

---

HOUSE BILL 1260

---

State of Washington

63rd Legislature

2013 Regular Session

By Representatives Warnick and Stanford; by request of Washington State Department of Commerce

Read first time 01/21/13. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to public facilities' grants and loans; amending  
2 RCW 43.160.010, 43.160.020, 43.160.030, 43.160.050, 43.160.076,  
3 43.160.080, and 43.160.900; adding new sections to chapter 43.160 RCW;  
4 and repealing RCW 43.160.060, 43.160.070, and 43.160.078.

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

6 **Sec. 1.** RCW 43.160.010 and 2012 c 225 s 2 are each amended to read  
7 as follows:

8 (1) The legislature finds that it is the ((public)) policy of the  
9 state of Washington to ((direct financial resources toward the  
10 fostering of economic development through the stimulation of investment  
11 and job opportunities and the retention of sustainable existing  
12 employment)) employ state and federal resources to foster economic  
13 development to promote private investment and to create or retain job  
14 opportunities for the general welfare of the inhabitants of the state.  
15 Reducing unemployment and reducing the time citizens remain jobless  
16 ((is)) are important for the economic welfare of the state.

17 (2) The legislature finds that a valuable means of fostering  
18 economic development is the construction of public facilities which  
19 contribute to the stability and growth of the state's economic base.

1 Expenditures made for these purposes as authorized in this chapter are  
2 declared to be in the public interest, and constitute a proper use of  
3 public funds. ~~((A community economic revitalization board is needed  
4 which shall aid the development of economic opportunities. The general  
5 objectives of the board should include:~~

6 ~~(a) Strengthening the economies of areas of the state which have  
7 experienced or are expected to experience chronically high unemployment  
8 rates or below average growth in their economies;~~

9 ~~(b) Encouraging the diversification of the economies of the state  
10 and regions within the state in order to provide greater seasonal and  
11 cyclical stability of income and employment;~~

12 ~~(c) Encouraging wider access to financial resources for both large  
13 and small industrial development projects;~~

14 ~~(d) Encouraging new economic development or expansions to maximize  
15 employment;~~

16 ~~(e) Encouraging the retention of viable existing firms and  
17 employment;~~

18 ~~(f) Providing incentives for expansion of employment opportunities  
19 for groups of state residents that have been less successful relative  
20 to other groups in efforts to gain permanent employment; and~~

21 ~~(g) Enhancing job and business growth through facility development  
22 and other improvements in innovation partnership zones designated under  
23 RCW 43.330.270.~~

24 ~~(+2))~~ (3) The legislature also finds that the state's economic  
25 development efforts can be enhanced by, in certain instances, providing  
26 funds to improve state highways, county roads, or city streets for  
27 industries considering locating or expanding in this state.

28 ~~((+3))~~ (4) The legislature finds it desirable to provide a process  
29 whereby the need for diverse public works improvements necessitated by  
30 planned economic development can be addressed in a timely fashion and  
31 with coordination among all responsible governmental entities.

32 ~~((+4))~~ (5) The legislature also finds that the state's economic  
33 development efforts can be enhanced by, in certain instances, providing  
34 funds to assist development of telecommunications infrastructure that  
35 supports business development, retention, and expansion in the state.

36 ~~((+5))~~ (6) The legislature also finds that the state's economic  
37 development efforts can be enhanced by providing funds to improve  
38 markets for those recyclable materials representing a large fraction of

1 the waste stream. The legislature finds that the construction or  
2 rehabilitation of public facilities (~~(which)~~) that result in private  
3 construction of processing or remanufacturing facilities for recyclable  
4 materials (~~(are)~~) is eligible for consideration from the board.

5 ~~((+6))~~ (7) The legislature finds that sharing economic growth  
6 statewide is important to the welfare of the state. The ability of  
7 communities to pursue business and job retention, expansion, and  
8 development opportunities depends on their capacity to ready necessary  
9 economic development project plans, sites, permits, and infrastructure  
10 for private investments. Project-specific planning, predevelopment,  
11 and infrastructure are critical ingredients for economic development.  
12 ~~((It is, therefore, the intent of the legislature to increase the~~  
13 ~~amount of funding available through the community economic~~  
14 ~~revitalization board and to authorize flexibility for available~~  
15 ~~resources in these areas to help fund planning, predevelopment, and~~  
16 ~~construction costs of infrastructure and facilities and sites that~~  
17 ~~foster economic vitality and diversification.))~~

18 (8) It is, therefore, the intent of the legislature to create a  
19 community economic revitalization board to aid the development of  
20 economic opportunities. The general objectives of the board should  
21 include:

22 (a) Strengthening the economies of areas of the state which have  
23 experienced or are expected to experience chronically high unemployment  
24 rates or below average growth in their economies;

25 (b) Encouraging the diversification of the economies of the state  
26 and regions within the state in order to provide greater stability of  
27 income and employment;

28 (c) Encouraging greater access to financial resources for both  
29 large and small industrial development projects;

30 (d) Encouraging new economic development or expansions to maximize  
31 employment;

32 (e) Encouraging the retention of viable existing firms and  
33 promoting employment within these firms;

34 (f) Providing incentives for expansion of employment opportunities  
35 for groups of state residents that have been less successful relative  
36 to other groups in efforts to gain permanent employment; and

37 (g) Enhancing job and business growth through facility development

1 and other improvements in innovation partnership zones designated under  
2 RCW 43.330.270.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.160 RCW  
4 to read as follows:

5 The legislature finds that the community economic revitalization  
6 board has successfully acted as an economic development infrastructure  
7 financier for local governments. It is, therefore, the intent of the  
8 legislature to authorize flexibility for the community economic  
9 revitalization board to help fund planning, predevelopment, and  
10 construction costs of infrastructure and facilities and sites that  
11 foster economic vitality and diversification.

12 **Sec. 3.** RCW 43.160.020 and 2012 c 225 s 3 are each amended to read  
13 as follows:

14 Unless the context clearly requires otherwise, the definitions in  
15 this section apply throughout this chapter.

16 (1) "Board" means the community economic revitalization board.

17 (2) "Department" means the department of commerce.

18 (3) "Director" means the director of the department.

19 (4) "Local government" or "political subdivision" means any port  
20 district, county, city, town, special purpose district, and any other  
21 municipal corporations or quasi-municipal corporations in the state  
22 providing for public facilities under this chapter.

23 ~~((+4))~~ (5) "Planning project" means project-specific  
24 environmental, capital facilities, land use, permitting, feasibility,  
25 and marketing studies and plans; project design, site planning, and  
26 analysis; project debt and revenue impact analysis; and economic  
27 development industry cluster analysis.

28 (6) "Project" means a project of a local government or a federally  
29 recognized Indian tribe for the planning, acquisition, construction,  
30 repair, reconstruction, replacement, rehabilitation, or improvement of  
31 a public facility.

32 (7) "Public facilities" means ~~((a project of a local government or~~  
33 ~~a federally recognized Indian tribe for the planning, acquisition,~~  
34 ~~construction, repair, reconstruction, replacement, rehabilitation, or~~  
35 ~~improvement of+))~~ bridges; roads; research, testing, training, and  
36 incubation facilities in areas designated as innovation partnership

1 zones under RCW 43.330.270; buildings or structures; domestic and  
2 industrial water, earth stabilization, sanitary sewer, storm (~~sewer~~)  
3 water, railroad, electricity, broadband, telecommunications,  
4 transportation, natural gas, and port facilities(~~(; all for the purpose~~  
5 ~~of job creation, job retention, or job expansion)~~).

6 ((+5)) (8) "Rural county" means a county with a population density  
7 of fewer than one hundred persons per square mile or a county smaller  
8 than two hundred twenty-five square miles, as determined by the office  
9 of financial management and published each year by the department for  
10 the period July 1st to June 30th.

11 **Sec. 4.** RCW 43.160.030 and 2011 1st sp.s. c 21 s 25 are each  
12 amended to read as follows:

13 (1) The community economic revitalization board is hereby created  
14 to exercise the powers granted under this chapter.

15 (2) The board (~~shall~~) must consist of one member from each of the  
16 two major caucuses of the house of representatives to be appointed by  
17 the speaker of the house and one member from each of the two major  
18 caucuses of the senate to be appointed by the president of the senate.  
19 The board (~~shall~~) must also consist of the following members  
20 appointed by the director of commerce: A recognized private or public  
21 sector economist; one port district official; one county official; one  
22 city official; one representative of a federally recognized Indian  
23 tribe; one representative of the public; (~~one~~) four representatives  
24 of small businesses (~~(each from: (a) The area west of Puget Sound, (b)~~  
25 ~~the area east of Puget Sound and west of the Cascade range, (c) the~~  
26 ~~area east of the Cascade range and west of the Columbia river, and (d)~~  
27 ~~the area east of the Columbia river; one executive from large~~  
28 ~~businesses each from the area west of the Cascades and the area east of~~  
29 ~~the Cascades)); and two executives from large businesses. The  
30 appointive members (~~shall~~) must initially be appointed to terms as  
31 follows: Three members for one-year terms, three members for two-year  
32 terms, and three members for three-year terms (~~which shall~~) that must  
33 include the chair. Thereafter each succeeding term (~~shall~~) must be  
34 for three years. The chair of the board (~~shall~~) must be selected by  
35 the director of commerce. When appointing members, the director must  
36 endeavor to ensure equitable geographic representation. The members of  
37 the board (~~shall~~) must elect one of their members to serve as vice((-~~

1 ))chair. The director of commerce, the director of revenue, the  
2 commissioner of employment security, and the secretary of  
3 transportation (~~shall~~) must serve as nonvoting advisory members of  
4 the board.

5 (3) (~~Management services, including fiscal and contract services,~~  
6 ~~shall be provided by the department to assist the board in implementing~~  
7 ~~this chapter.~~

8 (+4)) Members of the board (~~shall~~) must be reimbursed for travel  
9 expenses as provided in RCW 43.03.050 and 43.03.060.

10 ((+5)) (4) If a vacancy occurs by death, resignation, or otherwise  
11 of appointive members of the board, the director of commerce (~~shall~~)  
12 must fill the same for the unexpired term. Members of the board may be  
13 removed for malfeasance or misfeasance in office, upon specific written  
14 charges by the director of commerce, under chapter 34.05 RCW.

15 ((+6)) (5) A member appointed by the director of commerce may not  
16 be absent from more than fifty percent of the regularly scheduled  
17 meetings in any one calendar year. Any member who exceeds this absence  
18 limitation is deemed to have withdrawn from the office and may be  
19 replaced by the director of commerce.

20 ((+7)) (6) A majority of members currently appointed constitutes  
21 a quorum.

22 **Sec. 5.** RCW 43.160.050 and 2008 c 327 s 4 are each amended to read  
23 as follows:

24 The board may:

25 (1) Adopt bylaws for the regulation of its affairs and the conduct  
26 of its business.

27 (2) Adopt an official seal and alter the seal at its pleasure.

28 (3) Utilize the services of other governmental agencies.

29 (4) Accept from any federal agency loans or grants for the planning  
30 or financing of any project and enter into an agreement with the agency  
31 respecting the loans or grants.

32 (5) Conduct examinations and investigations and take testimony at  
33 public hearings of any matter material for its information that will  
34 assist in determinations related to the exercise of the board's lawful  
35 powers.

36 (6) Accept any gifts, grants, or loans of funds, property, or

1 financial or other aid in any form from any other source on any terms  
2 and conditions which are not in conflict with this chapter.

3 (7) Enter into agreements or other transactions with and accept  
4 grants and the cooperation of any governmental agency in furtherance of  
5 this chapter.

6 (8) Consistent with the guidelines issued by the office of  
7 financial management and in consultation with the department, prepare  
8 biennial operating and capital budgets and, as needed, update these  
9 budgets during the biennium.

10 (9) Adopt rules under chapter 34.05 RCW as necessary to carry out  
11 the purposes of this chapter.

12 ((+9)) (10) Do all acts and things necessary or convenient to  
13 carry out the powers expressly granted or implied under this chapter.

14 NEW SECTION. Sec. 6. A new section is added to chapter 43.160 RCW  
15 to read as follows:

16 Management services, including fiscal and contract services, must  
17 be provided by the department to assist the board in implementing this  
18 chapter.

19 NEW SECTION. Sec. 7. A new section is added to chapter 43.160 RCW  
20 to read as follows:

21 (1) In order to assist political subdivisions of the state and  
22 federally recognized Indian tribes in financing the cost of public  
23 facilities, the board:

24 (a) Must manage the public facilities construction loan revolving  
25 account in such a way as to ensure its sustainability.

26 (b) Must execute contracts or otherwise financially obligate funds  
27 from the public facilities construction loan revolving account for  
28 projects approved for funding by the board under the following  
29 programs:

30 (i) Committed private sector partner construction;

31 (ii) Prospective development construction;

32 (iii) Planning; and

33 (iv) Any other program authorized by the legislature.

34 (c) Must provide loans to political subdivisions and federally  
35 recognized Indian tribes for the purposes of financing the cost of  
36 public facilities.

1 (i) The board must determine the interest rate that loans bear.  
2 The interest rate may not exceed ten percent per annum.

3 (ii) The board may provide reasonable terms and conditions for  
4 repayment for loans, including partial forgiveness of loan principal  
5 and interest payments on projects located in rural communities as  
6 defined by the board, or rural counties. The loans may not exceed  
7 twenty years in duration.

8 (d) May provide grants for purposes designated in this chapter, but  
9 only when, and to the extent that, a loan is not reasonably possible,  
10 given the limited resources of the political subdivision or the  
11 federally recognized Indian tribe and the finding by the board that  
12 financial circumstances require grant assistance to enable the project  
13 to move forward.

14 (2) No more than twenty-five percent of all financial assistance  
15 approved by the board in any biennium may consist of grants to  
16 political subdivisions and federally recognized Indian tribes.

17 (3) Except as authorized to the contrary under subsection (4) of  
18 this section, from all funds available to the board for financial  
19 assistance in a biennium under this chapter, the board must approve at  
20 least seventy-five percent of the first twenty million dollars of funds  
21 available and at least fifty percent of any additional funds for  
22 financial assistance for projects in rural counties or board defined  
23 rural communities.

24 (4) If at any time during the last six months of a biennium the  
25 board finds that the actual and anticipated applications for qualified  
26 projects in rural counties or board defined rural communities are  
27 clearly insufficient to use up the allocations under subsection (3) of  
28 this section, the board must estimate the amount of the insufficiency  
29 and during the remainder of the biennium may use that amount of the  
30 allocation for financial assistance to projects not located in rural  
31 counties or board defined rural communities.

32 (5) The board may elect to reserve up to one million dollars of its  
33 biennial appropriation to use as state match for federal grant awards.  
34 The purpose and use of the federal funds must be consistent with the  
35 board's purpose of financing economic development infrastructure.  
36 Reserved board funds must be matched, at a minimum, dollar for dollar  
37 by federal funds. If the set aside funds are not fully utilized for



1 federal grant match by the 18th month of the biennium, the board may  
2 use those funds for other eligible projects as stated in this chapter.

3 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.160 RCW  
4 to read as follows:

5 The board must:

6 (1) Establish and maintain collaborative relations with  
7 governmental, private, and other financing organizations, advocate  
8 groups, and other stakeholders associated with state economic  
9 development activities and policies;

10 (2) Provide information and advice to the governor and legislature  
11 on matters related to economic development; and

12 (3) At the direction of the governor, provide information and  
13 advocacy at the national level on matters related to economic  
14 development financing.

15 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.160 RCW  
16 to read as follows:

17 (1) The board must prioritize awards for committed private sector  
18 partner construction and prospective development construction projects  
19 by considering at a minimum the following criteria:

20 (a) The number of jobs created by the expected business creation or  
21 expansion and the average wage of those expected jobs. In evaluating  
22 proposals for their job creation potential, the board may adjust the  
23 job estimates in applications based on the board's judgment of the  
24 credibility of the job estimates;

25 (b) The need for job creation based on the unemployment rate of the  
26 county or counties in which the project is located. In evaluating the  
27 average wages of the jobs created, the board must compare those wages  
28 to median wages of private sector jobs in the county or counties  
29 surrounding the project location. When evaluating the jobs created by  
30 the project, the board may consider the area labor supply and readily  
31 available skill sets of the labor pool in the county or counties  
32 surrounding the project location;

33 (c) How the expected business creation or expansion fits within the  
34 region's preferred economic growth strategy as indicated by the efforts  
35 of nearby innovation partnership zones, industry clusters, future  
36 export prospects, or local government equivalent if available;

1 (d) The speed with which the project can begin construction; and  
2 (e) The extent that the project leverages nonstate funds, and  
3 achieves overall the greatest benefit in job creation at good wages for  
4 the amount of money provided.

5 (2) The board may not provide financial assistance:

6 (a) For a project the primary purpose of which is to facilitate or  
7 promote a retail shopping development or expansion;

8 (b) For any project for which evidence exists that would result in  
9 a development or expansion that would displace jobs in any other  
10 community in the state;

11 (c) For a project the primary purpose of which is to facilitate or  
12 promote gambling; or

13 (d) For a project located outside the jurisdiction of the applicant  
14 political subdivision or federally recognized Indian tribe.

15 **Sec. 10.** RCW 43.160.076 and 2011 c 180 s 301 are each amended to  
16 read as follows:

17 ~~((1) Except as authorized to the contrary under subsection (2) of  
18 this section, from all funds available to the board for financial  
19 assistance in a biennium under this chapter, the board shall approve at  
20 least seventy five percent of the first twenty million dollars of funds  
21 available and at least fifty percent of any additional funds for  
22 financial assistance for projects in rural counties.~~

23 ~~(2) If at any time during the last six months of a biennium the  
24 board finds that the actual and anticipated applications for qualified  
25 projects in rural counties are clearly insufficient to use up the  
26 allocations under subsection (1) of this section, then the board shall  
27 estimate the amount of the insufficiency and during the remainder of  
28 the biennium may use that amount of the allocation for financial  
29 assistance to projects not located in rural counties.~~

30 ~~(3))~~ The board ~~((shall))~~ must solicit qualifying projects to plan,  
31 design, and construct public facilities needed to attract new  
32 industrial and commercial activities in areas impacted by the closure  
33 or potential closure of large coal-fired electric generation  
34 facilities, which for the purposes of this section means a facility  
35 that emitted more than one million tons of greenhouse gases in any  
36 calendar year prior to 2008. The projects should be consistent with  
37 any applicable plans for major industrial activity on lands formerly

1 used or designated for surface coal mining and supporting uses under  
2 RCW 36.70A.368. When the board receives timely and eligible project  
3 applications from a political subdivision of the state for financial  
4 assistance for such projects, the board from available funds (~~shall~~)  
5 must give priority consideration to such projects.

6 **Sec. 11.** RCW 43.160.080 and 2010 1st sp.s. c 36 s 6011 are each  
7 amended to read as follows:

8 (1) There (~~shall~~) must be a fund in the state treasury known as  
9 the public facilities construction loan revolving account, which  
10 (~~shall~~) consists of all moneys collected under this chapter and any  
11 moneys appropriated to it by law. Disbursements from the revolving  
12 account (~~shall~~) must be on authorization of the board. In order to  
13 maintain an effective expenditure and revenue control, the public  
14 facilities construction loan revolving account (~~shall be~~) is subject  
15 in all respects to chapter 43.88 RCW. During the 2009-2011 biennium,  
16 sums in the public facilities construction loan revolving account may  
17 be used for community economic revitalization board export assistance  
18 grants and loans in section 1018, chapter 36, Laws of 2010 1st sp.  
19 sess. and for matching funds for the federal energy regional innovation  
20 cluster in section 1017, chapter 36, Laws of 2010 1st sp. sess.

21 (2) The moneys in the public facilities construction loan revolving  
22 account must be used solely to fulfill commitments arising from  
23 financial assistance authorized in this chapter. The total outstanding  
24 amount, which the board must dispense at any time pursuant to this  
25 section, may not exceed the moneys available from the account.

26 (3) Repayments of loans made from the public facilities  
27 construction loan revolving account under the contracts for public  
28 facilities construction loans must be paid into the public facilities  
29 construction loan revolving account.

30 **Sec. 12.** RCW 43.160.900 and 2008 c 327 s 9 are each amended to  
31 read as follows:

32 (1) The community economic revitalization board (~~shall~~) must  
33 conduct biennial outcome-based evaluations of the financial assistance  
34 provided under this chapter. The evaluations (~~shall~~) must include  
35 information on the number of applications for community economic  
36 revitalization board assistance; the number and types of projects

1 approved; the grant or loan amount awarded each project; the projected  
2 number of jobs created or retained by each project; the actual number  
3 and cost of jobs created or retained by each project; the wages and  
4 health benefits associated with the jobs; the amount of state funds and  
5 total capital invested in projects; the number and types of businesses  
6 assisted by funded projects; the location of funded projects; the  
7 transportation infrastructure available for completed projects; the  
8 local match and local participation obtained; the number of delinquent  
9 loans; and the number of project terminations. The evaluations may  
10 also include additional performance measures and recommendations for  
11 programmatic changes.

12 (2)(a) By September 1st of each even-numbered year, the board  
13 (~~shall~~) must forward its draft evaluation to the Washington state  
14 economic development commission for review and comment(~~(, as required~~  
15 ~~in section 10 of this act)~~). The board (~~shall~~) must provide any  
16 additional information as may be requested by the commission for the  
17 purpose of its review.

18 (b) Any written comments or recommendations provided by the  
19 commission as a result of its review (~~shall~~) must be included in the  
20 board's completed evaluation. The evaluation must be presented to the  
21 governor and appropriate committees of the legislature by December 31st  
22 of each even-numbered year. (~~The initial evaluation must be submitted~~  
23 ~~by December 31, 2010.~~)

24 NEW SECTION. **Sec. 13.** The following acts or parts of acts are  
25 each repealed:

26 (1) RCW 43.160.060 (Loans and grants to political subdivisions and  
27 federally recognized Indian tribes for public facilities authorized--  
28 Application--Requirements for financial assistance) and 2012 c 196 s  
29 10, 2008 c 327 s 5, 2007 c 231 s 3, & 2004 c 252 s 3;

30 (2) RCW 43.160.070 (Conditions) and 2008 c 327 s 6, 1999 c 164 s  
31 104, 1998 c 321 s 27, 1997 c 235 s 721, 1996 c 51 s 6, 1990 1st ex.s.  
32 c 16 s 802, 1983 1st ex.s. c 60 s 4, & 1982 1st ex.s. c 40 s 7; and

33 (3) RCW 43.160.078 (Board to familiarize government officials and  
34 public with chapter provisions) and 1985 c 446 s 5.

--- END ---