H-2600.1

HOUSE BILL 2186

State of Washington 69th Legislature 2026 Regular Session

By Representatives Barnard, Ryu, Ramel, Reed, Zahn, Salahuddin, and Bernbaum

Prefiled 12/23/25. Read first time 01/12/26. Referred to Committee on Technology, Economic Development, & Veterans.

AN ACT Relating to supporting the acquisition of federal funds to promote economic development; amending RCW 43.330.260; adding new sections to chapter 43.330 RCW; creating new sections; and providing an expiration date.

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

NEW SECTION. **Sec. 1.** The legislature finds that the state would economically benefit by increasing the ability of Washington communities to access federal funds.

The legislature further finds that, in the last 10 years, thousands of federal funding opportunities were available for economic development, including broadband, equity, housing, infrastructure, innovation, regional development, skills training, transportation, and workforce development, although the federal funding opportunities available in each fiscal year vary depending on federal priorities. In the last three fiscal years, the federal government provided $1.1 trillion per year in grants for projects that support economic development.

The legislature further finds that a state program that creates scoring criteria to prioritize the award of matching funds, adopts award tiers, and establishes a state account to create a pool of matching dollars, including private donations, will enhance the

ability of local communities to access federal funds that will contribute to the state's economic development, including funds for education, public safety, housing, transportation, and child care.

The legislature further finds that the state recognized the value of matching dollars to access federal funds for clean energy, climate, clean technology, and resilience, and that it should expand its efforts to include all of the federal government's economic development fund opportunities.

To further promote economic development in local communities, the legislature encourages the department of commerce to solicit private donations to support economic development, and to reallocate program funds that would otherwise revert at the end of the fiscal biennium to the program created in this act to be used as matching funds for applications for federal grants.

Sec. 2. RCW 43.330.260 and 2024 c 223 s 4 are each amended to read as follows:

(1) The department shall make available, within existing resources, an inventory of grant opportunities for state agencies, local governments, and other community organizations engaged in economic development activities.

(2) In developing the inventory of economic development grant opportunities, the department ((~~may~~)) shall:

(a) Regularly review the federal register for opportunities to apply for grants, research projects, and demonstration projects;

(b) Maintain an inventory of grant opportunities with private foundations and businesses; and

(c) ((~~Provide a resource guide for applicants for federal grants, including links to federal applications and relevant resources, and contact information for department assistance; and~~

~~(d)~~)) Consult with federal officials, including but not limited to those in the small business administration, the department of labor, the department of commerce, the department of agriculture, the department of ecology, as well as private foundations and businesses, on the prospects for obtaining federal and private funds for economic development purposes in Washington state.

(3) The department may also facilitate joint efforts between agencies and between local organizations and state agencies that will increase the likelihood of success in grant seeking ((~~and the attraction of major events~~)).

NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330 RCW to read as follows:

(1) An applicant for federal funds that will promote economic development may request a letter of support from the department. The department shall provide the applicant with a letter that identifies the state's opportunity for matching funds for the application within five business days of the request.

(2) Each fiscal biennium, the department shall solicit input from associate development organizations, ports, chambers of commerce, workforce development boards, state agencies, local governments, and the governor's office to identify the federal funds that will likely be available in the biennium and to prioritize the federal funds that will have the most significant impact on economic development in Washington.

(3) Subject to available funds, the department shall develop scoring criteria to prioritize and award matching funds to an applicant with a letter of opportunity for matching funds. The scoring criteria must include:

(a) The economic impact of the federal funds, including the number of jobs created, households affected, and businesses impacted;

(b) The amount of the federal funding available if the application is successful;

(c) Whether the application meets one of the priorities identified in subsection (2) of this section;

(d) A prioritization of applications from applicants in rural and frontier counties; and

(e) Criteria developed by the department including, but not limited to, collaborative efforts and projects, timing of available funds, and alignment with state priorities.

(4) The department shall only award matching funds when:

(a) The applicant is unable to secure funding from other state sources;

(b) The project will produce long-term economic benefits;

(c) The project does not require continuing state support; and

(d) The award will not supplant private investment.

(5) Successful applicants for an award of matching funds will be subject to the following limits:

(a) Political subdivisions, federally recognized Indian tribes, institutions of higher education as defined in RCW 28B.10.016, consumer-owned utilities, small businesses, regional planning

organizations, economic development organizations as defined in 13 C.F.R. Sec. 312.3 as it existed on December 4, 2025, and nonprofits may receive up to 100 percent of the required match.

(b) Investor-owned utilities and other applicants may receive a maximum of 50 percent of the required match.

(c) If no match is required, an applicant may receive up to $100,000 if the amount would increase the likelihood of receiving federal funds or increase the award of federal funds.

(d) If a project will benefit a distressed area as defined in RCW 43.168.020, the maximum amount awarded under (b) of this subsection may be increased to 100 percent, and the maximum amount awarded under (c) of this subsection may be increased to $500,000.

(6) Subject to available funds, matching funds shall be reserved after an application for federal funds is approved by a federal agency and shall be unavailable for reservation or appropriation for other applicants until the department receives written notice from the applicant that the application for federal funds has been withdrawn or denied.

(7) The department shall establish a competitive process to evaluate and award matching funds. Final awards shall be determined by the department, subject to the provisions in this section. The department may charge projects an administrative fee.

(8) A recipient of matching funds shall report to the department on the amount of matching dollars needed to apply for federal funds, the amount of state matching funds received under this section, the amount of federal funds received in the successful grant, the number of jobs created or maintained as a result of the federal funds, and the annual revenue generated as a result of the successful application for federal funds.

(9) By July 1, 2028, the department shall expand the fundhub.wa.gov website to include federal funds available for economic development. The department shall update the website at least quarterly.

NEW SECTION. **Sec. 4.** A new section is added to chapter 43.330 RCW to read as follows:

The moving assets to create healthy economic development account is created in the custody of the state treasurer. Revenues to the account shall consist of appropriations and transfers by the legislature, all other moneys directed for deposit into the account,

and any gifts, grants, or donations received by the department for this purpose. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. Only the director or the director's designee may authorize expenditures from the account. Expenditures from the account may only be used to award matching funds for an application for federal funds that will promote economic development, as described in section 3 of this act.

NEW SECTION. **Sec. 5.** (1) The Washington state institute for public policy must conduct a study researching, analyzing, and determining, to the extent practicable, the average number and amount of federal funds available for economic development and the amount of matching funds needed to apply for those federal funds.

(2) The study must compare the number and dollar amount of federal funds identified on the state's fundhub.wa.gov website to the number and dollar amount of federal funds available for economic development on the federal grants.gov website. This comparison must identify the number and dollar amount of federal funds available but not identified on the fundhub.wa.gov website.

(3) In conducting the study, the Washington state institute for public policy may conduct fact-finding and stakeholder discussions with the department of commerce's office of economic development, associate development organizations, ports, chambers of commerce, workforce development boards, and the governor's office.

(4) The department of commerce must cooperate with the Washington state institute for public policy to facilitate access to data or other resources necessary to complete the work of this section.

(5) By June 30, 2027, and in compliance with RCW 43.01.036, the Washington state institute for public policy shall submit a report to the appropriate committees of the legislature with the findings of its study under this section.

(6) This section expires June 1, 2028.

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