

# SENATE BILL REPORT

## SB 6277

---

As Reported By Senate Committee On:  
Environmental Quality & Water Resources, January 28, 2000

**Title:** An act relating to authorizing cost-reimbursement agreements for leases and environmental permits.

**Brief Description:** Authorizing cost-reimbursement agreements for leases and environmental permits.

**Sponsors:** Senators B. Sheldon, Swecker, Jacobsen, Franklin, Morton, Costa, Fraser, Eide, Spanel, Thibaudeau and Kohl-Welles.

**Brief History:**

**Committee Activity:** Environmental Quality & Water Resources: 1/13/2000, 1/28/2000 [DPS].

---

### SENATE COMMITTEE ON ENVIRONMENTAL QUALITY & WATER RESOURCES

**Majority Report:** That Substitute Senate Bill No. 6277 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fraser, Chair; Eide, Vice Chair; Jacobsen, McAuliffe, Morton and Swecker.

**Staff:** Richard Ramsey (786-7412)

**Background:** State and local governments often lack the personnel and financial resources to conduct environmental reviews and process permit applications in a timely manner. This situation is compounded when agencies review permit applications for large and complex projects. Not only is the large project delayed, so too is the review and processing of permits for small projects.

Cost-reimbursement agreements are currently authorized for the coordination activities only as a part of the coordinated permit process of the permit assistance center. This authority expires in June, 2000.

**Summary of Substitute Bill:** State regulatory agencies are authorized to negotiate voluntary cost-reimbursement agreements with the applicants for permits. The Department of Natural Resources may use the agreement for lease applications.

Under a cost-reimbursement agreement, the permit applicant may reimburse costs incurred in an agency's environmental review and permit processing. The affected agencies include the departments of Natural Resources, Ecology, Health, Fish and Wildlife, and local air pollution control authorities.

Agencies are required to develop and follow guidelines to avoid conflict of interest for work under cost-reimbursement agreements and may not execute the agreements until the guidelines are adopted.

The Joint Legislative Audit and Review Committee must review cost-reimbursement agreements, emphasizing their effect on lease and permit applicants who do not choose to negotiate the agreements, make annual progress reports and a final report to the Legislature by December 15, 2003.

The bill takes effect immediately.

**Substitute Bill Compared to Original Bill:** The intent section is expanded to direct promotion of the public's trust and confidence in permitting and leasing decisions as a result of cost-reimbursement agreements. The terms "complex" and "small" projects are deleted. A new section is added, requiring agencies to develop and follow guidelines to avoid conflict of interest for work under cost-reimbursement agreements. Provisions are added that make clear that cost-reimbursement agreements are voluntary, initiated by the applicants and that agreements may not be negotiated until the guidelines are adopted. Requirements are added that only permanent agency staff may work on permit/lease applications subject to cost reimbursement agreements; the agreements will fund only temporary staff and consultants, otherwise authorized, to backfill permanent staff activities. The Joint Legislative Audit and Review Committee must review cost-reimbursement agreements, emphasizing their effect on lease and permit applicants who do not choose to negotiate the agreements, make annual progress reports and a final report to the Legislature by December 15, 2003. An emergency clause is added for an immediate effective date.

**Appropriation:** None.

**Fiscal Note:** Requested on January 12, 2000.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** Permitting agencies can use cost reimbursement to manage peak work loads and will be better able to respond to all projects. The bill can help assure that agencies' resources can focus on the complex, controversial, non-routine projects, that pose significant work loads and tight timeframes.

**Testimony Against:** Complex- and small- projects should be defined. Clarify that paying for the expedited review does not guarantee a favorable answer. There is a potential conflict of interest. The bill should include ground rules- or rules of engagement- that define agencies' conduct in cost reimbursement. Agencies should not be allowed to extort- payment from permit applicants and a small project should not lose its place in line.

**Testified:** Senator Betti Sheldon, prime sponsor (pro); Craig Weckesser, Olympic Air Pollution Authority (pro); Jim Metcalf, United Infrastructure (pro); Kaleen Cottingham, Department of Natural Resources (pro); Steve Gano, Trend West Resorts (pro); Scott Boettcher, Department of Ecology (pro); Peter Birch, Department of Fish and Wildlife (pro); Bruce Wishart, People for Puget Sound (concerns); Ron Shultz, National Audubon Society (pro with concerns); Jodi Slavik, Building Industry Association of Washington (concerns).

