

SHB 2010 - S COMM AMD

By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the state
4 capital budget provides billions of dollars for projects in communities
5 across the state of Washington. These state dollars and policies shape
6 the map of urban, suburban, and rural communities in every region of
7 the state. This state investment sometimes leads to the unintended
8 consequences of failed small businesses, displaced jobs moved from one
9 community to another with no net gain in the number of jobs created,
10 additional requests for state funding to adjust for the unintended
11 consequences, and developed infrastructure on the margins of a
12 community instead of addressing the infrastructure needs in a
13 community's core where higher density is encouraged. Without careful
14 analysis, state funded capital projects may lead to sprawl and
15 inefficiencies in access to goods, services, transportation, and may
16 contradict the state's greenhouse gas emission reduction goals.

17 The legislature also finds that the 2007 study committee on public
18 infrastructure programs and funding structures recommended that state
19 infrastructure assistance to local governments should support projects
20 that are consistent with state policy goals, including the growth
21 management act, energy policy, transportation policy, sustainable
22 communities, workforce development goals, and economic development
23 goals.

24 Therefore, it is the intent of the legislature that state funded
25 capital projects create a net gain in economic activity, limit land use
26 patterns that contribute to the production of greenhouse gases, and
27 result in the following benefits to communities and the business
28 environment:

29 (1) Creation of additional family wage jobs, rather than displacing
30 jobs from one location to another;

- 1 (2) Promotion of the development and sustainability of small
- 2 businesses;
- 3 (3) A reduction of the overall cost for public infrastructure;
- 4 (4) Efficiencies in the delivery of goods and services, public
- 5 transit, and transportation; and
- 6 (5) The avoidance of additional costs to state and local
- 7 governments that adversely impact local residents and small businesses.

8 **Sec. 2.** RCW 43.155.070 and 2008 c 299 s 25 are each amended to
9 read as follows:

10 (1) To qualify for loans or pledges under this chapter the board
11 must determine that a local government meets all of the following
12 conditions:

13 (a) The city or county must be imposing a tax under chapter 82.46
14 RCW at a rate of at least one-quarter of one percent;

15 (b) The local government must have developed a capital facility
16 plan; and

17 (c) The local government must be using all local revenue sources
18 which are reasonably available for funding public works, taking into
19 consideration local employment and economic factors.

20 (2) Except where necessary to address a public health need or
21 substantial environmental degradation, a county, city, or town planning
22 under RCW 36.70A.040 must have adopted a comprehensive plan, including
23 a capital facilities plan element, and development regulations as
24 required by RCW 36.70A.040. This subsection does not require any
25 county, city, or town planning under RCW 36.70A.040 to adopt a
26 comprehensive plan or development regulations before requesting or
27 receiving a loan or loan guarantee under this chapter if such request
28 is made before the expiration of the time periods specified in RCW
29 36.70A.040. A county, city, or town planning under RCW 36.70A.040
30 which has not adopted a comprehensive plan and development regulations
31 within the time periods specified in RCW 36.70A.040 is not prohibited
32 from receiving a loan or loan guarantee under this chapter if the
33 comprehensive plan and development regulations are adopted as required
34 by RCW 36.70A.040 before submitting a request for a loan or loan
35 guarantee.

36 (3) In considering awarding loans for public facilities to special
37 districts requesting funding for a proposed facility located in a

1 county, city, or town planning under RCW 36.70A.040, the board shall
2 consider whether the county, city, or town planning under RCW
3 36.70A.040 in whose planning jurisdiction the proposed facility is
4 located has adopted a comprehensive plan and development regulations as
5 required by RCW 36.70A.040.

6 (4) Beginning in 2011, in awarding loans, the board must consider
7 whether the local government has adopted policies to reduce greenhouse
8 gas emissions that, at least, include policies consistent with the
9 requirements of (a) through (c) of this subsection. If the local
10 government has not adopted policies to reduce greenhouse gas emissions,
11 the board must consider whether the project is consistent with the
12 following:

13 (a) The state's limits on the emissions of greenhouse gases
14 established in RCW 70.235.020;

15 (b) Statewide goals to reduce annual per capita vehicle miles
16 traveled by 2050, in accordance with RCW 47.01.440; and

17 (c) Applicable federal emissions reduction requirements.

18 (5) The board shall develop a priority process for public works
19 projects as provided in this section. The intent of the priority
20 process is to maximize the value of public works projects accomplished
21 with assistance under this chapter. The board shall attempt to assure
22 a geographical balance in assigning priorities to projects. The board
23 shall consider at least the following factors in assigning a priority
24 to a project:

25 (a) Whether the local government receiving assistance has
26 experienced severe fiscal distress resulting from natural disaster or
27 emergency public works needs;

28 (b) Except as otherwise conditioned by RCW 43.155.110, whether the
29 entity receiving assistance is a Puget Sound partner, as defined in RCW
30 90.71.010;

31 (c) Whether the project is referenced in the action agenda
32 developed by the Puget Sound partnership under RCW 90.71.310;

33 (d) Whether the project is critical in nature and would affect the
34 health and safety of a great number of citizens;

35 (e) Whether the applicant has developed and adhered to guidelines
36 regarding its permitting process for those applying for development
37 permits consistent with section 1(2), chapter 231, Laws of 2007;

1 (f) The cost of the project compared to the size of the local
2 government and amount of loan money available;

3 (g) The number of communities served by or funding the project;

4 (h) Whether the project is located in an area of high unemployment,
5 compared to the average state unemployment;

6 (i) Whether the project is the acquisition, expansion, improvement,
7 or renovation by a local government of a public water system that is in
8 violation of health and safety standards, including the cost of
9 extending existing service to such a system;

10 (j) Except as otherwise conditioned by RCW 43.155.120, and
11 effective one calendar year following the development of model
12 evergreen community management plans and ordinances under RCW
13 35.105.050, whether the entity receiving assistance has been
14 recognized, and what gradation of recognition was received, in the
15 evergreen community recognition program created in RCW 35.105.030;

16 (k) The relative benefit of the project to the community,
17 considering the present level of economic activity in the community and
18 the existing local capacity to increase local economic activity in
19 communities that have low economic growth; and

20 (l) Other criteria that the board considers advisable.

21 ~~((+5))~~ (6) Existing debt or financial obligations of local
22 governments shall not be refinanced under this chapter. Each local
23 government applicant shall provide documentation of attempts to secure
24 additional local or other sources of funding for each public works
25 project for which financial assistance is sought under this chapter.

26 ~~((+6))~~ (7) Before November 1st of each year, the board shall
27 develop and submit to the appropriate fiscal committees of the senate
28 and house of representatives a description of the loans made under RCW
29 43.155.065, 43.155.068, and subsection ~~((+9))~~ (10) of this section
30 during the preceding fiscal year and a prioritized list of projects
31 which are recommended for funding by the legislature, including one
32 copy to the staff of each of the committees. The list shall include,
33 but not be limited to, a description of each project and recommended
34 financing, the terms and conditions of the loan or financial guarantee,
35 the local government jurisdiction and unemployment rate, demonstration
36 of the jurisdiction's critical need for the project, a description of
37 local policies or project consistency with state greenhouse emissions
38 goals, and documentation of local funds being used to finance the

1 public works project. The list shall also include measures of fiscal
2 capacity for each jurisdiction recommended for financial assistance,
3 compared to authorized limits and state averages, including local
4 government sales taxes; real estate excise taxes; property taxes; and
5 charges for or taxes on sewerage, water, garbage, and other utilities.

6 ~~((7))~~ (8) The board shall not sign contracts or otherwise
7 financially obligate funds from the public works assistance account
8 before the legislature has appropriated funds for a specific list of
9 public works projects. The legislature may remove projects from the
10 list recommended by the board. The legislature shall not change the
11 order of the priorities recommended for funding by the board.

12 ~~((8))~~ (9) Subsection ~~((7))~~ (8) of this section does not apply
13 to loans made under RCW 43.155.065, 43.155.068, and subsection ~~((9))~~
14 (10) of this section.

15 ~~((9))~~ (10) Loans made for the purpose of capital facilities plans
16 shall be exempted from subsection ~~((7))~~ (8) of this section.

17 ~~((10))~~ (11) To qualify for loans or pledges for solid waste or
18 recycling facilities under this chapter, a city or county must
19 demonstrate that the solid waste or recycling facility is consistent
20 with and necessary to implement the comprehensive solid waste
21 management plan adopted by the city or county under chapter 70.95 RCW.

22 ~~((11))~~ (12) After January 1, 2010, any project designed to
23 address the effects of storm water or wastewater on Puget Sound may be
24 funded under this section only if the project is not in conflict with
25 the action agenda developed by the Puget Sound partnership under RCW
26 90.71.310.

27 **Sec. 3.** RCW 39.102.040 and 2007 c 229 s 2 are each amended to read
28 as follows:

29 (1) Prior to applying to the board to use local infrastructure
30 financing, a sponsoring local government shall:

31 (a) Designate a revenue development area within the limitations in
32 RCW 39.102.060;

33 (b) Certify that the conditions in RCW 39.102.070 are met;

34 (c) Complete the process in RCW 39.102.080;

35 (d) Provide public notice as required in RCW 39.102.100; and

36 (e) Pass an ordinance adopting the revenue development area as
37 required in RCW 39.102.090.

1 (2) Any local government that has created an increment area under
2 chapter 39.89 RCW and has not issued bonds to finance any public
3 improvement may apply to the board and have its increment area
4 considered for approval as a revenue development area under this
5 chapter without adopting a new revenue development area under RCW
6 39.102.090 and 39.102.100 if it amends its ordinance to comply with RCW
7 39.102.090(1) and otherwise meets the conditions and limitations under
8 this chapter.

9 (3) As a condition to imposing a sales and use tax under RCW
10 82.14.475, a sponsoring local government, including any cosponsoring
11 local government seeking authority to impose a sales and use tax under
12 RCW 82.14.475, must apply to the board and be approved for a project
13 award amount. The application shall be in a form and manner prescribed
14 by the board and include but not be limited to information establishing
15 that the applicant is an eligible candidate to impose the local sales
16 and use tax under RCW 82.14.475, the anticipated effective date for
17 imposing the tax, the estimated number of years that the tax will be
18 imposed, and the estimated amount of tax revenue to be received in each
19 fiscal year that the tax will be imposed. The board shall make
20 available forms to be used for this purpose. As part of the
21 application, each applicant must provide to the board a copy of the
22 ordinance or ordinances creating the revenue development area as
23 required in RCW 39.102.090. A notice of approval to use local
24 infrastructure financing shall contain a project award that represents
25 the maximum amount of state contribution that the applicant, including
26 any cosponsoring local governments, can earn each year that local
27 infrastructure financing is used. The total of all project awards
28 shall not exceed the annual state contribution limit. The
29 determination of a project award shall be made based on information
30 contained in the application and the remaining amount of annual state
31 contribution limit to be awarded. Determination of a project award by
32 the board is final.

33 (4)(a) Sponsoring local governments, and any cosponsoring local
34 governments, applying in calendar year 2007 for a competitive project
35 award, must submit completed applications to the board no later than
36 July 1, 2007. By September 15, 2007, in consultation with the
37 department of revenue and the department of community, trade, and
38 economic development, the board shall approve competitive project

1 awards from competitive applications submitted by the 2007 deadline.
2 No more than two million five hundred thousand dollars in competitive
3 project awards shall be approved in 2007. For projects not approved by
4 the board in 2007, sponsoring and cosponsoring local governments may
5 apply again to the board in 2008 for approval of a project.

6 (b) Sponsoring local governments, and any cosponsoring local
7 governments, applying in calendar year 2008 for a competitive project
8 award, must submit completed applications to the board no later than
9 July 1, 2008. By September 18, 2008, in consultation with the
10 department of revenue and the department of community, trade, and
11 economic development, the board shall approve competitive project
12 awards from competitive applications submitted by the 2008 deadline.

13 (c) Except as provided in RCW 39.102.050(2), a total of no more
14 than five million dollars in competitive project awards shall be
15 approved for local infrastructure financing.

16 (d) The project selection criteria and weighting developed prior to
17 July 22, 2007, for the application evaluation and approval process
18 shall apply to applications received prior to November 1, 2007. In
19 evaluating applications for a competitive project award after November
20 1, 2007, the board shall, in consultation with the Washington state
21 economic development commission, develop the relative weight to be
22 assigned to the following criteria:

23 (i) The project's potential to enhance the sponsoring local
24 government's regional and/or international competitiveness;

25 (ii) The project's ability to encourage mixed use and transit-
26 oriented development and the redevelopment of a geographic area;

27 (iii) Achieving an overall distribution of projects statewide that
28 reflect geographic diversity;

29 (iv) The estimated wages and benefits for the project is greater
30 than the average labor market area;

31 (v) The estimated state and local net employment change over the
32 life of the project;

33 (vi) The current economic health and vitality of the proposed
34 revenue development area and the contiguous community and the estimated
35 impact of the proposed project on the proposed revenue development area
36 and contiguous community;

37 (vii) The estimated state and local net property tax change over
38 the life of the project;

1 (viii) The estimated state and local sales and use tax increase
2 over the life of the project;

3 (ix) An analysis that shows that, over the life of the project,
4 neither the local excise tax allocation revenues nor the local property
5 tax allocation revenues will constitute more than eighty percent of the
6 total local funds as described in RCW 39.102.020(29)(c); and

7 (x) If a project is located within an urban growth area, evidence
8 that the project utilizes existing urban infrastructure and that the
9 transportation needs of the project will be adequately met through the
10 use of local infrastructure financing or other sources.

11 (e)(i) Except as provided in this subsection (4)(e), the board may
12 not approve the use of local infrastructure financing within more than
13 one revenue development area per county.

14 (ii) In a county in which the board has approved the use of local
15 infrastructure financing, the use of such financing in additional
16 revenue development areas may be approved, subject to the following
17 conditions:

18 (A) The sponsoring local government is located in more than one
19 county; and

20 (B) The sponsoring local government designates a revenue
21 development area that comprises portions of a county within which the
22 use of local infrastructure financing has not yet been approved.

23 (iii) In a county where the local infrastructure financing tool is
24 authorized under RCW 39.102.050, the board may approve additional use
25 of the local infrastructure financing tool.

26 (5) Beginning in 2011, as part of the approval process, the board
27 must consider whether the sponsoring local government has adopted
28 policies to reduce greenhouse gas emissions that, at least, include
29 policies consistent with (a) through (c) of this subsection.

30 (a) The state's limits on the emissions of greenhouse gases
31 established in RCW 70.235.020;

32 (b) Statewide goals to reduce annual per capita vehicle miles
33 traveled by 2050, in accordance with RCW 47.01.440; and

34 (c) Applicable federal emissions reduction requirements.

35 (6) Once the board has approved the sponsoring local government,
36 and any cosponsoring local governments, to use local infrastructure
37 financing, notification must be sent by the board to the sponsoring
38 local government, and any cosponsoring local governments, authorizing

1 the sponsoring local government, and any cosponsoring local
2 governments, to impose the local sales and use tax authorized under RCW
3 82.14.475, subject to the conditions in RCW 82.14.475."

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4 On page 1, line 1 of the title, after "projects;" strike the
5 remainder of the title and insert "amending RCW 43.155.070 and
6 39.102.040; and creating a new section."

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