
SENATE BILL 5533

State of Washington

63rd Legislature

2013 Regular Session

By Senators Rolfes, Chase, and Braun

Read first time 02/01/13. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to fostering economic development through
2 revitalization of abandoned and vacant properties; amending RCW
3 43.160.010, 43.160.020, 43.160.070, 43.160.076, and 43.160.080; and
4 adding new sections to chapter 43.160 RCW.

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 state
9 of Washington to direct financial resources toward the fostering of
10 economic development through the stimulation of investment and job
11 opportunities and the retention of sustainable existing employment for
12 the general welfare of the inhabitants of the state. Reducing
13 unemployment and reducing the time citizens remain jobless is important
14 for the economic welfare of the state. A valuable means of fostering
15 economic development is the construction of public facilities which
16 contribute to the stability and growth of the state's economic base.
17 Expenditures made for these purposes as authorized in this chapter are
18 declared to be in the public interest, and constitute a proper use of

1 public funds. A community economic revitalization board is needed
2 which shall aid the development of economic opportunities. The general
3 objectives of the board should include:

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

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

10 (c) Encouraging wider access to financial resources for both large
11 and small industrial development projects;

12 (d) Encouraging new economic development or expansions to maximize
13 employment;

14 (e) Encouraging the retention of viable existing firms and
15 employment;

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

19 (g) Enhancing job and business growth through facility development
20 and other improvements in innovation partnership zones designated under
21 RCW 43.330.270; and

22 (h) Encouraging the revitalization of abandoned and vacant
23 properties to maximize the number and type of businesses, services, and
24 employment opportunities available in a community.

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

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

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

37 (5) The legislature also finds that the state's economic
38 development efforts can be enhanced by providing funds to improve

1 markets for those recyclable materials representing a large fraction of
2 the waste stream. The legislature finds that public facilities which
3 result in private construction of processing or remanufacturing
4 facilities for recyclable materials are eligible for consideration from
5 the board.

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

19 **Sec. 2.** RCW 43.160.020 and 2012 c 225 s 3 are each amended to read
20 as follows:

21 Unless the context clearly requires otherwise, the definitions in
22 this section apply throughout this chapter.

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

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

25 (3) "Local government" or "political subdivision" means any port
26 district, county, city, town, special purpose district, and any other
27 municipal corporations or quasi-municipal corporations in the state
28 providing for public facilities under this chapter.

29 (4) "Municipality" means a city, county, town, or port district of
30 this state.

31 (5) "Public facilities" means a project of a local government,
32 municipality, or a federally recognized Indian tribe for the planning,
33 acquisition, construction, repair, reconstruction, replacement,
34 rehabilitation, or improvement of: Bridges; roads; research, testing,
35 training, and incubation facilities in areas designated as innovation
36 partnership zones under RCW 43.330.270; buildings or structures;
37 domestic and industrial water, earth stabilization, sanitary sewer,

1 storm sewer, railroad, electricity, telecommunications, transportation,
2 natural gas, and port facilities; all for the purpose of job creation,
3 job retention, or job expansion.

4 ~~((+5))~~ (6) "Rural county" means a county with a population density
5 of fewer than one hundred persons per square mile or a county smaller
6 than two hundred twenty-five square miles, as determined by the office
7 of financial management and published each year by the department for
8 the period July 1st to June 30th.

9 (7) "Urban growth area" means an area designated by a county
10 pursuant to RCW 36.70A.110.

11 NEW SECTION. Sec. 3. A new section is added to chapter 43.160 RCW
12 to read as follows:

13 (1) In addition to the loans and grants authorized in RCW
14 43.160.060, a revitalization program is established. Under the
15 revitalization program, the board is authorized to make direct loans to
16 municipalities for financing the cost of public facilities.

17 (2) Application for loan funds available under the revitalization
18 program must be made in the form and manner as the board prescribes.
19 In making loans, the board must conform to the requirements in this
20 subsection (2).

21 (a) One or a combination of loans to a municipality made under the
22 revitalization program for a specific project may not exceed two
23 million dollars.

24 (b) The board must operate the program with the appropriations
25 provided for this purpose. Excluding repayments, the amount
26 appropriated may not exceed ten million dollars in any biennium.

27 (c) The board may not provide financial assistance for a project
28 that:

29 (i) Contains evidence that the project would result in a
30 development or expansion that would displace existing jobs in any other
31 community in the state;

32 (ii) Has a primary purpose to facilitate or promote gambling; or

33 (iii) Is located outside the jurisdiction of the applicant.

34 (d) The board may provide financial assistance only for a project
35 that:

36 (i) Demonstrates convincing evidence that a specific private

1 development or expansion is ready to occur and will occur only if the
2 public facility improvement is made;

3 (ii) Will improve the opportunities for revitalizing existing
4 retail, industrial, or commercial properties located in an urban growth
5 area that have either been abandoned or for which more than seventy-
6 five percent of the square footage is vacant;

7 (iii) Is part of a local economic development plan consistent with
8 applicable state planning requirements; and

9 (iv) Demonstrates project feasibility using standard economic
10 principles.

11 (e) An application must demonstrate local match and local
12 participation, in accordance with guidelines developed by the board.

13 (f) An application must be approved by the municipality and
14 supported by the local associate development organization or local
15 workforce development council.

16 (g) The board may allow de minimis general system improvements to
17 be funded if they are critically linked to the viability of the
18 project.

19 **Sec. 4.** RCW 43.160.070 and 2008 c 327 s 6 are each amended to read
20 as follows:

21 (1) Public facilities financial assistance, with the exception of
22 the revitalization program in section 3 of this act, when authorized by
23 the board, is subject to the following conditions:

24 ~~((+1))~~ (a) The moneys in the public facilities construction loan
25 revolving account shall be used solely to fulfill commitments arising
26 from financial assistance authorized in this chapter. The total
27 outstanding amount which the board ~~((shall))~~ may dispense at any time
28 pursuant to this section shall not exceed the moneys available from the
29 account.

30 ~~((+2))~~ (b) On contracts made for public facilities loans the board
31 shall determine the interest rate which loans shall bear. The interest
32 rate shall not exceed ten percent per annum. The board may provide
33 reasonable terms and conditions for repayment for loans, including
34 partial forgiveness of loan principal and interest payments on projects
35 located in rural communities as defined by the board, or rural
36 counties. The loans shall not exceed twenty years in duration.

1 ~~((+3))~~ (c) Repayments of loans made from the public facilities
2 construction loan revolving account under the contracts for public
3 facilities construction loans shall be paid into the public facilities
4 construction loan revolving account. Repayments of loans from moneys
5 from the new appropriation from the public works assistance account for
6 the fiscal biennium ending June 30, 1999, shall be paid into the public
7 works assistance account.

8 ~~((+4))~~ (d) When every feasible effort has been made to provide
9 loans and loans are not possible, the board may provide grants upon
10 finding that unique circumstances exist.

11 (2) Public facilities financial assistance for the revitalization
12 program in section 3 of this act, when authorized by the board, is
13 subject to the conditions in this subsection (2).

14 (a) The moneys in the public facilities construction loan revolving
15 account available for the revitalization program shall be used solely
16 to fulfill commitments arising from financial assistance authorized in
17 section 3 of this act. The total outstanding amount that the board may
18 dispense at any time pursuant to this section shall not exceed the
19 moneys available from the account.

20 (b) On contracts made for revitalization program loans, the board
21 may not require the municipality to pay interest.

22 (c) A municipality must begin repayment of a loan five years after
23 receiving the loan. No loan may exceed ten years in duration.

24 (d) Repayments of loans made from the public facilities
25 construction loan revolving account under the contracts for the
26 revitalization program must be paid into the public facilities
27 construction loan revolving account and accounted for separately from
28 other funds in the account.

29 **Sec. 5.** RCW 43.160.076 and 2011 c 180 s 301 are each amended to
30 read as follows:

31 (1) Except as authorized to the contrary under subsection (2) of
32 this section, from all funds available to the board for financial
33 assistance in a biennium under this chapter, the board shall approve at
34 least seventy-five percent of the first twenty million dollars of funds
35 available and at least fifty percent of any additional funds for
36 financial assistance for projects in rural counties.

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

8 (3) The board shall solicit qualifying projects to plan, design,
9 and construct public facilities needed to attract new industrial and
10 commercial activities in areas impacted by the closure or potential
11 closure of large coal-fired electric generation facilities, which for
12 the purposes of this section means a facility that emitted more than
13 one million tons of greenhouse gases in any calendar year prior to
14 2008. The projects should be consistent with any applicable plans for
15 major industrial activity on lands formerly used or designated for
16 surface coal mining and supporting uses under RCW 36.70A.368. When the
17 board receives timely and eligible project applications from a
18 political subdivision of the state for financial assistance for such
19 projects, the board from available funds shall give priority
20 consideration to such projects.

21 (4) This section does not apply to section 3 of this act.

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

24 There shall be a fund in the state treasury known as the public
25 facilities construction loan revolving account, which shall consist of
26 all moneys collected under this chapter and any moneys appropriated to
27 it by law. Within the account, moneys collected under this chapter and
28 appropriated by law for the purpose of the revitalization program
29 created in section 3 of this act must be accounted for separately from
30 all other funds. Disbursements from the revolving account shall be on
31 authorization of the board. In order to maintain an effective
32 expenditure and revenue control, the public facilities construction
33 loan revolving account shall be subject in all respects to chapter
34 43.88 RCW. ~~((During the 2009-2011 biennium, sums in the public~~
35 ~~facilities construction loan revolving account may be used for~~
36 ~~community economic revitalization board export assistance grants and~~

1 ~~loans in section 1018, chapter 36, Laws of 2010 1st sp. sess. and for~~
2 ~~matching funds for the federal energy regional innovation cluster in~~
3 ~~section 1017, chapter 36, Laws of 2010 1st sp. sess.)~~

4 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.160 RCW
5 to read as follows:

6 (1) When the board makes a loan for the revitalization program, the
7 municipality must meet the repayment obligations of the loan as
8 described in this chapter and specified in the contract with the board.

9 (2) If a city, county, or town is delinquent in repaying a loan
10 made from the revitalization program, the state treasurer must collect
11 from the city, county, or town an amount equal to the total amount of
12 the loan as provided in this section. The conditions of the loan and
13 its repayment are as provided in this subsection (2).

14 (a) The term of the loan is ten years from the origination date
15 subject to prepayment in whole or in part.

16 (b) The state treasurer must transfer taxes that would otherwise be
17 distributed to the city, county, or town pursuant to RCW 82.14.030 from
18 the local sales and use tax account to the public facilities
19 construction loan revolving account for repayment of the loan, in
20 amounts sufficient to make equal monthly payments of principal over the
21 remaining term. If a lump sum payment is received by the state in
22 repayment of any portion of the loan, the principal amount on the
23 outstanding loan must be reduced by the lump sum payment and monthly
24 payments must be recalculated accordingly. In no event may the
25 requirement to make monthly payments be eliminated in any month.

26 (3) If a port is delinquent in repaying a loan made from the
27 revitalization program, the county treasurer must collect from the port
28 an amount equal to the total amount of the loan as provided in this
29 section. The conditions of the loan and its repayment are as provided
30 in this subsection (3).

31 (a) The term of the loan is ten years from the origination date
32 subject to prepayment in whole or in part.

33 (b) The county treasurer must transfer taxes raised by levy that
34 would otherwise be distributed to the port to the public facilities
35 construction loan revolving account for repayment of the loan, in
36 amounts sufficient to make equal monthly payments of principal over the
37 remaining term. If a lump sum payment is received by the state in

1 repayment of any portion of the loan, the principal amount on the
2 outstanding loan must be reduced by the lump sum payment and monthly
3 payments must be recalculated accordingly. In no event may the
4 requirement to make monthly payments be eliminated in any month.

5 (4) Diversion of taxes under subsection (2) or (3) of this section
6 applies only if a municipality is delinquent in repaying a loan. If
7 imposed, the diversion terminates once the loan has been paid in full.

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