce program, have been successful. The state provided \$2.5 million for the site-readiness grant program, and there was over \$12 million in requests. The demand is there. Four ports and two tribes received these site-readiness grants. Food processing, aerospace, and manufacturing have all been recipients. Site readiness grants can help get a sewer line put in, or do other foundational work to make a project viable.

Persons Testifying (Business, Financial Services, Gaming & Trade): PRO: Senator Noel Frame, Prime Sponsor; Jennifer Wray-Keene, Port of Woodland; Michael Echanove, CERB - Community Economic Revitalization Board; Suzanne Dale Estey, Washington Economic Development Association; Chris Herman, Washington Public Ports Association.

OTHER: Robert Duff, Washington State Department of Commerce.

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

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This bill levels the playing field for all communities in Washington. A \$50,000 limit for feasibility grants is not enough. The increases in this bill will help rural communities complete larger future projects and will bring in more job opportunities.

Persons Testifying (Ways & Means): PRO: Mike Mason, CERB - Community Economic Revitalization Board; Michael Echanove, CERB - Community Economic Revitalization Board; Chris Herman, Washington Public Ports Association; Sara Young, Port of Skagit; Jennifer Wray-Keene, Port of Woodland.

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