

SENATE BILL REPORT

SB 6529

As of February 1, 2008

Title: An act relating to creating incentives for economic development infrastructure projects.

Brief Description: Providing incentives for economic development infrastructure projects.

Sponsors: Senators Kastama, Pridemore, Shin and Rasmussen.

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/29/08.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Staff: Aaron Gutierrez (786-7448)

Background: Public infrastructure funding is accomplished in a number of different ways in the state, including through local public facilities' districts and public funding. In recent years, the Legislature has examined a number of ways to increase investment in public infrastructure in the state, often at the request of local jurisdictions.

Summary of Bill: A city that imposes a local tax on public and private utilities is eligible to impose an additional tax, of up to 1 percent, if the city has a population of 25,000 or more and is located in a county with a projected job growth rate 10 percent lower than the projected population growth rate. The revenue from this additional tax is to be used solely for infrastructure projects that facilitate the creation or retention of businesses and jobs.

If a city imposing the additional tax applies for a competitive loan or grant for a project with the Transportation Improvement Board, the Community and Economic Revitalization Board, the Public Works Trust Fund, or the Local Infrastructure Financing Tool, the city can receive extra points added to their score in the application review process. The city may also apply for a refund of the state portion of sales and use taxes levied and collected on public economic development infrastructure projects. The limit for these tax refunds is two million dollars per year.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony: PRO: Pierce County has a large employment imbalance. Puyallup is the number one boarding location for trains. Ideally, the jobs should be closer to where they live. This is a chance for counties and cities to contribute their part. Proponents are happy to work to adjust the 10 percent provision.

CON: This bill is too exclusionary, and gives a distinct advantage to a limited amount of cities, over counties, ports, and other non-city entities. A 10 percent boost in a project, with a 100 point scale is disproportionate. This is especially true when project scores regularly range from 70 – 80 points. It is possible that only those eligible cities would be awarded contracts.

Because this bill would give so much advantage to economic development projects, the practical effect would change the mission of the Public Works Trust Fund.

OTHER: There may be ways to assist eligible cities without such a disproportionate disadvantage. For example, by using an accumulated point system, instead of a 10 percent addition

Persons Testifying: PRO: Randall Lewis, City of Tacoma; Doug Levy, Puyallup.

CON: Richard Myers, Washington Public Ports Association.

OTHER: Nick Demeris, CTED; Julie Murray, Washington State Association of Counties; Steve Gorcester, TIB.