



# CITY OF BLAINE

344 "H" STREET • BLAINE, WA 98230-4109  
BUS: 360.332.8311 • FAX: 360.332.8330 • [WWW.cityofblaine.com](http://WWW.cityofblaine.com)

September 20, 2012

Senator Doug Ericksen  
PO Box 5191  
Bellingham, WA 98227

Dear Senator Ericksen:

Earlier this year, we spoke with you about the legislature's failure to re-authorize the Rural Economic Development Revolving Loan Fund (R.E.D.). We are not sure if this was an oversight; or, one of the programs targeted to balance the budget. Regardless, we ask that you take whatever steps are necessary to restore this important program.

Enclosed you will find a copy of RCW 82.16.0491 and RCW 82.14.370, which both describe the program. We have also included a list of public power entities in Washington. The starred communities qualify to participate in the program. There are probably others.

The City of Blaine has probably been the most successful public power community when it comes to utilizing the R.E.D. program. Each year since the program's inception, the City has committed the maximum contribution of \$25,000. This amount, when combined with the State tax credit of the same amount, creates a loan pool of \$50,000 which is loaned to small businesses at no interest for ten years. The program is administered by a community board and a local bank is used to process the loans.

Since the beginning of the revolving loan program, virtually every small business in Blaine has used this program. Some have more than one loan to help them expand their businesses.

Small communities are frequently excluded from participating in government community and economic development programs. There is a common opinion that we lack the capacity to participate. The R.E.D. program is a simple program to set up and administer.

We are certain that you really want to help small businesses in Whatcom County. You can make a significant difference by providing leadership in re-establishing this program.

Sincerely,

Harry Robinson  
Mayor



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September 20, 2012

Representative Vincent Buys  
PO Box 40600  
Olympia, WA 98504

Dear Representative Buys:

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September 20, 2012

Representative. Jason Overstreet  
PO Box 40600  
Olympia, WA 98504-0600

Dear Representative Overstreet:

Earlier this year, we spoke with you about the legislature's failure to re-authorize the Rural Economic Development Revolving Loan Fund (R.E.D.). We are not sure if this was an oversight; or, one of the programs targeted to balance the budget. Regardless, we ask that you take whatever steps are necessary to restore this important program.

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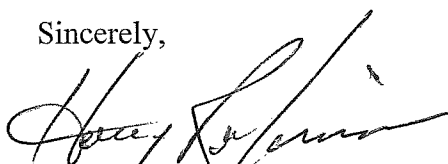
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Sincerely,



Harry Robinson  
Mayor



RCW 82.16.0491

Credit — Contributions to an electric utility rural economic development revolving fund.

(1) The following definitions apply to this section:

(a) "Qualifying project" means a project designed to achieve job creation or business retention, to add or upgrade nonelectrical infrastructure, to add or upgrade health and safety facilities, to accomplish energy and water use efficiency improvements, including renewable energy development, or to add or upgrade emergency services in any designated qualifying rural area.

(b) "Qualifying rural area" means:

(i) A rural county as defined in RCW 82.14.370; or

(ii) Any geographic area in the state that receives electricity from a light and power business with twelve thousand or fewer customers.

(c) "Electric utility rural economic development revolving fund" means a fund devoted exclusively to funding qualifying projects in qualifying rural areas.

(d) "Local board" is (i) a board of directors with at least, but not limited to, three members representing local businesses and community groups who have been appointed by the sponsoring electric utility to oversee and direct the activities of the electric utility rural economic development revolving fund; or (ii) a board of directors of an existing associate development organization serving the qualifying rural area who have been designated by the sponsoring electrical utility to oversee and direct the activities of the electric utility rural economic development revolving fund.

(2) A light and power business shall be allowed a credit against taxes due under this chapter in an amount equal to fifty percent of contributions made in any fiscal year directly to an electric utility rural economic development revolving fund. The credit shall be taken in a form and manner as required by the department. The credit under this section shall not exceed twenty-five thousand dollars per fiscal year per light and power business. The credit may not exceed the tax that would otherwise be due under this chapter. Refunds shall not be granted in the place of credits. Expenditures not used to earn a credit in one fiscal year may not be used to earn a credit in subsequent years, except that this limitation does not apply to expenditures made between January 1, 2004, and March 31, 2004, which expenditures may be used to earn a credit through December 30, 2004.

(3) The right to earn tax credits under this section expires June 30, 2011.

(4) To qualify for the credit in subsection (2) of this section, the light and power business shall establish, or have a local board establish with the business's contribution, an electric utility rural economic development revolving fund which is governed by a local board whose members shall reside or work in the qualifying rural area served by the light and power business. Expenditures from the electric utility rural economic development revolving fund shall be made solely on qualifying projects, and the local board shall have authority to determine all criteria and conditions for the expenditure of funds from the electric utility rural economic development revolving fund, and for the terms and conditions of repayment.

(5) Any funds repaid to the electric utility rural economic development revolving fund by recipients shall be made available for additional qualifying projects.

(6) If at any time the electric utility rural economic development revolving fund is dissolved, any moneys claimed as a tax credit under this section shall either be granted to a qualifying project or refunded to the state within two years of termination.

(7) The total amount of credits that may be used in any fiscal year shall not exceed three hundred fifty thousand dollars in any fiscal year. The department shall allow the use of earned credits on a first-come, first-served basis. Unused earned credits may be carried over to subsequent years.

(8) The following provisions apply to expenditures under subsection (2) of this section made between January 1, 2004, and March 31, 2004:

(a) Credits earned from such expenditures are not considered in computing the statewide limitation set forth in subsection (7) of this section for the period July 1, 2004, through December 31, 2004; and

(b) For the fiscal year ending June 30, 2005, the credit allowed under this section for light and power businesses making expenditures is limited to thirty-seven thousand five hundred dollars.

[2008 c 131 § 4; 2004 c 238 § 1; 1999 c 311 § 402.]

Notes:

**Effective date -- 2008 c 131:** See note following RCW 43.160.020.

**Finding -- 2004 c 238:** "(1) The legislature finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources the legislature needs information to evaluate whether the stated goals of legislation were achieved.

(2) The goal of the tax credit available to light and power businesses for contributing to an electric utility rural economic development revolving fund in RCW 82.16.0491 is to support qualifying projects that create or retain jobs, add or upgrade health and safety facilities, facilitate energy and water conservation, or develop renewable sources of energy in a qualified area. The goal of this tax credit is achieved when the investment of the revolving funds established under RCW 82.16.0491 have generated capital investment in an amount of four million seven hundred fifty thousand dollars or more within a five-year period." [2004 c 238 § 2.]

**Effective date -- 2004 c 238:** "This act takes effect July 1, 2004." [2004 c 238 § 3.]

**Findings -- Intent -- 1999 c 311:** "The legislature finds that it is necessary to employ multiple approaches to revitalize the economy of Washington state's rural areas. The legislature also finds that where possible, Washington state should develop programs which can complement other private, state, and federal programs. It is the intent of section 402 of this act to complement such rural economic development efforts by creating a public utility tax offset program to help establish locally based electric utility revolving fund programs to be used for economic development and job creation." [1999 c 311 § 401.]

**Part headings and subheadings not law -- Effective date -- Severability -- 1999 c 311:** See notes following RCW 82.14.370.

**All Electrical Utility Providers (including PUDs) in Washington State**

<a href="#">Alden Mutual Light Co Inc - 360-569-2718</a>	<a href="#">Kittitas County PUD</a>
<a href="#">Avista Corporation</a>	<a href="#">Klickitat County PUD</a>
<a href="#">Asotin County PUD</a>	<a href="#">Kootenai Electric Cooperative Inc</a>
<a href="#">Benton County PUD</a>	<a href="#">Lakeview Light &amp; Power</a>
<a href="#">Big Bend Electric Cooperative Inc</a>	<a href="#">Lewis County PUD</a>
<a href="#">Blaine City Light *</a>	<a href="#">Mason County PUD #1</a>
<a href="#">Centralia City Light</a>	<a href="#">Mason County PUD #3</a>
<a href="#">Chelan County PUD</a>	<a href="#">Modern Electric Water Company (Spokane Valley)</a>
<a href="#">Cheney Power</a>	<a href="#">Nespelem Valley Electric Cooperative</a>
<a href="#">City of Cashmere *</a>	<a href="#">Ohop Mutual Light Co</a>
<a href="#">City of Cheney</a>	<a href="#">Okanogan PUD</a>
<a href="#">City of Coulee Dam Light Dept -509-633-1234</a>	<a href="#">Orcas Power and Light</a>
<a href="#">City of Ellensburg</a>	<a href="#">Pacific County PUD</a>
<a href="#">City of McCleary *</a>	<a href="#">Pacific Power</a>
<a href="#">City of Milton *</a>	<a href="#">Parkland Light &amp; Power</a>
<a href="#">City of Richland</a>	<a href="#">Pend Oreille PUD</a>
<a href="#">City of Sumas *</a>	<a href="#">Peninsula Light Company</a>
<a href="#">Clallam County PUD</a>	<a href="#">Port Angeles City Light</a>
<a href="#">Clark County PUD</a>	<a href="#">Puget Sound Energy</a>
<a href="#">Clearwater Power</a>	<a href="#">Seattle City Light</a>
<a href="#">Columbia REA</a>	<a href="#">Skamania PUD</a>
<a href="#">Cowlitz County PUD</a>	<a href="#">Snohomish County PUD</a>
<a href="#">Douglas County PUD</a>	<a href="#">Tacoma Power</a>
<a href="#">Elmhurst Power &amp; Light Co</a>	<a href="#">Tanner Electric Cooperative</a>
<a href="#">Ferry County PUD</a>	<a href="#">Town of Eatonville *</a>
<a href="#">Franklin County PUD</a>	<a href="#">Town of Ruston *</a>
<a href="#">Grant County PUD</a>	<a href="#">Town of Steilacoom *</a>
<a href="#">Grays Harbor County PUD</a>	<a href="#">Vera Water &amp; Power *</a>
<a href="#">Inland Power &amp; Light</a>	<a href="#">Wahkiakum County PUD</a>
<a href="#">Jefferson County PUD</a>	<a href="#">Whatcom County PUD *</a>
<a href="#">Kitsap County PUD</a>	



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## RCW 82.14.370

### Sales and use tax for public facilities in rural counties.

(1) The legislative authority of a rural county may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and must be collected from those persons who are taxable by the state under chapters [82.08](#) and [82.12](#) RCW upon the occurrence of any taxable event within the county. The rate of tax may not exceed 0.09 percent of the selling price in the case of a sales tax or value of the article used in the case of a use tax, except that for rural counties with population densities between sixty and one hundred persons per square mile, the rate shall not exceed 0.04 percent before January 1, 2000.

(2) The tax imposed under subsection (1) of this section must be deducted from the amount of tax otherwise required to be collected or paid over to the department of revenue under chapter [82.08](#) or [82.12](#) RCW. The department of revenue must perform the collection of such taxes on behalf of the county at no cost to the county.

(3)(a) Moneys collected under this section may only be used to finance public facilities serving economic development purposes in rural counties and finance personnel in economic development offices. The public facility must be listed as an item in the officially adopted county overall economic development plan, or the economic development section of the county's comprehensive plan, or the comprehensive plan of a city or town located within the county for those counties planning under RCW [36.70A.040](#). For those counties that do not have an adopted overall economic development plan and do not plan under the growth management act, the public facility must be listed in the county's capital facilities plan or the capital facilities plan of a city or town located within the county.

(b) In implementing this section, the county must consult with cities, towns, and port districts located within the county and the associate development organization serving the county to ensure that the expenditure meets the goals of chapter 130, Laws of 2004 and the requirements of (a) of this subsection. Each county collecting money under this section must report, as follows, to the office of the state auditor, within one hundred fifty days after the close of each fiscal year: (i) A list of new projects begun during the fiscal year, showing that the county has used the funds for those projects consistent with the goals of chapter 130, Laws of 2004 and the requirements of (a) of this subsection; and (ii) expenditures during the fiscal year on projects begun in a previous year. Any projects financed prior to June 10, 2004, from the proceeds of obligations to which the tax imposed under subsection (1) of this section has been pledged may not be deemed to be new projects under this subsection. No new projects funded with money collected under this section may be for justice system facilities.

(c) The definitions in this section apply throughout this section.

(i) "Public facilities" means bridges, roads, domestic and industrial water facilities, sanitary sewer facilities, earth stabilization, storm sewer facilities, railroads, electrical facilities, natural gas facilities, research, testing, training, and incubation facilities in innovation partnership zones designated under RCW [43.330.270](#), buildings, structures, telecommunications infrastructure, transportation infrastructure, or commercial infrastructure, and port facilities in the state of Washington.

(ii) "Economic development purposes" means those purposes which facilitate the creation or retention of businesses and jobs in a county.



(iii) "Economic development office" means an office of a county, port districts, or an associate development organization as defined in RCW 43.330.010, which promotes economic development purposes within the county.

(4) No tax may be collected under this section before July 1, 1998.

(a) Except as provided in (b) of this subsection, no tax may be collected under this section by a county more than twenty-five years after the date that a tax is first imposed under this section.

(b) For counties imposing the tax at the rate of 0.09 percent before August 1, 2009, the tax expires on the date that is twenty-five years after the date that the 0.09 percent tax rate was first imposed by that county.

(5) For purposes of this section, "rural county" means a county with a population density of less than one hundred persons per square mile or a county smaller than two hundred twenty-five square miles as determined by the office of financial management and published each year by the department for the period July 1st to June 30th.

[2012 c 225 § 4; 2009 c 511 § 1. Prior: 2007 c 478 § 1; 2007 c 250 § 1; 2004 c 130 § 2; 2002 c 184 § 1; 1999 c 311 § 101; 1998 c 55 § 6; 1997 c 366 § 3.]

## **Notes:**

**Effective date -- 2007 c 478:** "This act takes effect August 1, 2007." [2007 c 478 § 2.]

**Intent -- 2004 c 130:** "It is the intent of the legislature in enacting this 2004 act to reaffirm the original goals of the 1997 act which first provided distressed counties with the local option sales and use tax contained in RCW 82.14.370. The local option tax is now available to all rural counties and the continuing legislative goal for RCW 82.14.370 is to promote the creation, attraction, expansion, and retention of businesses and provide for family wage jobs." [2004 c 130 § 1.]

**Finding -- Intent -- 1999 c 311:** "The legislature finds that while Washington's economy is currently prospering, economic growth continues to be uneven, particularly as between metropolitan and rural areas. This has created in effect two Washingtons: One afflicted by inadequate infrastructure to support and attract investment, another suffering from congestion and soaring housing prices. In order to address these problems, the legislature intends to use resources strategically to build on our state's strengths while addressing threats to our prosperity." [1999 c 311 § 1.]

**Part headings and subheadings not law -- 1999 c 311:** "Part headings and subheadings used in this act are not any part of the law." [1999 c 311 § 601.]

**Effective date -- 1999 c 311:** "Sections 1, 101, 201, 301 through 305, 401, 402, 601, and 605 of this act take effect August 1, 1999." [1999 c 311 § 604.]

**Severability -- 1999 c 311:** "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." [1999 c 311 § 606.]

**Intent -- 1997 c 366:** "The legislature recognizes the economic hardship that rural distressed areas throughout the state have undergone in recent years. Numerous rural distressed areas across the state have encountered serious economic downturns resulting in significant job loss and business failure. In 1991 the legislature enacted two major pieces of legislation to promote economic development and job creation, with particular emphasis on worker training, income, and emergency services support, along with community revitalization through planning services and infrastructure assistance. However even though these programs have been of assistance, rural distressed areas still face serious economic problems including: Above-average unemployment rates from job losses and below-average employment growth; low rate of business start-ups; and persistent erosion of vitally important resource-driven industries.

The legislature also recognizes that rural distressed areas in Washington have an abiding ability and consistent will to overcome these economic obstacles by building upon their historic foundations of business enterprise, local leadership, and outstanding work ethic.

The legislature intends to assist rural distressed areas in their ongoing efforts to address these difficult economic problems by providing a comprehensive and significant array of economic tools, necessary to harness the persistent and undaunted spirit of enterprise that resides

in the citizens of rural distressed areas throughout the state.

The further intent of this act is to provide:

(1) A strategically designed plan of assistance, emphasizing state, local, and private sector leadership and partnership;

(2) A comprehensive and significant array of business assistance, services, and tax incentives that are accountable and performance driven;

(3) An array of community assistance including infrastructure development and business retention, attraction, and expansion programs that will provide a competitive advantage to rural distressed areas throughout Washington; and

(4) Regulatory relief to reduce and streamline zoning, permitting, and regulatory requirements in order to enhance the capability of businesses to grow and prosper in rural distressed areas." [1997 c 366 § 1.]

**Goals -- 1997 c 366:** "The primary goals of chapter 366, Laws of 1997 are to:

(1) Promote the ongoing operation of business in rural distressed areas;

(2) Promote the expansion of existing businesses in rural distressed areas;

(3) Attract new businesses to rural distressed areas;

(4) Assist in the development of new businesses from within rural distressed areas;

(5) Provide family wage jobs to the citizens of rural distressed areas; and

(6) Promote the development of communities of excellence in rural distressed areas." [1997 c 366 § 2.]

**Severability -- 1997 c 366:** "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." [1997 c 366 § 11.]

**Captions and part headings not law -- 1997 c 366:** "Section captions and part headings used in this act are not any part of the law." [1997 c 366 § 12.]