Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology, Economic Development, & Veterans Committee

HB 2186

Brief Description: Supporting the acquisition of federal funds to promote economic development.

Sponsors: Representatives Barnard, Ryu, Ramel, Reed, Zahn, Salahuddin and Bernbaum.

Brief Summary of Bill

- Requires the Department of Commerce to support applicants seeking federal funds by identifying federal grants, providing letters of support, and awarding matching funds based on state priorities and scoring criteria that are updated every two years.
- Creates an account for the matching fund awards which includes private donations and unused program funds.
- Directs the Washington State Institute for Public Policy to report on the federal funds available for economic development projects and the matching funds needed to obtain those funds.

Hearing Date: 1/16/26

Staff: Martha Wehling (786-7067).

Background:

The Department of Commerce (Commerce) supports economic development by soliciting and inventorying private and federal grants for economic and community development programs.

Federal agencies provide federal funds, primarily through competitive grants, for a variety of

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economic development projects. The grant process often requires the applicant to provide matching funds that are a percentage of the grant funds. Recent federal grants provided funding for a variety of projects including broadband, clean and efficient energy, climate change resiliency, disaster mitigation and recovery, housing and homelessness, public infrastructure, semiconductor technology, transportation, and water and waste management.

Commerce is required to provide an inventory of grant opportunities for state agencies, local governments, and community organizations. To develop the inventory, Commerce may consult with federal agencies and include grants identified on the federal register or private grants. Commerce may also prepare a resource guide for applicants, and may facilitate the coordination of local and state agencies for grants or the attraction of major events.

In 2023 the Governor's Office initiated the Federal Funding Roadmap Project (Project) to assist applicants with access to federal funds related to climate, natural resource protection, workforce development, sustainable economic development, and equity goals. The FundHubWA website was created as part of the Project, and the website identifies federal funding opportunities for environmental projects.

Summary of Bill:

Inventory Grant Opportunities.
The Department of Commerce's (Commerce) requirement to develop an inventory of economic development grants, including regularly reviewing the federal register, maintaining an inventory of private grants, and consulting with certain federal agencies is made mandatory, rather than discretionary. Commerce's obligations to provide a resource guide for grant applicants and facilitate the attraction of major events are removed.

Assist Federal Grant Applicants.
Commerce is required to assist applicants for federal grants in the following ways:

- Commerce is required to expand the FundHubWA website to include all federal funding opportunities related to economic development by July 1, 2028.
- Upon request, Commerce must provide a letter of support to an applicant for federal funds within five business days.
- Every two years, Commerce must solicit input from certain economic development organizations to identify federal funds anticipated in the next two-year period and prioritize applications for the funds that are most likely to have a significant impact in the state.
- Commerce must develop scoring criteria to prioritize the award of matching funds, such as the economic impact of a successful application and whether the project is identified as a priority for the state.

Award Matching Funds.
Commerce is required to award matching funds through a competitive process. The awards of matching funds are limited based on the type of applicant and whether other funding is available:

- Entities eligible for an award of 100 percent of the matching funds include: political subdivisions, federally recognized Indian tribes, higher education institutions, consumer-owned utilities, small businesses, regional planning organizations, economic development organizations, and nonprofits.
- Other entities are eligible for an award of 50 percent of the matching funds, unless the project will benefit a distressed area. The award may be increased for those projects.
- When a match is not required for the federal funds, an award of $100,000 is available if the award will increase the likelihood of the applicant receiving federal funds or increase the amount of federal funds awarded.
- To receive a matching fund award, the project must produce long-term economic benefits.
- Matching funds are not available if the applicant has funding from other state sources, if the project requires continuing state support, or if the award would replace private investment.

Recipients of matching fund awards must report to Commerce on the following metrics:
- the federal funds received;
- the matching funds that are required to obtain the federal funds;
- the amount of matching funds received from Commerce;
- the jobs created or maintained; and
- the annual revenue generated.

Moving Assets to Create Healthy Economic Development Account.
The Moving Assets to Create Healthy Economic Development Account (MATCHED Account) is created. Expenditures are limited to an award of matching funds needed for an application for federal funds that will promote economic development. Commerce may solicit private donations for the MATCHED Account or reallocate program funds that would otherwise revert at the end of the fiscal biennium.

After Commerce awards matching funds, those funds are reserved unless the application for federal funds is withdrawn or denied. Commerce may charge projects an administrative fee.

Washington State Institute for Public Policy Study.
The Washington State Institute for Public Policy (WSIPP) must study the federal funds available for economic development and the amount of matching funds that would be needed for applicants to obtain those funds. The study, which is due June 30, 2027, must compare the number of funding opportunities identified on the federal website with the FundHubWA website. The WSIPP may contact economic development organizations and agencies to complete the study.

Appropriation: None.

Fiscal Note: Requested on January 6, 2026.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is

passed.