

reimburse the state parks and recreation commission for the cost of collecting such fees beginning with the 1973-75 fiscal biennium. Any funds remaining in the account shall be used for the renovation and redevelopment of state park structures and facilities to extend the original life expectancy or correct damage to the environment of state parks and for the maintenance and operation of state parks in the 1981-83 biennium. Thereafter, the funds shall not be used for such purposes until the money in the account satisfies the payment required to be made in the contract for sale of lands in ~~((section 1 of this chapter))~~ RCW 43.51.270(2), the acquisition of the ~~((Heart Lake))~~ property described in RCW 43.51.270(3)(a), ~~((and))~~ those amounts necessary to pay for the remaining trust assets of timber situated on the lands described in ~~((section 1))~~ RCW 43.51.270(2), and for the acquisition of the property described in RCW 43.51.270(3) (b), (c), (d), and (e) on a schedule satisfactory to the board of natural resources. Payments may be delayed for property described in RCW 43.51.270(3) (b), (c), (d), and (e) until the existing contract for purchase of lands in RCW 43.51.270(2) has been paid off.

NEW SECTION. Sec. 3. Moneys in the Heart Lake revolving fund are hereby transferred to the park land trust revolving fund.

NEW SECTION. Sec. 4. The board of natural resources and the state parks and recreation commission shall conduct a comprehensive study of state trust lands to determine those suitable for addition to the state parks system. The board of natural resources and the state parks and recreation commission shall recommend to the 1987 regular session of the legislature a list of trust land parcels to be added to the state parks system.

Passed the House March 11, 1985.

Passed the Senate April 12, 1985.

Approved by the Governor April 25, 1985.

Filed in Office of Secretary of State April 25, 1985.

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## CHAPTER 164

[Substitute House Bill No. 855]

### ECONOMIC DEVELOPMENT—WASHINGTON STATE DEVELOPMENT LOAN FUND COMMITTEE—PROJECTS IN DISTRESSED AREAS

AN ACT Relating to economic development; adding a new section to chapter 42.18 RCW; adding a new section to chapter 43.160 RCW; and adding a new chapter to Title 43 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that:

(1) The economic health and well-being of the state, particularly in areas of high unemployment, economic stagnation, and poverty, is of substantial public concern.

(2) The consequences of minimal economic activity and persistent unemployment and underemployment are serious threats to the safety, health, and welfare of residents of these areas, decreasing the value of private investments and jeopardizing the sources of public revenue.

(3) The economic and social interdependence of communities and the vitality of industrial and economic activity necessitates, and is in part dependent on preventing substantial dislocation of residents and rebuilding the diversification of the areas' economy.

(4) The ability to remedy problems in stagnant areas of the state is beyond the power and control of the regulatory process and influence of the state, and the ordinary operations of private enterprise without additional governmental assistance are insufficient to adequately remedy the problems of poverty and unemployment.

(5) The revitalization of depressed communities requires the stimulation of private investment, the development of new business ventures, the provision of capital to ventures sponsored by local organizations and capable of growth in the business markets, and assistance to viable, but under-financed, small businesses in order to create and preserve jobs that are sustainable in the local economy.

Therefore, the legislature declares there to be a substantial public purpose in providing capital to promote economic development and job creation in areas of economic stagnation, unemployment, and poverty. To accomplish this purpose, the legislature hereby creates the Washington state development loan fund committee and vests in the committee the authority to spend federal funds to stimulate the economy of distressed areas.

NEW SECTION. Sec. 2. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Committee" means the Washington state development loan fund committee.

(2) "Department" means the department of community development.

(3) "Director" means the director of the department of community development.

(4) "Distressed area" means: (a) A county which has an unemployment rate which is twenty percent above the state average for the immediately previous three years; or (b) a community which has experienced sudden and severe loss of employment; or (c) an area within a county, which area: (i) Is composed of contiguous census tracts; (ii) has a minimum population of five thousand persons; (iii) has at least seventy percent of its families and unrelated individuals with incomes below eighty percent of the county's median income for families and unrelated individuals; and (iv) has an unemployment rate which is at least forty percent higher than the county's unemployment rate. For purposes of this definition, "families and unrelated individuals" has the same meaning that is ascribed to that term by the

federal department of housing and urban development in its regulations authorizing action grants for economic development and neighborhood revitalization projects.

(5) "Fund" means the Washington state development loan fund.

(6) "Local development organization" means a nonprofit organization which is organized to operate within a distressed area, demonstrates a commitment to a long-standing effort for an economic development program, and makes a demonstrable effort to assist in the employment of unemployed or underemployed residents in a distressed area.

(7) "Project" means the establishment of a new or expanded business in a distressed area which when completed will provide employment opportunities. "Project" also means the retention of an existing business in a distressed area which when completed will provide employment opportunities.

NEW SECTION, Sec. 3. (1) The Washington state development loan fund committee is established as an entity within the department of community development. The committee shall have seven members. The director shall appoint the members, subject to the following requirements: (a) Three members shall be experienced in investment finance and have skills in providing capital to new and innovative businesses, in starting and operating businesses and providing professional services to small or expanding businesses; (b) two members shall be residents of distressed areas; (c) one member shall represent organized labor; and (d) one member shall represent a minority business. Careful consideration in making these appointments shall be taken to ensure that the various geographic regions of the state are represented, that members will be available for meetings on a regular basis, and will have a commitment to working with local governments and local development organizations.

(2) Each member appointed by the director shall serve a term of three years, except that of the members first appointed, two shall serve two-year terms and two shall serve one-year terms. A person appointed to fill a vacancy of a member shall be appointed in a like manner and shall serve for only the unexpired term. A member is eligible for reappointment. A member may be removed by the director only for cause.

(3) The director shall designate a member of the board as its chairperson. The committee may elect such other officers as it deems appropriate. Four members of the committee constitute a quorum and four affirmative votes are necessary for the transaction of business or the exercise of any power or function of the committee.

(4) The members of the committee shall serve without compensation, but are entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties in accordance with RCW 43.03.050 and 43.03.060.

(5) Members shall not be liable to the state, to the fund, or to any other person as a result of their activities, whether ministerial or discretionary, as members except for wilful dishonesty or intentional violations of law. The department may purchase liability insurance for members and may indemnify these persons against the claims of others.

NEW SECTION. Sec. 4. Subject to the restrictions contained in this chapter, the committee is authorized to approve applications of local governments for federal community development block grant funds which the local governments would use to make loans to finance business projects within distressed areas. Applications approved by the committee under this chapter shall conform to applicable federal requirements.

NEW SECTION. Sec. 5. (1) The committee may only approve an application providing a loan for a project which the committee finds:

(a) Is located within a distressed area and may reasonably be expected to increase employment or maintain threatened employment;

(b) Has been approved by the director as conforming to federal rules and regulations governing the spending of federal community development block grant funds;

(c) Will be of public benefit and for a public purpose, and that the benefits, including increased or maintained employment, improved standard of living, and the employment of disadvantaged workers, will primarily accrue to residents of the distressed area;

(d) Will probably be successful;

(e) Would probably not be completed without the loan because other capital or financing at feasible terms is unavailable or the return on investment is inadequate.

(2) The committee may not approve an application if it fails to provide for adequate reporting or disclosure of financial data to the committee. The committee may require an annual or other periodic audit of the project books.

(3) The committee may require that the project be managed in whole or in part by a local development organization and may prescribe a management fee to be paid to such organization by the recipient of the loan or grant.

(4) The committee shall not approve any application which would result in a loan or grant in excess of three hundred fifty thousand dollars.

(5) The committee shall fix the terms and rates pertaining to its loans.

(6) Should there be more demand for loans than funds available for lending, the committee shall provide loans for those projects which will lead to the greatest amount of employment or benefit to a community. In determining the "greatest amount of employment or benefit" the committee shall also consider the employment which would be saved by its loan.

(7) To the extent permitted under federal law the committee shall require applicants to provide for the transfer of all payments of principal and

interest on loans to the Washington state development loan fund created under this chapter. Under circumstances where the federal law does not permit the committee to require such transfer, the committee shall give priority to applications where the applicants on their own volition make commitments to provide for the transfer.

(8) The committee shall not approve any application to finance or help finance a shopping mall.

NEW SECTION. Sec. 6. The department shall provide adequate and appropriate staff and other support to the committee. A record of committee proceedings shall be maintained by the department. The department is encouraged to work with local development organizations to promote applications for loans by the fund. The department shall also provide assistance to local development organizations and local governments to identify viable projects for consideration by the committee. The department shall adopt such rules and regulations as are appropriate for the committee to carry out its authority under this chapter.

NEW SECTION. Sec. 7. The committee shall receive and approve applications on a quarterly basis for each fiscal year. Department staff shall process and assist in the preparation of applications. Each application shall show in detail the nature of the project, the types and numbers of jobs to be created, wages to be paid to new employees, and methods to hire unemployed persons from the distressed area. Each application shall contain a credit analysis of the business to receive the loan. The chairperson of the committee may convene the committee on short notice to respond to applications of a serious or immediate nature.

NEW SECTION. Sec. 8. The department shall annually submit a complete and detailed report of the committee's activities within ninety days after the end of the fiscal year to the governor and the legislature.

NEW SECTION. Sec. 9. The department shall make available for use by the committee an amount of federal community development block grant funds equal to the amount of state funds transferred or appropriated to the department for purposes of supplementing the department's block grant funds.

NEW SECTION. Sec. 10. The committee may make grants of state funds to local governments which qualify as "entitlement communities" under the federal law authorizing community development block grants. These grants may only be made on the condition that the entitlement community provide the committee with assurances that it will: (1) Spend the grant moneys for purposes and in a manner which satisfies state constitutional requirements; (2) spend the grant moneys for purposes and in a manner which would satisfy federal requirements dealing with the entitlement community's spending of federal community development block grant funds, assuming the grant moneys were block grant funds received from the federal

government; and (3) spend double the amount of the grant for loans to businesses from the federal funds received by the entitlement community as community development block grant funds.

NEW SECTION. Sec. 11. There is established the Washington state development loan fund which shall be an account in the state treasury. All loan payments of principal and interest which are transferred under section 5 of this chapter shall be deposited into the account. Moneys in the account may be spent without legislative appropriation for loans under this chapter. However, any expenditures of these moneys shall conform to federal law.

NEW SECTION. Sec. 12. A new section is added to chapter 42.18 RCW to read as follows:

Nothing in this chapter shall apply to prevent a member of the Washington state loan fund committee from fully participating in committee decisions to loan to, contract with, or otherwise deal with any person or entity in which the member is in any way interested or involved.

NEW SECTION. Sec. 13. Sections 1 through 11 of this act shall constitute a new chapter in Title 43 RCW.

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

In addition to its powers and duties under this chapter, the community economic revitalization board shall cooperate with the Washington state development loan fund committee in order to provide for coordination of their very similar programs. Under this chapter, it is the duty of the department of commerce and economic development and the board to financially assist the committee to the extent required by law. Funds appropriated to the board or the department of commerce and economic development for the use of the board shall be transferred to the department of community development to the extent required by law.

NEW SECTION. Sec. 15. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House March 15, 1985.

Passed the Senate April 12, 1985.

Approved by the Governor April 25, 1985.

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## CHAPTER 165

[House Bill No. 73]

### COMMISSION ON EQUIPMENT—MEMBER'S DESIGNEES

AN ACT Relating to the commission on equipment; and amending RCW 46.37.005.