

HOUSE BILL REPORT

HB 1678

As Reported by House Committee On:
Transportation

Title: An act relating to advance right-of-way acquisition.

Brief Description: Funding advance right-of-way acquisitions.

Sponsors: Representatives Fisher, Mitchell and Poulsen; by request of The Blue Ribbon Commission on Transportation.

Brief History:

Committee Activity:

Transportation: 2/5/01, 2/22/01 [DPS].

Brief Summary of Substitute Bill

- Creates the City and County Advance Right-of-Way Revolving Fund administered by the Transportation Improvement Board.
- An initial appropriation of \$5 million is made to the account which is intended to act as a loan source for approved cities and counties to purchase right-of-way property up to 10 years in advance of a programmed roadway project going to construction.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Fisher, Democratic Co-Chair; Mitchell, Republican Co-Chair; Cooper, Democratic Vice Chair; Ericksen, Republican Vice Chair; Hankins, Republican Vice Chair; Lovick, Democratic Vice Chair; Ahern, Anderson, Armstrong, G. Chandler, Haigh, Hurst, Jackley, Jarrett, Marine, Mielke, Morell, Murray, Rockefeller, Romero, Schindler, Simpson, Skinner, Sump, Wood and Woods.

Minority Report: Without recommendation. Signed by 2 members: Representatives Hatfield and Reardon.

Staff: Reema Griffith (786-7301).

Background:

Within the Blue Ribbon Commission on Transportation's recommendation to achieve construction and project delivery efficiencies,— a specific sub-recommendation was to use right-of-way banking.— Buying right-of-way property well in advance of a project going to construction has been the practice of the Department of Transportation since 1969 through the use of the Advance Right-of-Way Revolving Fund. Cities and counties have typically not been financially able to adopt this type of practice and there has never been a dedicated fund source from which they could draw on to fund the advanced purchase of right-of-way.

Summary of Substitute Bill:

The City and County Advance Right-of-Way Revolving Fund is created and establishes the Transportation Improvement Board (TIB) as the administrator of the fund. An initial deposit of \$5 million from the Motor Vehicle Fund is made. The TIB will adopt rules and develop policies to implement this program which will function as a loan program— similar to the Public Works Trust Fund. Through this approach, funding is made available to cities and counties for the purpose of purchasing right-of-way property up to 10 years in advance of a programmed roadway project going to construction.

Once the approved local jurisdiction has purchased the property, it is their responsibility to manage the property in accordance with sound business practices and provide annual status reports to the TIB. Any funds received by the local jurisdiction during the interim management of the property must be deposited into the revolving fund.

When the local jurisdiction proceeds with the construction of a project that will require the use of any of the property acquired, the local jurisdiction must reimburse the revolving fund for an amount equal to the original cost plus an interest rate equal to the state bond interest rate. The board must review the state bond interest rate on a quarterly basis and adjust the fund's interest rate accordingly.

If a local jurisdiction determines that any property acquired through the revolving fund will not be required for a project, or they have held the property for more than 10 years, the local jurisdiction shall either sell the property at fair market value or reimburse the fund at fair market value. All proceeds from a sale must be deposited into the revolving fund.

Deposits made into the fund may be reexpended without further or additional appropriations.

Substitute Bill Compared to Original Bill:

The substitute bill removes language which would have allowed federal funds, provided for advanced right-of-way purchases, to be deposited into the revolving fund.

The substitute bill requires local jurisdictions to submit documentation indicating that permits be acquired for the related roadway project, the agencies requiring those permits, and the estimated time-frame for acquiring those permits.

When the related roadway project goes to construction, the original bill required the local jurisdiction to reimburse the fund for an amount equal to the current appraised value of the property at the time the right-of-way is utilized. The substitute bill requires reimbursement to be an amount equal to the original cost of the property plus interest, the rate of which must be equal to the state bond interest rate. The TIB must review the state bond interest rate on a quarterly basis and adjust the fund's interest rate accordingly.

Original language is removed which prohibited local jurisdictions from applying the purchase costs of the right-of-way as a credit toward the matching funds required by the TIB as a contingency for receiving construction funding.

The substitute bill establishes a 10-year limit for how long a local jurisdiction can possess the acquired right-of-way property before they have to reimburse the revolving fund.

The substitute bill allows the local jurisdiction to either sell the unused property at fair market value, the proceeds of which are deposited into the fund, or maintain possession of the property and reimburse the fund for an amount equal to fair market value.

Appropriation: The sum of \$5 million from the Motor Vehicle Fund.

Fiscal Note: Available.

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

Testimony For: This fund would provide needed funds to help local jurisdictions be more cost-effective in their project delivery.

Testimony Against: None.

Testified: Doug Hurley, Blue Ribbon Commission on Transportation; Jerry Fay, Transportation Improvement Board; Jay Weber, County Road Administration Board; and Paula Hammond, Department of Transportation.