
SUBSTITUTE SENATE BILL 6616

State of Washington

60th Legislature

2008 Regular Session

By Senate Economic Development, Trade & Management (originally sponsored by Senators Brandland, Kastama, Zarelli, Prentice, Shin, Hobbs, Carrell, Kilmer, Jacobsen, Roach, Regala, Haugen, Hewitt, and Rasmussen)

READ FIRST TIME 02/08/08.

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 providing an expiration date.

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

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

7 (1) Subject to the requirements of this section, an amount equal to
8 the estimated taxes collected under chapters 82.08 and 82.12 RCW on the
9 sale or use of tangible personal property incorporated into, and labor
10 and services rendered in respect to, the construction of a qualified
11 port terminal, less estimated amounts of any local taxes that are
12 credited against the state sales and use taxes, shall be distributed to
13 a county or city within which a qualified port terminal is located.

14 (2) To receive distributions under this section, the city or county
15 must:

16 (a) Submit an application to the department of community, trade,
17 and economic development prior to the initiation of construction of the
18 port terminal. The application shall be in a form and manner required
19 by the department of community, trade, and economic development, but

1 must include information that verifies that: (i) The construction of
2 the port terminal is reasonably estimated to exceed one hundred fifty
3 million dollars; and (ii) the date construction of the port terminal is
4 expected to be completed. The department of community, trade, and
5 economic development shall rule on the application within forty-five
6 days and must notify the department of all approved applications;

7 (b) Submit an expenditure plan to the department of community,
8 trade, and economic development within one hundred twenty days of the
9 submittal of the application under (a) of this subsection. The plan
10 must be developed in consultation with any port authorities, tribal
11 governments, or other local governments in close proximity to the
12 proposed project as well as private entities involved with the
13 qualified port terminal's development and operation. The plan must
14 specify the use of funds distributed under this section, subject to (c)
15 of this subsection. The department of community, trade, and economic
16 development shall notify the city or county of any deficiencies in the
17 expenditure plan within ninety days of the plan's submittal;

18 (c) Use any distributions under this section exclusively for public
19 infrastructure needs related to the qualified port terminal including,
20 but not limited to: Street and road construction necessary to access
21 and service the new terminal; rail construction necessary to access and
22 service the new terminal; water and sewer system construction;
23 construction of facilities for emergency services; construction of
24 storm water and drainage management systems; and environmental impact
25 mitigation.

26 (3) The department of community, trade, and economic development
27 must approve applications under this section only if it determines with
28 a high degree of certainty that the qualified port terminal would be
29 adding new jobs to the state of Washington, and that a collective
30 bargaining agreement between the operators of the qualified terminal
31 and organized labor is in place regarding the business operations to be
32 conducted at the qualified terminal.

33 (4) An entity constructing a qualified port terminal that will
34 benefit from the public infrastructure built using distributions under
35 this section must comply with the provisions of chapter 39.12 RCW in
36 constructing the qualified port terminal.

37 (5)(a) A port district or other person contracting for the
38 construction of a qualified port terminal or any portion of a qualified

1 port terminal must provide the city or county within whose jurisdiction
2 the qualified port terminal is located, if the city or county is
3 approved for distributions under this section, with documentation
4 necessary to determine the amounts of distributions under this section,
5 upon request of the city or county. Such documentation must include
6 copies of construction contracts, tax returns, and other documents
7 showing the amounts of sales and use taxes paid in respect to the
8 construction of the qualified port terminal.

9 (b) Annually, by March 31st, cities or counties approved for
10 distributions under this section must provide such information to the
11 department, as the department deems necessary, to determine the amount
12 of the distributions under this section. Such information must be
13 provided to the department in a form and manner required by the
14 department. The department may request assistance from the department
15 of community, trade, and economic development in determining the
16 distributions under this section. The department must give cities and
17 counties eligible for distributions under this section notice of the
18 department's determination of the distribution amounts at least thirty
19 days before the distributions under this section are required to be
20 made under (c) of this subsection.

21 (c) The department must notify the state treasurer of the amounts
22 to be distributed under this section. Funds must be distributed to a
23 city or county by July 1st of each year, beginning in the state fiscal
24 year following the fiscal year in which initiation of construction of
25 the port terminal begins. The state treasurer may not distribute funds
26 under this section for construction occurring after the date of
27 completion specified in subsection (2)(a)(ii) of this section has
28 elapsed; however, the department of community, trade, and economic
29 development may extend the date of completion for good cause shown.
30 Distributions under this section are final. Errors in amounts
31 distributed that are discovered after the distributions have been made
32 may not be corrected.

33 (6) The definitions in this subsection apply to this section.

34 (a) "Port terminal" means a facility for cargo related maritime
35 activities.

36 (b) "Qualified port terminal" means a port terminal constructed
37 after the effective date of this act that is reasonably estimated to

1 cost over one hundred fifty million dollars to construct, built
2 primarily with private investment, and located within thirty air miles
3 of a major port terminal located outside of the United States.

4 (7) Only one project may be selected by the department of
5 community, trade, and economic development under the terms of this
6 section. Upon final distribution of funds related to the single
7 project, the department of community, trade, and economic development
8 must submit a report to the legislature. The report must describe the
9 details of the project, its overall economic development impact to the
10 region, and an estimate of new construction and longshoremen jobs
11 created because of the project. The department must also evaluate the
12 funding mechanism for public infrastructure utilized in this section
13 and make recommendations on whether it could be used to benefit other
14 projects for economic development purposes.

15 NEW SECTION. **Sec. 2.** This act expires June 30, 2018.

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