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HOUSE BILL 3163

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State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Kelley, McCune, Green, Williams, Morrell, and Conway

Read first time 01/23/08.      Referred to Committee on Community & Economic Development & Trade.

1            AN ACT Relating to military improvement zones; adding new sections  
2 to chapter 43.330 RCW; adding a new section to chapter 82.32 RCW;  
3 creating a new section; providing an effective date; and providing an  
4 expiration date.

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

6            NEW SECTION.    **Sec. 1.** The legislature finds that communities  
7 surrounding Washington's military bases should reflect our state's  
8 appreciation of the armed forces and the value of the sacrifice of  
9 military personnel stationed in our region. Declining resources for  
10 new infrastructure has increased pressure on cities and counties and,  
11 as urban areas have grown near Washington's military bases, these areas  
12 have often developed in a pattern that has not supported the needs of  
13 the military for housing and services.

14            The legislature finds that local governments can implement funding  
15 options to encourage high-quality redevelopment of the neighborhoods  
16 nearest the state's military bases, and infrastructure consistent with  
17 the highest public health, safety, and welfare standards in a manner  
18 supportive to the military's esprit de corps.

1        NEW SECTION.    **Sec. 2.** A new section is added to chapter 43.330 RCW  
2 to read as follows:

3        (1) The military improvement zone program is created in the  
4 department. The principal purpose of the program is to authorize and  
5 promote financing tools that encourage high quality development and  
6 affordable housing in the areas nearest to federal military bases. The  
7 program must be administered by the department with the advice of the  
8 department of revenue.

9        (2) The department must designate qualifying areas as military  
10 improvement zones. Applications to designate qualifying areas as  
11 improvement zones may be submitted by counties or cities. To be  
12 eligible for designation as an improvement zone, an area must:

13        (a) Be a defined geographic area consisting of a neighborhood or  
14 contiguous neighborhoods;

15        (b) Be within ten miles of a federal military base; and

16        (c) Demonstrate a need for infrastructure improvements that result  
17 from population growth, a limited property tax base, a low-income  
18 population, a lack of affordable housing, or a designation of a  
19 majority of the area as qualified census tracts by the United States  
20 department of housing and urban development.

21        (3) As used in this section, "affordable housing" has the same  
22 meaning as in RCW 43.185A.010.

23        NEW SECTION.    **Sec. 3.** A new section is added to chapter 82.32 RCW  
24 to read as follows:

25        (1) Subject to the requirements of this section, the estimated  
26 taxes collected under chapters 82.08 and 82.12 RCW on the sale or use  
27 of tangible personal property and labor and services used in the  
28 construction of affordable housing projects in military improvement  
29 zones, less any credits allowed for local governments, must be  
30 deposited in the account established in section 5 of this act.

31        (2) To be eligible for distributions under section 5 of this act,  
32 the county or city must:

33        (a) Submit an application to the department prior to the initiation  
34 of construction of the affordable housing project. The application  
35 must be in a form and manner required by the department and must  
36 include provisions verifying that:

1 (i) The project is in a military improvement zone designated by the  
2 department under section 2 of this act;

3 (ii) The expected completion date of the construction of the  
4 affordable housing project is consistent with the requirements of the  
5 department;

6 (iii) The proceeds distributed under section 5 of this act will be  
7 used for infrastructure that is required for the development to occur;

8 (iv) At least fifteen percent of the housing units in the project  
9 qualify as affordable housing; and

10 (v) A development agreement has been made between the developer and  
11 the applicable county or city providing for: (A) The number of  
12 affordable housing units to be developed; (B) site and building design  
13 specifications; and (C) the infrastructure necessary for the project to  
14 be constructed. The department must rule on the application within  
15 forty-five days of its receipt;

16 (b) Submit an expenditure plan to the department within one hundred  
17 twenty days of the date the application is submitted under (a) of this  
18 subsection (2). The plan must specify the intended use of proceeds  
19 distributed under section 5 of this act. The department must notify  
20 the county or city of any deficiencies in the expenditure plan within  
21 ninety days of its submittal.

22 (3) Jurisdictions participating in the pilot program authorized  
23 under section 6 of this act are eligible to receive proceeds from the  
24 account established in section 5 of this act.

25 (4) Proceeds distributed under section 5 of this act may only be  
26 used for public infrastructure projects related to a qualifying  
27 affordable housing project. Authorized uses include, but are not  
28 limited to: (a) Street and road construction necessary to serve the  
29 improvement zone; (b) water and sewer system construction; and (c)  
30 construction of storm water and drainage management systems.

31 (5) As used in this section, "affordable housing" has the same  
32 meaning as in RCW 43.185A.010.

33 (6) As used in this section, "department" means the department of  
34 community, trade, and economic development.

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

37 (1) The department must conduct an examination of land use tools

1 and funding options that local governments can implement to encourage:  
2 (a) High-quality development of the neighborhoods nearest the state's  
3 military bases; (b) affordable housing for military personnel; and (c)  
4 infrastructure for this housing that is consistent with the highest  
5 public health, safety, and welfare standards.

6 (2) As used in this section, "affordable housing" has the same  
7 meaning as in RCW 43.185A.010.

8 (3) The department must report its findings and recommendations to  
9 the governor and the appropriate committees of the house of  
10 representatives and the senate by January 30, 2009.

11 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.330 RCW  
12 to read as follows:

13 (1) The military improvement zone account is created in the custody  
14 of the state treasurer. All receipts from section 3(1) of this act  
15 must be deposited into the account. Expenditures from the account may  
16 be used by a county or city only for public infrastructure projects  
17 authorized under sections 3(4) and 6(4) of this act. Only the director  
18 or the director's designee may authorize expenditures from the account.  
19 The account is subject to allotment procedures under chapter 43.88 RCW,  
20 but an appropriation is not required for expenditures.

21 (2) The department of revenue must distribute proceeds under this  
22 section annually at no cost to the receiving county or city. Proceeds  
23 must be distributed to a city or county by July 1st of each year,  
24 beginning in the state fiscal year following the fiscal year in which  
25 initiation of construction of the affordable housing project begins.

26 (3) The department of revenue may not distribute proceeds under  
27 this section for construction occurring after the date of completion  
28 specified in section 3(2)(a)(ii) of this act. However, the department  
29 of revenue, in consultation with the department, may extend the date of  
30 completion for good cause shown.

31 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.330 RCW  
32 to read as follows:

33 (1) The department must conduct a military improvement zone pilot  
34 program. The pilot program must promote the development of high-  
35 quality infrastructure and affordable housing in improvement zones.

1 The program must also determine the effectiveness of the program in  
2 increasing the development of high-quality infrastructure and  
3 additional affordable housing in improvement zones.

4 (2)(a) Applications to designate qualifying areas as improvement  
5 zones may be submitted by counties or cities. To be eligible for  
6 designation as an improvement zone, an area must:

7 (i) Be a defined geographic area consisting of a neighborhood or  
8 contiguous neighborhoods;

9 (ii) Be within ten miles of a federal military base; and

10 (iii) Demonstrate a need for infrastructure improvements that  
11 result from population growth, a limited property tax base, a  
12 low-income population, a lack of affordable housing, or a designation  
13 of a majority of the area as qualified census tracts by the United  
14 States department of housing and urban development.

15 (b) Only areas within ten miles of two military bases with over  
16 thirty thousand personnel combined that are wholly contained within  
17 tract 720 as designated by the United States census bureau may be  
18 considered for inclusion within the pilot program.

19 (3) The department must: (a) Develop operational guidelines and  
20 criteria for the pilot program; and (b) provide technical assistance to  
21 counties and cities participating in the pilot program.

22 (4) Subject to the availability of amounts appropriated for this  
23 specific purpose, the department must provide grants to counties and  
24 cities participating in the pilot program authorized under this  
25 section. The department must also use receipts collected under section  
26 3(1) of this act for counties and cities participating in the pilot  
27 program authorized under this section. The grants and collected  
28 receipts must only be for public infrastructure projects related to  
29 affordable housing projects for the improvement zone. Authorized uses  
30 include, but are not limited to: (a) Street and road construction  
31 necessary to serve the improvement zone; (b) water and sewer system  
32 construction; and (c) construction of storm water and drainage  
33 management systems.

34 (5)(a) The department must provide a comprehensive pilot program  
35 status report to the governor and appropriate committees of the house  
36 of representatives and the senate by September 30, 2010.

37 (b) The department must report its pilot program findings and

1 recommendations to the governor and appropriate committees of the house  
2 of representatives and the senate by September 30, 2012.

3 (6) This section expires December 31, 2012.

4 NEW SECTION. **Sec. 7.** Section 2 of this act takes effect January  
5 1, 2013.

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