
SUBSTITUTE HOUSE BILL 3034

State of Washington 60th Legislature 2008 Regular Session

By House Community & Economic Development & Trade (originally sponsored by Representatives Linville, Bailey, Ericksen, Flannigan, Darneille, Sequist, Pettigrew, and Kelley)

READ FIRST TIME 02/05/08.

1 AN ACT Relating to encouraging private investment in port terminal
2 facilities with tax incentives to local governments; adding a new
3 section to chapter 82.32 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that port terminal
6 infrastructure has traditionally been financed through taxpayer-funded
7 public investments. However, the legislature further finds that
8 alternative port terminal financing arrangements that utilize private
9 investments are becoming more common.

10 The legislature further recognizes that some proposed port terminal
11 projects in Washington state are never developed because public
12 financing is not feasible. The legislature believes that if private
13 financing was available, some of the proposed projects would move
14 forward bringing new jobs and industries to Washington state.

15 The purpose of this act is to encourage private investment in the
16 construction of port terminal facilities with tax incentives to local
17 governments.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.32 RCW
2 to read as follows:

3 (1)(a) The port terminal private investment pilot program is
4 created in the department of community, trade, and economic
5 development. The purpose of the pilot program is to authorize and
6 evaluate the use of tax incentives to local governments as a means of
7 encouraging private investment in port terminal construction.

8 (b) The department of community, trade, and economic development
9 may approve a maximum of two projects under this pilot program.

10 (2) Subject to the requirements of this section, the estimated
11 taxes collected under chapters 82.08 and 82.12 RCW on the sale or use
12 of tangible personal property and labor and services used in the
13 construction of a qualified port terminal, less any credits allowed for
14 local governments, shall be distributed to a county or city within
15 which a qualified port terminal is located.

16 (3) To receive distributions under this section, the city or county
17 must:

18 (a) Submit an application to the department of community, trade,
19 and economic development prior to the initiation of construction of the
20 port terminal. The application shall be in a form and manner required
21 by the department of community, trade, and economic development, but
22 must include information that verifies that: (i) The construction of
23 the port terminal is reasonably estimated to exceed one hundred fifty
24 million dollars; (ii) an agreement has been entered into committing
25 that the construction project will pay wages on its construction at the
26 prevailing wage rates determined by the department of labor and
27 industries pursuant to chapter 39.12 RCW; (iii) the qualified port
28 terminal would be adding new longshoremen jobs to the state of
29 Washington; and (iv) the date construction of the port terminal is
30 expected to be completed. The department of community, trade, and
31 economic development shall rule on the application within forty-five
32 days;

33 (b) Submit an expenditure plan to the department of community,
34 trade, and economic development within one hundred twenty days of the
35 submittal of the application under (a) of this subsection. The plan
36 must be developed in consultation with any port authorities, tribal
37 governments, or other local governments in close proximity to the
38 proposed project as well as private entities involved with the

1 qualified port terminal's development and operation. The plan must
2 specify the use of funds distributed under this section, subject to (c)
3 of this subsection. The department of community, trade, and economic
4 development shall notify the city or county of any deficiencies in the
5 expenditure plan within ninety days of the plan's submittal;

6 (c) Use any distributions under this section exclusively for public
7 infrastructure needs related to the qualified port terminal including,
8 but not limited to: Street and road construction necessary to access
9 and service the new terminal; rail construction necessary to access and
10 service the new terminal; water and sewer system construction;
11 construction of facilities for emergency services; construction of
12 storm water and drainage management systems; and environmental impact
13 mitigation.

14 (4) The department of revenue shall distribute funds under this
15 section annually at no cost to the city or county receiving such funds.
16 Funds shall be distributed to a city or county by July 1st of each
17 year, beginning in the state fiscal year following the fiscal year in
18 which initiation of construction of the port terminal begins. The
19 department of revenue may not distribute funds under this section for
20 construction occurring after the date of completion specified in
21 subsection (3)(a)(iv) of this section has elapsed; however, the
22 department of revenue, in consultation with the department of
23 community, trade, and economic development, may extend the date of
24 completion for good cause shown.

25 (5) The definitions in this subsection apply to this section.

26 (a) "Port terminal" means a facility for cargo related maritime
27 activities.

28 (b) "Qualified port terminal" means a port terminal that:

29 (i) Is constructed after the effective date of this section;

30 (ii) Is reasonably estimated to cost over one hundred fifty million
31 dollars to construct;

32 (iii) Enters into an agreement that wages will be paid on its
33 construction at the prevailing wage rates determined by the department
34 of labor and industries pursuant to chapter 39.12 RCW; and

35 (iv) Will be adding new longshoremen jobs to the state of
36 Washington.

37 (6) By January 1, 2011, the departments of revenue and community,

1 trade, and economic development must jointly provide their findings and
2 recommendations on the pilot program to the governor and appropriate
3 committees of the legislature. The report must include:
4 (a) The amount and uses of proceeds distributed under subsection
5 (4) of this section;
6 (b) The number, types, salary, and wages of jobs created due to the
7 port terminal construction;
8 (c) The effect of the port terminal construction on revenues to the
9 state and local governments;
10 (d) Private and public investment leveraged as a result of the tax
11 incentives offered to local government;
12 (e) An analysis of any other benefits or barriers recognized as a
13 result of the pilot program; and
14 (f) Recommendations for future programs related to encouraging
15 private investment in the construction of port terminal facilities with
16 tax incentives to local governments.
17 (7) The port terminal private investment pilot program shall
18 terminate June 30, 2011.

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