

# SENATE BILL REPORT

## SB 5618

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As Reported By Senate Committee On:  
Economic Development & Telecommunications, February 28, 2001

**Title:** An act relating to financing local economic development projects.

**Brief Description:** Financing local economic development projects.

**Sponsors:** Senators Prentice, Horn, Patterson and Costa.

**Brief History:**

**Committee Activity:** Economic Development & Telecommunications: 2/19/01,  
2/28/01[DP-WM].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Brown, Fairley, Finkbeiner, Haugen, McCaslin and Stevens.

**Staff:** Andrea McNamara (786-7483)

**Background:** The state has a variety of programs dedicated to financing public infrastructure projects. Despite this, most local governments have difficulty funding certain types of infrastructure projects, especially those that are targeted primarily toward preparing sites for potential private development.

Brownfields are abandoned, idled, or under-used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

The state Department of Ecology (Ecology) maintains a list of contaminated sites around the state, and categorizes those sites in priority order. High-priority sites are comprised of superfund sites and sites Ecology has ranked 1 or 2. There are currently over 400 high priority sites in Washington.

**Summary of Bill:** A new municipal economic development project financing account is created for the purpose of assisting cities with the costs of local economic development projects beginning in fiscal year 2002. The legislative purpose of the act is identified as providing assistance to cities in financing public improvements which are needed to encourage private development that would not otherwise occur due to the presence of contaminated property or other environmental considerations.

Qualified local economic development projects include specified infrastructure improvements that promote job creation by the private sector, return tax revenues to the state general fund,

and include cleanup of contaminated brownfield sites and other property identified by the Department of Ecology as a priority for cleanup.

The types of infrastructure improvements that may be funded include street and road construction and maintenance, water and sewer system construction and maintenance, sidewalks and streetlights, parking, terminal, and dock facilities, public transportation facilities, parks and recreational areas, and environmental cleanup, including brownfield and fish habitat restoration. Several types of project-related costs may qualify for funding, including costs associated with land use planning, environmental analysis, project design, site preparation and construction or rehabilitation, financing, capital, and operating costs, legal and professional services, and other administrative and compliance costs.

The new account is funded by quarterly deposits from the state general fund beginning with \$5 million in fiscal year 2002 and increased by the fiscal growth factor in subsequent years. Conditions are specified under which cities submit their plans to the Department of Community, Trade, and Economic Development (CTED). CTED makes funding decisions, and the State Treasurer then makes quarterly distributions to qualifying cities.

A city may not receive more than \$2.5 million in fiscal year 2002. The amount may be increased by the fiscal growth factor in subsequent years. A city may not lower its tax rate during the period it receives state funding under this program.

CTED, in consultation with the Department of Revenue, must submit an annual report containing specified information about the program to the Legislature.

Cities are authorized to issue bonds for projects financed under this program and pledge the amounts of state funding. Counties may do the same pursuant to an interlocal agreement with a city that is receiving financing.

**Appropriation:** None.

**Fiscal Note:** Requested on January 29, 2001.

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

**Testimony For:** Everyone benefits from the cleanup of contaminated sites, but finding the funding to do the cleanup is a major challenge. The Port Quendall Project in Renton has been identified by the Department of Ecology as its number one priority for cleanup. Cleanup costs are estimated at \$20 million. Once cleaned up and developed, the Port Quendall Project is estimated to return \$360 million to the local area and the state. This type of financing program is available in other states and should be utilized in Washington.

**Testimony Against:** None.

**Testified:** Senator Margarita Prentice, prime sponsor; Mayor Jesse Tanner, City of Renton (pro).