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**HOUSE BILL 1057**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Barnard, Ryu, Leavitt, Barkis, Taylor, Jacobsen, Reed, Callan, Keaton, Timmons, Tharinger, Simmons, Duerr, Nance, Davis, Bernbaum, and Donaghy

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1 AN ACT Relating to promoting economic development by increasing  
2 support for local communities to access federal funds; amending RCW  
3 43.330.088 and 43.330.260; adding new sections to chapter 43.330 RCW;  
4 and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that many of  
7 Washington's communities, particularly in rural areas, face an  
8 economic development dilemma in which they need matching dollars to  
9 compete for federal funds that would increase the local tax base,  
10 local revenue, and local employment and incomes. Lacking a thriving  
11 local tax base, it is difficult to generate the financial resources  
12 to supply the needed matching dollars to compete for federal economic  
13 development funds.

14 The legislature further finds that there are thousands of federal  
15 funding opportunities available for a wide variety of economic  
16 development projects, including broadband, equity, housing,  
17 infrastructure, innovation, regional development, skills training,  
18 transportation, and workforce development. In fiscal year 2019, the  
19 federal government provided state and local governments \$750 billion  
20 for health care, transportation, income security, education, job  
21 training, social services, community development, and environmental

1 protection; while in fiscal year 2023, the grants totaled \$1.1  
2 trillion.

3 The legislature further finds that when the state provides  
4 matching dollars, it can leverage the state's contribution to attract  
5 substantially greater funds and private investment.

6 The legislature further finds that increasing state matching  
7 dollars will enable local communities to access federal funds which  
8 would, in the aggregate, provide benefits across a broad array of  
9 community priorities and thereby contribute to the state's economic  
10 development objectives.

11 The legislature further finds that the state recognized the value  
12 of matching dollars to access federal funds for clean energy,  
13 climate, clean technology, and resilience, and that it should expand  
14 its efforts to all types of economic development funds available from  
15 the federal government by expanding its grant writing assistance  
16 program, creating scoring criteria to prioritize projects, adopting  
17 grant award tiers, and establishing a state account with a pool of  
18 matching dollars to be available for local communities to secure  
19 matching dollars for applications for federal funds.

20 **Sec. 2.** RCW 43.330.088 and 2024 c 223 s 3 are each amended to  
21 read as follows:

22 (1) Subject to the availability of amounts appropriated for this  
23 specific purpose, by July 1, 2024, the department shall establish a  
24 grant program to support ~~((associate))~~ local communities, including  
25 economic development organizations as defined in 13 C.F.R. Sec. 312.3  
26 as it existed on October 10, 2024, frontier counties as defined in  
27 RCW 43.330.010, and rural counties as defined in RCW 43.160.020 in  
28 the recruiting, hiring, and retention of grant writers. The  
29 department must award grants on an annual basis and must prioritize  
30 grants for distressed areas as defined under RCW 43.168.020 and  
31 grants for applications for federal funds.

32 ~~((Associate development organizations))~~ Eligible applicants  
33 must apply for the grant program in a manner to be determined by the  
34 department.

35 ~~((Associate development organizations))~~ Entities that receive  
36 awards under this section must provide information on state matching  
37 dollars acquired, the use of the funds, including a description of  
38 the ~~((associate development organization's))~~ entity's recruiting and  
39 hiring efforts and, if applicable, the number and types of grants

1 applied for by the grant writers funded by the state, in their annual  
2 reports to the department, if required under RCW 43.330.082.

3 (4) Beginning December 31, 2026, the department must include  
4 information on grant award funding and use and state matching dollars  
5 in its reports to the legislature on associate development  
6 organizations contracts required under RCW 43.330.082.

7 (5) The department shall adopt rules to implement this section.

8 **Sec. 3.** RCW 43.330.260 and 2024 c 223 s 4 are each amended to  
9 read as follows:

10 (1) The department shall make available, within existing  
11 resources, an inventory of grant opportunities for state agencies,  
12 local governments, and other community organizations engaged in  
13 economic development activities.

14 (2) In developing the inventory of economic development grant  
15 opportunities, the department (~~may~~) shall:

16 (a) Regularly review the federal register for opportunities to  
17 apply for grants, research projects, and demonstration projects;

18 (b) Maintain an inventory of grant opportunities with private  
19 foundations and businesses;

20 (c) Provide a resource guide for applicants for federal grants,  
21 including links to federal applications and relevant resources, and  
22 contact information for department assistance; and

23 (d) Consult with federal officials, including but not limited to  
24 those in the small business administration, the department of labor,  
25 the department of commerce, the department of agriculture, the  
26 department of ecology, as well as private foundations and businesses,  
27 on the prospects for obtaining federal and private funds for economic  
28 development purposes in Washington state.

29 (3) The department may also facilitate joint efforts between  
30 agencies and between local organizations and state agencies that will  
31 increase the likelihood of success in grant seeking and the  
32 attraction of major events.

33 (4) The department shall prepare a template letter to be used by  
34 an eligible entity to support its application for federal funds that  
35 will promote economic development. The letter shall identify the  
36 availability of state matching funds should the applicant  
37 successfully obtain federal funds. The department shall provide the  
38 letter to an applicant within five business days of request.

1       (5) The department shall create scoring criteria to prioritize  
2 applications for matching funds. The scoring criteria must include  
3 the number of jobs created, the number of households affected, the  
4 number of businesses impacted, the amount of the federal funding, and  
5 prioritize rural and frontier counties. The department shall solicit  
6 input from associate development organizations, ports, chambers of  
7 commerce, workforce development boards, and the governor's office to  
8 prioritize the federal funds that will have the most significant  
9 impact on economic development in Washington.

10       (6) Applicants for matching funds will be subject to the  
11 following grant amounts:

12       (a) Political subdivisions, federally recognized Indian tribes,  
13 institutions of higher education as defined in RCW 28B.10.016,  
14 consumer-owned utilities, small businesses, regional planning  
15 organizations, economic development organizations as defined in 13  
16 C.F.R. Sec. 312.3 as it existed on October 10, 2024, and nonprofits  
17 may receive up to 100 percent of the required match.

18       (b) Investor-owned utilities and other eligible entities may  
19 receive a maximum of 50 percent of the required match.

20       (c) If no match is required, an eligible entity may receive up to  
21 \$100,000 if the amount would increase the likelihood of receiving  
22 federal funds or increase the award of federal funds.

23       (d) If a project will benefit a distressed area as defined in RCW  
24 43.168.020, the maximum amount awarded under (b) of this subsection  
25 may be increased to 100 percent, and the maximum amount awarded under  
26 (c) of this subsection may be increased to \$500,000.

27       (7) By July 1, 2026, the department shall expand the  
28 fundhub.wa.gov website to include federal funds available for  
29 economic development.

30       NEW SECTION. Sec. 4. A new section is added to chapter 43.330  
31 RCW to read as follows:

32       Beginning December 31, 2027, the department must report on the  
33 use of state matching dollars to obtain federal funds. The report  
34 shall be updated every two years and posted on the department's  
35 website and transmitted to the governor and the legislature. The  
36 report must identify the number of letters provided to eligible  
37 entities to support applications for federal funds, the number of  
38 successful applications, the awards for state matching funds, the

1 amount of federal funds received, and the number of federal agencies  
2 and federal fund opportunities on the fundhub.wa.gov website.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.330  
4 RCW to read as follows:

5 (1) The moving assets to create healthy economic development  
6 account is created in the custody of the state treasurer. Revenues to  
7 the account consist of appropriations and transfers made to the  
8 account by the legislature and all other moneys directed for deposit  
9 into the account. The account is subject to allotment procedures  
10 under chapter 43.88 RCW, but an appropriation is not required for  
11 expenditures. Only the director or the director's designee may  
12 authorize expenditures from the account. Expenditures from the  
13 account may only be used to provide matching funds for an eligible  
14 entity's award of federal funds that will promote economic  
15 development, as described in subsection (2) of this section.

16 (2) Expenditures may be authorized for projects such as, but not  
17 limited to:

- 18 (a) Broadband;
- 19 (b) Equity;
- 20 (c) Housing;
- 21 (d) Public infrastructure;
- 22 (e) Innovation;
- 23 (f) Regional development;
- 24 (g) Skills training;
- 25 (h) Transportation; or
- 26 (i) Workforce development.

27 (3) The funds shall be reserved for a project after the  
28 application is approved, but shall not be expended from the account  
29 unless:

30 (a) The applicant is successful in receiving federal funds for  
31 the project;

32 (b) The circumstances are such that time does not permit the  
33 director or the eligible entity to secure funding from other state  
34 sources;

35 (c) The project will produce significant long-term economic  
36 benefits to the state, a region of the state, or a particular  
37 community in the state;

38 (d) The project does not require continuing state support;

1           (e) The expenditure will result in new jobs, job retention, or  
2 higher incomes for citizens of the state; and

3           (f) The expenditure will not supplant private investment.

4           (4) Reserved funds are committed to a project and are unavailable  
5 for reservation or appropriation for other applications until the  
6 department receives written notice from the applicant that the  
7 application for federal funds has been withdrawn or denied.

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