

# HOUSE BILL REPORT

## SHB 2010

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### As Passed House:

March 9, 2009

**Title:** An act relating to state funding for local projects.

**Brief Description:** Concerning state funding for local projects.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representatives Dunshee and Nelson).

### Brief History:

#### Committee Activity:

Capital Budget: 2/11/09, 2/19/09 [DPS].

#### Floor Activity

Passed House: 3/9/09, 59-38.

### Brief Summary of Substitute Bill

- Beginning in 2010, the Public Works Board, the Community Economic Revitalization Board, and the Transportation Improvement Board are required to consider whether applicants have adopted policies to reduce greenhouse gas emissions. If policies have not been adopted, the boards must consider whether the projects under review are consistent with state goals for greenhouse gas emissions and reduced vehicle miles traveled.
- Requires the Community Economic Revitalization Board to consider whether projects located in rural areas maximize a reduction of vehicle miles traveled instead of being consistent with state goals to reduce annual per capita vehicle miles traveled.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass.  
Signed by 8 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Blake, Chase, Jacks, Maxwell, Orwall and White.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Do not pass. Signed by 6 members: Representatives Warnick, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Anderson, Hope, McCune and Smith.

**Staff:** Nona Snell (786-7153)

**Background:**

Public Works Board.

The Public Works Board (PWB), within the Department of Community, Trade and Economic Development (CTED), administers the Public Works Assistance Account (Account) program, which is a competitive program that was created by the Legislature in 1985 to provide loans to assist local governments and special purpose districts with infrastructure projects. The PWB is authorized to make low-interest or interest-free loans from the Account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans.

Community Economic Revitalization Board.

The Community Economic Revitalization Board (CERB) administers a competitive program within CTED. The CERB was created by the Legislature in 1982 to provide low-interest loans and grants to finance local public economic development infrastructure necessary to develop or retain stable business and industrial activity. These improvements include industrial water, general-purpose industrial buildings and port facilities, sanitary and storm sewers, industrial wastewater treatment facilities, railroad spurs, telecommunications, electricity, natural gas, roads, and bridges. The public projects are linked to targeted business sectors in manufacturing, food processing, assembly, warehousing, industrial distribution, advanced technology, research and development, and recycling facilities. Political subdivisions and federally-recognized Indian tribes are eligible for the loans and grants.

Local Infrastructure Financing Tool.

The Local Infrastructure Financing Tool (LIFT) program was created by the Legislature in 2006 to provide a public infrastructure financing mechanism for local governments. The LIFT program, administered by the CERB, allows local governments, either identified by the Legislature or selected through a competitive process, to use tax revenue generated by private investment in a specific area to help finance public infrastructure improvements that encourage economic development and redevelopment within those areas. The LIFT must be used to finance public improvements, including: street, bridge and road construction, and maintenance; water and sewer system construction and improvements; sidewalks, traffic controls, and streetlights; parking, terminal, and dock facilities; park and ride facilities; park facilities and recreational areas; storm water and drainage management systems; and affordable housing.

Transportation Improvement Board.

The Legislature created the Transportation Improvement Board (TIB) in 1988 to provide grants to cities and counties for high priority local transportation projects that enhance the movement of people, goods, and services. The TIB administers six competitive programs: Urban Arterial Program, Urban Corridor Program, Small City Arterial Program, Sidewalk

Program (urban and small city), Small City Preservation Program, and the Road Transfer Program (City Assistance Hardship Program).

Greenhouse Gas Emission Reduction Requirements/Benchmarks for Vehicle Miles Traveled.

For purposes of Washington regulations of greenhouse gas emissions, "*greenhouse gas and gases*" include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Legislation adopted in 2008 (*i.e.*, E2SHB 2815, enacted as Chapter 14, Laws of 2008), established the following greenhouse gas emissions limitations for the state:

- by 2020, reduce overall greenhouse gas emissions in the state to 1990 levels;
- by 2035, reduce overall greenhouse gas emissions in the state to 25 percent below 1990 levels; and
- by 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to 50 percent below 1990 levels, or 70 percent below the state's expected emissions that year.

The E2SHB 2815 also established the following statewide benchmarks relating to the number of annual vehicle miles traveled (VMT) in the state:

- decrease the annual per capita VMT by 18 percent by 2020;
- decrease the annual per capita VMT by 30 percent by 2035; and
- decrease the annual per capita VMT by 50 percent by 2050.

**Summary of Substitute Bill:**

Beginning in 2010, the PWB, CERB, LIFT, and TIB are required, when reviewing projects for the award of funds, to consider whether the applicant has adopted policies to reduce greenhouse gas emissions. The policies must be consistent with the requirements of the state's limits on the emissions of greenhouse gases, the state's goals to reduce annual per capita vehicle miles traveled, and federal emissions reduction requirements. The CERB must consider whether projects located in rural areas maximize a reduction of vehicle miles traveled instead of being consistent with state goals to reduce annual per capita vehicle miles traveled.

The PWB and CERB must include a description of local policies or project consistency with the state greenhouse gas emissions limitations.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Through HB 2010, the state is acting on policies to reduce emissions and will establish the location of development by directing the use of state resources. The bill aligns the state's investments with state policy goals by requiring that infrastructure investments are consistent with the current law to reduce greenhouse gas emissions and VMT.

(Concerns) The bill may not have an effect because many projects are already in developed areas, and before VMT benchmarks are put in place, the Department of Ecology must report to the Legislature with the anticipated impact of VMT goals. The CERB program would not work well for ports in rural areas because the development is not located near other amenities.

(Neutral) The cost of the Growth Management Act is unknown because its performance has not yet been measured. The bill creates a problem for the Legislature because it may cause people to drive less, which will reduce the gas tax revenue. The state will have to back fill that loss of revenue.

**Persons Testifying:** (In support) Representative Dunshee, prime sponsor; David Hiller, Cascade Bicycle Club; Craig Engelking, Sierra Club; and April Putney, Futurewise.

(Concerns) Ginger Eagle, Washington Public Ports Association; and Ashley Probart, Association of Washington Cities.

(Neutral) Brandon Housekeeper, Washington Policy Center.

**Persons Signed In To Testify But Not Testifying:** None.