

## Technology, Economic Development, & Veterans Committee

### HB 1057

**Brief Description:** Promoting economic development by increasing support for local communities to access federal funds.

**Sponsors:** Representatives Barnard, Ryu, Leavitt, Barkis and Taylor.

#### Brief Summary of Bill

- Requires the Department of Commerce (Commerce) to assist economic development organizations applying for federal funds by developing scoring criteria to prioritize awards of state matching funds.
- Expands eligibility for Commerce's grant writer program to include economic development organizations and rural and frontier counties.
- Expands the state's website to include federal funding opportunities for economic development.
- Requires biannual reporting on applications for federal funds, state matching funds awarded, federal funds received, and number of federal funding opportunities.

**Hearing Date:** 1/17/25

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

#### Background:

The Department of Commerce's (Commerce) responsibilities include soliciting private and federal grants for economic and community development programs and maximizing the impact

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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.

Recent federal grants for economic development projects included 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. Most federal grants 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 through:

- developing competitive applications for federal funds;
- developing and implementing strategic development plans;
- assisting businesses;
- encouraging investment in public infrastructure; and
- expanding employment opportunities.

Commerce is required to make training and technical assistance available through centralized and user-friendly information and referral, and coordinated community and economic development efforts.

#### Associate Development Organization Grant Writer Program.

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

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

Commerce is required to inventory 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 federal fund prospects 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 is also required to facilitate joint efforts that will increase the likelihood of success for applicants seeking grants.

#### Federal Funding Roadmap Project.

The Governor's Office initiated a Federal Funding Roadmap Project in 2023 to access federal funds available for climate, natural resource protection, workforce development, sustainable

economic development, and equity goals. Project recommendations that were implemented included hiring a federal funding coordinator and creating a shared database and management system for tracking funding opportunities, available at [fundhub.wa.gov](http://fundhub.wa.gov).

#### Reporting.

Commerce is required to track the amount of federal economic development funding received and disbursed, along with any matching requirements, and provide the information to the economic development committees of the House of Representatives and the Senate annually.

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. Commerce is required to include information on grant award funding and use in its annual reports to the Legislature on associate development organization contracts, beginning December 31, 2026.

#### **Summary of Bill:**

##### Expansion of Grant Program Eligibility.

The Department of Commerce's (Commerce) grant program to recruit, hire, and retain grant writers is expanded to include economic development organizations, frontier counties, and rural counties. Economic development organization means "an organization whose primary purpose is to support the economic development of a community or region."

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

Commerce is required to develop an inventory of economic development grant opportunities, including:

- regularly reviewing the federal register;
- maintaining an inventory of private grants;
- providing a resource guide for federal grant applicants; and
- consulting with federal agencies, private foundations, and businesses on fund prospects for economic development.

Commerce is required to expand the [fundhub.wa.gov](http://fundhub.wa.gov) website to include all federal funding opportunities that are available for economic development by July 1, 2026.

##### Support for Federal Grant Applicants.

Commerce is required to create scoring criteria to prioritize applications for matching state funds. The criteria must prioritize rural and frontier counties and include:

- number of jobs created;

- number of households affected;
- number of businesses impacted; and
- amount of federal funding applied for.

To prioritize the federal funds that will have the most significant impact on economic development, Commerce must solicit input on the scoring criteria from associate development organizations, ports, chambers of commerce, workforce development boards, and the governor's office.

Commerce is required to provide a letter for federal grant applicants that identifies the availability of state matching funds. Successful applicants for state matching funds will receive 100 percent of the matching funds requested if the applicant is a political subdivision, federally-recognized Indian tribe, institution of higher education, consumer-owned utility, small business, regional planning organization, economic development organization, nonprofit, or if the grant will increase the likelihood of receiving federal funds, increase the award of federal funds, or will benefit a distressed area. Investor-owned utilities and other entities are eligible for 50 percent of the required match.

When no match is required for federal funds, the applicant may receive up to \$100,000 if state funds would increase the likelihood of receiving federal funds or increase the award of federal funds. This amount may be increased to \$500,000 if a project will benefit a distressed area.

#### Reporting.

Beginning in 2026, Commerce is required to include information on state matching dollars in its annual reports to the Legislature on associate development organization contracts.

Beginning in 2027, Commerce is required to report biannually on the use of state matching dollars to obtain federal funds. The report must identify the number of supporting letters provided to applicants, awards made of state matching funds, amount of federal funds received, and the number of funding opportunities listed on the fundhub.wa.gov website.

#### Moving Assets to Create Healthy Economic Development Account.

The Moving Assets to Create Healthy Economic Development (MATCHED) Account is created.

Expenditures are limited to provide matching state funds for applications for federal funds that will promote economic development, including broadband, equity, housing, public infrastructure, innovation, regional development, skills training, transportation, or workforce development.

When Commerce approves an application for matching funds, the state funds will be reserved for the project until the applicant notifies Commerce the federal application was withdrawn or denied.

Reserved funds will not be disbursed unless the federal application is approved, no other state funding is provided, the project will produce long-term economic benefits, no ongoing state support is required, the project will provide new jobs or higher income, and the state funds will

not replace private investment.

**Appropriation:** None.

**Fiscal Note:** Requested on January 6, 2025.

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