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**SUBSTITUTE SENATE BILL 5790**

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**State of Washington**

**65th Legislature**

**2017 Regular Session**

**By** Senate Local Government (originally sponsored by Senators Short, Sheldon, Angel, and Wilson)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to the economic development element of the growth  
2 management act; amending RCW 36.70A.070; adding a new section to  
3 chapter 36.70A RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** This act may be known and cited as the  
6 economic revitalization act.

7 NEW SECTION. **Sec. 2.** Section 1 of the growth management act of  
8 1990 clearly states the act is to provide for sustainable economic  
9 development, and that it is in the public interest that economic  
10 development programs be shared with communities experiencing  
11 insufficient economic growth. Some communities are struggling  
12 economically due to prescriptive implementation and interpretations  
13 of the act. This result is contrary to the stated purpose of the act.  
14 The legislature intends to provide common sense direction for the  
15 application of the growth management act by reaffirming that local  
16 governments have broad authority to make decisions that will provide  
17 family-wage jobs and increase opportunities for hard-working  
18 taxpayers in communities with deteriorating economies. Prescriptive  
19 application of one or more provisions of the act in a manner that  
20 curtails economic development, preventing people from improving their

1 economic situation, is contrary to the act's purpose of making  
2 thriving communities.

3 **Sec. 3.** RCW 36.70A.070 and 2015 c 241 s 2 are each amended to  
4 read as follows:

5 The comprehensive plan of a county or city that is required or  
6 chooses to plan under RCW 36.70A.040 shall consist of a map or maps,  
7 and descriptive text covering objectives, principles, and standards  
8 used to develop the comprehensive plan. The plan shall be an  
9 internally consistent document and all elements shall be consistent  
10 with the future land use map. A comprehensive plan shall be adopted  
11 and amended with public participation as provided in RCW 36.70A.140.  
12 Each comprehensive plan shall include a plan, scheme, or design for  
13 each of the following:

14 (1) A land use element designating the proposed general  
15 distribution and general location and extent of the uses of land,  
16 where appropriate, for agriculture, timber production, housing,  
17 commerce, industry, recreation, open spaces, general aviation  
18 airports, public utilities, public facilities, and other land uses.  
19 The land use element shall include population densities, building  
20 intensities, and estimates of future population growth. The land use  
21 element shall provide for protection of the quality and quantity of  
22 groundwater used for public water supplies. Wherever possible, the  
23 land use element should consider utilizing urban planning approaches  
24 that promote physical activity. Where applicable, the land use  
25 element shall review drainage, flooding, and storm water run-off in  
26 the area and nearby jurisdictions and provide guidance for corrective  
27 actions to mitigate or cleanse those discharges that pollute waters  
28 of the state, including Puget Sound or waters entering Puget Sound.

29 (2) A housing element ensuring the vitality and character of  
30 established residential neighborhoods that: (a) Includes an inventory  
31 and analysis of existing and projected housing needs that identifies  
32 the number of housing units necessary to manage projected growth; (b)  
33 includes a statement of goals, policies, objectives, and mandatory  
34 provisions for the preservation, improvement, and development of  
35 housing, including single-family residences; (c) identifies  
36 sufficient land for housing, including, but not limited to,  
37 government-assisted housing, housing for low-income families,  
38 manufactured housing, multifamily housing, and group homes and foster

1 care facilities; and (d) makes adequate provisions for existing and  
2 projected needs of all economic segments of the community.

3 (3) A capital facilities plan element consisting of: (a) An  
4 inventory of existing capital facilities owned by public entities,  
5 showing the locations and capacities of the capital facilities; (b) a  
6 forecast of the future needs for such capital facilities; (c) the  
7 proposed locations and capacities of expanded or new capital  
8 facilities; (d) at least a six-year plan that will finance such  
9 capital facilities within projected funding capacities and clearly  
10 identifies sources of public money for such purposes; and (e) a  
11 requirement to reassess the land use element if probable funding  
12 falls short of meeting existing needs and to ensure that the land use  
13 element, capital facilities plan element, and financing plan within  
14 the capital facilities plan element are coordinated and consistent.  
15 Park and recreation facilities shall be included in the capital  
16 facilities plan element.

17 (4) A utilities element consisting of the general location,  
18 proposed location, and capacity of all existing and proposed  
19 utilities, including, but not limited to, electrical lines,  
20 telecommunication lines, and natural gas lines.

21 (5) Rural element. Counties shall include a rural element  
22 including lands that are not designated for urban growth,  
23 agriculture, forest, or mineral resources. The following provisions  
24 shall apply to the rural element:

25 (a) Growth management act goals and local circumstances. Because  
26 circumstances vary from county to county, in establishing patterns of  
27 rural densities and uses, a county may consider local circumstances,  
28 but shall develop a written record explaining how the rural element  
29 harmonizes the planning goals in RCW 36.70A.020 and meets the  
30 requirements of this chapter.

31 (b) Rural development. The rural element shall permit rural  
32 development, forestry, and agriculture in rural areas. The rural  
33 element shall provide for a variety of rural densities, uses,  
34 essential public facilities, and rural governmental services needed  
35 to serve the permitted densities and uses. To achieve a variety of  
36 rural densities and uses, counties may provide for clustering,  
37 density transfer, design guidelines, conservation easements, job  
38 creation, economic development including commercial and industrial  
39 development, and other innovative techniques that will accommodate

1 appropriate rural densities and uses (~~that are not characterized by~~  
2 ~~urban growth and~~) that are consistent with rural character.

3 (c) Measures governing rural development. The rural element shall  
4 include measures that apply to rural development and protect the  
5 rural character of the area, as established by the county, by:

6 (i) Containing or otherwise controlling rural development;

7 (ii) Assuring visual compatibility of rural development with the  
8 surrounding rural area;

9 (iii) Reducing the inappropriate conversion of undeveloped land  
10 into sprawling, low-density development in the rural area;

11 (iv) Protecting critical areas, as provided in RCW 36.70A.060,  
12 and surface water and groundwater resources; and

13 (v) Protecting against conflicts with the use of agricultural,  
14 forest, and mineral resource lands designated under RCW 36.70A.170.

15 (d) Limited areas of more intensive rural development. Subject to  
16 the requirements of this subsection and except as otherwise  
17 specifically provided in this subsection (5)(d), the rural element  
18 may allow for limited areas of more intensive rural development,  
19 including necessary public facilities and public services to serve  
20 the limited area as follows:

21 (i) Rural development consisting of the infill, development, or  
22 redevelopment of existing commercial, industrial, residential, or  
23 mixed-use areas, whether characterized as shoreline development,  
24 villages, hamlets, rural activity centers, or crossroads  
25 developments.

26 (A) A commercial, industrial, residential, shoreline, or mixed-  
27 use area are subject to the requirements of (d)(iv) of this  
28 subsection, but are not subject to the requirements of (c)(ii) and  
29 (iii) of this subsection.

30 (B) Any development or redevelopment other than an industrial  
31 area or an industrial use within a mixed-use area or an industrial  
32 area under this subsection (5)(d)(i) must be principally designed to  
33 serve the existing and projected rural population.

34 (C) Any development or redevelopment in terms of building size,  
35 scale, use, or intensity shall be consistent with the character of  
36 the existing areas. Development and redevelopment may include changes  
37 in use from vacant land or a previously existing use so long as the  
38 new use conforms to the requirements of this subsection (5);

39 (ii) The intensification of development on lots containing, or  
40 new development of, small-scale recreational or tourist uses,

1 including commercial facilities to serve those recreational or  
2 tourist uses, that rely on a rural location and setting, but that do  
3 not include new residential development. A small-scale recreation or  
4 tourist use is not required to be principally designed to serve the  
5 existing and projected rural population. Public services and public  
6 facilities shall be limited to those necessary to serve the  
7 recreation or tourist use and shall be provided in a manner that does  
8 not permit low-density sprawl;

9 (iii) The intensification of development on lots containing  
10 isolated nonresidential uses or new development of isolated cottage  
11 industries and isolated small-scale businesses that are not  
12 principally designed to serve the existing and projected rural  
13 population and nonresidential uses, but do provide job opportunities  
14 for rural residents. Rural counties may allow the expansion of small-  
15 scale businesses as long as those small-scale businesses conform with  
16 the rural character of the area as defined by the local government  
17 according to RCW 36.70A.030(15). Rural counties may also allow new  
18 small-scale businesses to utilize a site previously occupied by an  
19 existing business as long as the new small-scale business conforms to  
20 the rural character of the area as defined by the local government  
21 according to RCW 36.70A.030(15). Public services and public  
22 facilities shall be limited to those necessary to serve the isolated  
23 nonresidential use and shall be provided in a manner that does not  
24 permit low-density sprawl;

25 (iv) A county shall adopt measures to minimize and contain the  
26 existing areas or uses of more intensive rural development, as  
27 appropriate, authorized under this subsection. Lands included in such  
28 existing areas or uses shall not extend beyond the logical outer  
29 boundary of the existing area or use, thereby allowing a new pattern  
30 of low-density sprawl. Existing areas are those that are clearly  
31 identifiable and contained and where there is a logical boundary  
32 delineated predominately by the built environment, but that may also  
33 include undeveloped lands if limited as provided in this subsection.  
34 The county shall establish the logical outer boundary of an area of  
35 more intensive rural development. In establishing the logical outer  
36 boundary, the county shall address (A) the need to preserve the  
37 character of existing natural neighborhoods and communities, (B)  
38 physical boundaries, such as bodies of water, streets and highways,  
39 and land forms and contours, (C) the prevention of abnormally  
40 irregular boundaries, and (D) the ability to provide public

1 facilities and public services in a manner that does not permit low-  
2 density sprawl;

3 (v) For purposes of (d) of this subsection, an existing area or  
4 existing use is one that was in existence:

5 (A) On July 1, 1990, in a county that was initially required to  
6 plan under all of the provisions of this chapter;

7 (B) On the date the county adopted a resolution under RCW  
8 36.70A.040(2), in a county that is planning under all of the  
9 provisions of this chapter under RCW 36.70A.040(2); or

10 (C) On the date the office of financial management certifies the  
11 county's population as provided in RCW 36.70A.040(5), in a county  
12 that is planning under all of the provisions of this chapter pursuant  
13 to RCW 36.70A.040(5).

14 (e) Exception. This subsection shall not be interpreted to permit  
15 in the rural area a major industrial development or a master planned  
16 resort unless otherwise specifically permitted under RCW 36.70A.360  
17 and 36.70A.365.

18 (6) A transportation element that implements, and is consistent  
19 with, the land use element.

20 (a) The transportation element shall include the following  
21 subelements:

22 (i) Land use assumptions used in estimating travel;

23 (ii) Estimated traffic impacts to state-owned transportation  
24 facilities resulting from land use assumptions to assist the  
25 department of transportation in monitoring the performance of state  
26 facilities, to plan improvements for the facilities, and to assess  
27 the impact of land-use decisions on state-owned transportation  
28 facilities;

29 (iii) Facilities and services needs, including:

30 (A) An inventory of air, water, and ground transportation  
31 facilities and services, including transit alignments and general  
32 aviation airport facilities, to define existing capital facilities  
33 and travel levels as a basis for future planning. This inventory must  
34 include state-owned transportation facilities within the city or  
35 county's jurisdictional boundaries;

36 (B) Level of service standards for all locally owned arterials  
37 and transit routes to serve as a gauge to judge performance of the  
38 system. These standards should be regionally coordinated;

39 (C) For state-owned transportation facilities, level of service  
40 standards for highways, as prescribed in chapters 47.06 and 47.80

1 RCW, to gauge the performance of the system. The purposes of  
2 reflecting level of service standards for state highways in the local  
3 comprehensive plan are to monitor the performance of the system, to  
4 evaluate improvement strategies, and to facilitate coordination  
5 between the county's or city's six-year street, road, or transit  
6 program and the office of financial management's ten-year investment  
7 program. The concurrency requirements of (b) of this subsection do  
8 not apply to transportation facilities and services of statewide  
9 significance except for counties consisting of islands whose only  
10 connection to the mainland are state highways or ferry routes. In  
11 these island counties, state highways and ferry route capacity must  
12 be a factor in meeting the concurrency requirements in (b) of this  
13 subsection;

14 (D) Specific actions and requirements for bringing into  
15 compliance locally owned transportation facilities or services that  
16 are below an established level of service standard;

17 (E) Forecasts of traffic for at least ten years based on the  
18 adopted land use plan to provide information on the location, timing,  
19 and capacity needs of future growth;

20 (F) Identification of state and local system needs to meet  
21 current and future demands. Identified needs on state-owned  
22 transportation facilities must be consistent with the statewide  
23 multimodal transportation plan required under chapter 47.06 RCW;

24 (iv) Finance, including:

25 (A) An analysis of funding capability to judge needs against  
26 probable funding resources;

27 (B) A multiyear financing plan based on the needs identified in  
28 the comprehensive plan, the appropriate parts of which shall serve as  
29 the basis for the six-year street, road, or transit program required  
30 by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW  
31 35.58.2795 for public transportation systems. The multiyear financing  
32 plan should be coordinated with the ten-year investment program  
33 developed by the office of financial management as required by RCW  
34 47.05.030;

35 (C) If probable funding falls short of meeting identified needs,  
36 a discussion of how additional funding will be raised, or how land  
37 use assumptions will be reassessed to ensure that level of service  
38 standards will be met;

1 (v) Intergovernmental coordination efforts, including an  
2 assessment of the impacts of the transportation plan and land use  
3 assumptions on the transportation systems of adjacent jurisdictions;

4 (vi) Demand-management strategies;

5 (vii) Pedestrian and bicycle component to include collaborative  
6 efforts to identify and designate planned improvements for pedestrian  
7 and bicycle facilities and corridors that address and encourage  
8 enhanced community access and promote healthy lifestyles.

9 (b) After adoption of the comprehensive plan by jurisdictions  
10 required to plan or who choose to plan under RCW 36.70A.040, local  
11 jurisdictions must adopt and enforce ordinances which prohibit  
12 development approval if the development causes the level of service  
13 on a locally owned transportation facility to decline below the  
14 standards adopted in the transportation element of the comprehensive  
15 plan, unless transportation improvements or strategies to accommodate  
16 the impacts of development are made concurrent with the development.  
17 These strategies may include increased public transportation service,  
18 ride sharing programs, demand management, and other transportation  
19 systems management strategies. For the purposes of this subsection  
20 (6), "concurrent with the development" means that improvements or  
21 strategies are in place at the time of development, or that a  
22 financial commitment is in place to complete the improvements or  
23 strategies within six years. If the collection of impact fees is  
24 delayed under RCW 82.02.050(3), the six-year period required by this  
25 subsection (6)(b) must begin after full payment of all impact fees is  
26 due to the county or city.

27 (c) The transportation element described in this subsection (6),  
28 the six-year plans required by RCW 35.77.010 for cities, RCW  
29 36.81.121 for counties, and RCW 35.58.2795 for public transportation  
30 systems, and the ten-year investment program required by RCW  
31 47.05.030 for the state, must be consistent.

32 (7) An economic development element establishing local goals,  
33 policies, objectives, and provisions for economic growth and vitality  
34 and a high quality of life. The element ~~((shall))~~ may include ~~((a)~~  
35 ~~A summary of the local economy such as population, employment,~~  
36 ~~payroll, sectors, businesses, sales, and other information as~~  
37 ~~appropriate; (b) a summary of the strengths and weaknesses of the~~  
38 ~~local economy defined as the commercial and industrial sectors and~~  
39 ~~supporting factors such as land use, transportation, utilities,~~  
40 ~~education, workforce, housing, and natural/cultural resources; and~~



1 ~~(c) an identification of policies, programs, and projects to foster~~  
2 ~~economic growth and development and to address future needs)) the~~  
3 ~~provisions in section 4 of this act.~~ A city that has chosen to be a  
4 residential community is exempt from the economic development element  
5 requirement of this subsection.

6 (8) A park and recreation element that implements, and is  
7 consistent with, the capital facilities plan element as it relates to  
8 park and recreation facilities. The element shall include: (a)  
9 Estimates of park and recreation demand for at least a ten-year  
10 period; (b) an evaluation of facilities and service needs; and (c) an  
11 evaluation of intergovernmental coordination opportunities to provide  
12 regional approaches for meeting park and recreational demand.

13 (9) It is the intent that new or amended elements required after  
14 January 1, 2002, be adopted concurrent with the scheduled update  
15 provided in RCW 36.70A.130. Requirements to incorporate any such new  
16 or amended elements shall be null and void until funds sufficient to  
17 cover applicable local government costs are appropriated and  
18 distributed by the state at least two years before local government  
19 must update comprehensive plans as required in RCW 36.70A.130.

20 NEW SECTION. **Sec. 4.** A new section is added to chapter 36.70A  
21 RCW to read as follows:

22 (1) The economic development element required by RCW  
23 36.70A.070(7) may include (a) a summary of the local economy, for  
24 example, population, employment, payroll, sectors, businesses, sales,  
25 and other information as appropriate; (b) a summary of the strengths  
26 and weaknesses of the local economy, defined as the commercial and  
27 industrial sectors and supporting factors such as land use,  
28 transportation, utilities, education, workforce, housing, and  
29 natural/cultural resources; and (c) an identification of policies,  
30 programs, and projects to foster economic growth and development and  
31 to address future needs; and may include an evaluation of whether  
32 there has been economic growth of the local economy during the prior  
33 eight years, including whether the city, town, or county median  
34 household income is above or below the state average.

35 (2) Each county and city planning under this chapter is  
36 encouraged to adopt comprehensive plans and development regulations  
37 that promote economic development in urban and rural areas, and  
38 evaluate the economic performance of the prior eight years. Each  
39 county and city planning under this chapter may make findings

1 regarding the economic condition of the jurisdiction. If there is  
2 stagnation or deterioration of economic development during the prior  
3 planning cycle, the comprehensive plan and development regulations  
4 may be modified in a manner to reduce restrictions on economic  
5 development opportunities.

6 (3) Rural counties, as defined in RCW 82.14.370(5), that are  
7 planning under this chapter, and the cities within those counties,  
8 may approve development in individual cases or in comprehensive plans  
9 that may deviate from prescriptive interpretations of this chapter  
10 upon a finding that there has been economic deterioration in the  
11 jurisdiction. Economic deterioration is exemplified by, but not  
12 limited to, any combination of the following performance outcomes:  
13 (a) Incomes that are at least ten thousand dollars less than the  
14 statewide median household income for the same year as established by  
15 the office of financial management; (b) a decrease in the county's  
16 household median income during any year within the prior eight years;  
17 (c) inability of the jurisdiction to add new full-time jobs in  
18 sufficient quantities to provide for population increases; (d)  
19 decreases or stagnation of economic start-ups during multiple years  
20 within the prior eight years; (e) unemployment rates that are higher  
21 than the national and statewide averages over multiple years within  
22 the prior eight years; and (f) decreases or stagnation in issuance of  
23 commercial building permits during multiple years within the prior  
24 eight years.

25 (4) In situations where the competing goals of this chapter would  
26 restrain economic development in counties, and the cities within  
27 those counties, that are experiencing economic deterioration, the  
28 growth management hearings board and courts must afford great  
29 deference to local elected officials' allocation of resources and  
30 development choices that make economic development a priority.

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