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**SUBSTITUTE SENATE BILL 5004**

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**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** Senate Agriculture & Rural Economic Development (originally sponsored by Senators Jacobsen, Swecker, Ranker, and Roach)

READ FIRST TIME 02/25/09.

1           AN ACT Relating to promoting local meat production; amending RCW  
2 43.168.050; and creating a new section.

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

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

5           (1) The loss of livestock slaughter and meat processing facilities  
6 inspected by United States department of agriculture personnel has  
7 significantly impeded local meat production in many regions of the  
8 state;

9           (2) Promoting United States department of agriculture-inspected  
10 mobile slaughtering units, capable of visiting farms and ranches to  
11 humanely and inexpensively slaughter livestock, and United States  
12 department of agriculture-inspected livestock slaughtering and meat  
13 processing facilities that provide cutting and wrapping services can  
14 assist in reviving local meat production; and

15           (3) Clarifying that rural economic development projects seeking  
16 funding for these units and facilities are eligible for loans from the  
17 rural Washington loan fund will promote local meat production and  
18 reinvigorate rural economies.

1       **Sec. 2.** RCW 43.168.050 and 2005 c 136 s 5 are each amended to read  
2 as follows:

3       (1) The director may only approve an application providing a loan  
4 for a project which the director finds:

5       (a) Will result in the creation of employment opportunities, the  
6 maintenance of threatened employment, or development or expansion of  
7 business ownership by minorities and women;

8       (b) Will conform to federal rules and regulations governing the  
9 spending of federal community development block grant funds;

10       (c) Will be of public benefit and for a public purpose, and that  
11 the benefits, including increased or maintained employment, improved  
12 standard of living, the employment of disadvantaged workers, and  
13 development or expansion of business ownership by minorities and women,  
14 will primarily accrue to residents of the area;

15       (d) Will probably be successful;

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

19       (2) The director shall, subject to federal block grant criteria,  
20 give higher priority to economic development projects that contain  
21 provisions for child care.

22       (3) The director may not approve an application if it fails to  
23 provide for adequate reporting or disclosure of financial data to the  
24 director. The director may require an annual or other periodic audit  
25 of the project books.

26       (4) The director may require that the project be managed in whole  
27 or in part by a local development organization and may prescribe a  
28 management fee to be paid to such organization by the recipient of the  
29 loan or grant.

30       (5) The director may approve an application which results in a loan  
31 or grant of up to one million dollars.

32       (6) The director shall fix the terms and rates pertaining to fund  
33 loans.

34       (7) Should there be more demand for loans than funds available for  
35 lending, the director shall provide loans for those projects which will  
36 lead to the greatest amount of employment or benefit to a community.  
37 In determining the "greatest amount of employment or benefit" the

1 director shall also consider the employment which would be saved by its  
2 loan and the benefit relative to the community, not just the total  
3 number of new jobs or jobs saved.

4 (8) To the extent permitted under federal law the director shall  
5 require applicants to provide for the transfer of all payments of  
6 principal and interest on loans to the fund created under this chapter.  
7 Under circumstances where the federal law does not permit the director  
8 to require such transfer, the director shall give priority to  
9 applications where the applicants on their own volition make  
10 commitments to provide for the transfer.

11 (9) The director shall:

12 (a) Consider applications for rural economic development projects,  
13 including proposals to fund mobile slaughtering units and local  
14 slaughtering and meat processing facilities that operate in compliance  
15 with the federal meat inspection act; and

16 (b) Not approve any application to finance or help finance a  
17 shopping mall.

18 (10) For loans not made to minority and women-owned businesses, the  
19 director shall make at least eighty percent of the appropriated funds  
20 available to projects located in distressed areas, and may make up to  
21 twenty percent available to projects located in areas not designated as  
22 distressed. For loans not made to minority and women-owned businesses,  
23 the director shall not make funds available to projects located in  
24 areas not designated as distressed if the fund's net worth is less than  
25 seven million one hundred thousand dollars.

26 (11) If an objection is raised to a project on the basis of unfair  
27 business competition, the director shall evaluate the potential impact  
28 of a project on similar businesses located in the local market area.  
29 A grant may be denied by the director if a project is not likely to  
30 result in a net increase in employment within a local market area.

31 (12) For loans to minority and women-owned businesses who do not  
32 meet the credit criteria, the director may consider nontraditional  
33 credit standards to offset past discrimination that has precluded full  
34 participation of minority or women-owned businesses in the economy.  
35 For applicants with high potential who do not meet the credit criteria,  
36 the director shall consider developing alternative borrowing methods.  
37 For applicants denied loans due to credit problems, the department  
38 shall provide financial counseling within available resources and

1 provide referrals to credit rehabilitation services. In circumstances  
2 of competing applications, priority shall be given to members of  
3 eligible groups which previously have been least served by this fund.

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