

# HOUSE BILL REPORT

## HB 2133

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### As Reported by House Committee On: Technology & Economic Development

**Title:** An act relating to encouraging the economic vitality of rural food and forest product businesses.

**Brief Description:** Encouraging the economic vitality of rural food and forest product businesses.

**Sponsors:** Representatives Walsh, Blake, Kraft, MacEwen, Griffey, Barkis, Stambaugh, Van Werven, Buys, Haler and Muri.

#### **Brief History:**

##### **Committee Activity:**

Technology & Economic Development: 1/10/18, 1/25/18 [DPS].

#### **Brief Summary of Substitute Bill**

- Requires the Department of Agriculture to establish an omnibus permitting process for food and forest products businesses as a pilot program.
- Requires the Department of Ecology to analyze food and forest product manufacturing processes, and adopt permit exemptions for certain solid wastes.
- Makes changes to Growth Management Act planning for agricultural lands.
- Adds criteria for the Water Pollution Control Facilities and Community Economic Revitalization Board grant and loan programs.

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### HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Doglio, Harmsworth, Hudgins, Manweller, McDonald, Nealey, Santos, Slatter, Steele, Wylie and Young.

**Staff:** Kirsten Lee (786-7133).

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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.*

## **Background:**

Certain businesses, including food and forest products businesses, are subject to environmental, land use, and public health permit requirements. Certain state programs make loans or grants to local governments and tribes for public facilities.

### Coordinated Permitting Process.

The Office of Regulatory Innovation and Assistance (ORIA) assists citizens and small businesses with permitting, licensing, and regulatory issues. As part of its duties, the ORIA facilitates a fully coordinated permitting process for projects of statewide significance and certain other projects. The ORIA serves as the main point of contact for the project proponent and participating agencies for the permitting process. The participating agencies must also designate a single point of contact.

The ORIA ensures that: the project proponent is informed of all information needed for permits; coordinates the timing of review for permits; facilitates communication between the project proponent, consultants, and agency staff; and invites other jurisdictions responsible for issuing permits to participate in the coordinated permitting process or receive periodic updates.

### Solid Waste Permitting.

Counties are required, in cooperation with cities located within the county, to develop comprehensive solid waste management plans that identify solid waste handling facilities. The Department of Ecology (DOE) works with local governments in the development, review, and approval of these plans. The Department of Agriculture (WSDA) also reviews proposed plans.

Each solid waste facility identified in an approved plan must obtain solid waste handling permits from a jurisdictional health department, unless certain exemptions apply. The DOE may exempt certain solid waste from permitting requirements for certain beneficial uses and for waste-derived soil amendments by rule or by through an application process. "Waste-derived soil amendment" means any soil amendment that is derived from solid waste, but does not include certain regulated sewage sludge or sewer sludge products or wastewaters. In its consideration of whether these exemptions apply, the DOE considers whether the material will be beneficially used or reused and whether the beneficial use or reuse of the material will present threats to human health or the environment.

### Agricultural Land Zoning.

Counties and cities planning under the Growth Management Act (GMA) must designate agricultural lands in comprehensive plans. Counties and cities may use innovative zoning techniques in areas designated as agricultural lands of long-term commercial significance with the goal of conserving the lands and encouraging the agricultural economy. Jurisdictions are encouraged to limit nonagricultural uses of agricultural land to lands with poor soil or that are otherwise not suitable for agricultural purposes, unless the land is used for allowable accessory purposes. Allowable nonagricultural accessory uses, such as new buildings and parking, are permitted so long as they are consistent with the size, scale, and intensity of existing buildings on the site, are not located outside areas already developed for

buildings and residential use, and do not convert more than one acre of land to a nonagricultural use.

Water Pollution Control Facilities Financing.

The DOE makes grants or loans to the state, local governments, and federally-recognized Indian tribes for certain water pollution control facilities and activities.

The DOE must consider certain factors when making grants or loans, such as: the protection of water quality and public health; the cost to residential ratepayers if they had to finance facilities without state assistance; actions required under federal and state permits and compliance orders; and whether the entity receiving assistance is a Puget Sound Partner or is recognized in the Evergreen Community Recognition Program. A county or city governed by the GMA may not receive a grant or loan unless it has adopted a comprehensive plan and development regulations as required under the GMA.

Community Economic Revitalization Board Grants and Loans.

The Community Economic Revitalization Board (CERB) makes low-interest loans and grants to local governments and federally-recognized Indian tribes to help finance public facility projects that encourage new business development and expansion in areas seeking economic growth. The CERB must make at least 75 percent of the first \$20 million of funds available and at least 50 percent of additional funds available to financial assistance for projects in rural counties.

The CERB must prioritize funding for proposed projects according to certain criteria, including: the number of jobs created; the rate of return for the state's investment; the availability of health insurance for employees and dependents; an increased capacity to accommodate projected population and employment growth in certain urban and industrial areas; and a permitting process certified as streamlined by the ORIA.

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**Summary of Substitute Bill:**

The Legislature makes findings and states its intent to incentivize and remove roadblocks to certain types of rural economic development for food and forest products businesses. The Legislature further states its intent to: establish an omnibus permitting process; update certain solid waste permitting rules; facilitate siting of food production facilities; and provide preferences in financing programs for agricultural and forest product-related projects.

Omnibus Permitting Process.

By January 1, 2020, the Department of Agriculture (WSDA) must establish a pilot program and omnibus permitting process for businesses that process or engage in value-added activities involving:

- raw products of agriculture, fisheries, and aquaculture;
- food, food products, or cottage food products; and
- forest products, specialized forest products, processed cedar products, or specialty wood.

The omnibus permitting process must consolidate the environmental, land use, and public health permitting processes common for these businesses.

The WSDA must consider including the following in the omnibus permitting process:

- water discharge, air emission, and solid waste permits;
- food product, cottage food product, and other agricultural permits, and shellfish licenses;
- substantial development permits and hydraulic project approvals; and
- building permits.

The WSDA may limit the scope and scale of the omnibus permitting process initially, but must implement a program for at least one county and category by July 1, 2019.

The WSDA must work with the Office of Regulatory Assistance (ORIA) and use ORIA's coordinated permitting process for projects of statewide significance as a model. The WSDA must also work with other relevant state agencies and local governments.

By July 1, 2023, the WSDA must submit a report to the Legislature on implementation of the pilot program and provide recommendations for reducing regulatory burdens on forest product and food producers.

#### Solid Waste Permitting.

By May 1, 2019, the Department of Ecology (DOE), must undertake a comprehensive analysis of common value-added food and forest product manufacturing processes that generate wastes that are regulated as solid wastes, but have potential for certain beneficial uses or use as waste-derived soil amendments. In identifying such processes and solid wastes, the DOE must consult with the WSDA and the Department of Natural Resources. By May 1, 2018, the DOE also must adopt rules exempting certain solid wastes from solid waste permitting for certain beneficial uses or use as waste-derived soil amendments. These solid wastes include: solid wastes identified in DOE's analysis; and solid wastes generated by a value-added food business that are derived from processing of agricultural products and subsequently applied on lands used in agricultural production by the business.

#### Agricultural Zoning.

Counties and cities are required, rather than permitted, to use a variety of innovative zoning techniques in areas designated as agricultural lands of long-term commercial significance under the Growth Management Act. The allowable area for nonagricultural accessory uses and activities is expanded by eliminating the restrictions that nonagricultural accessory uses and activities not be located outside a general area already developed for buildings and residential uses allows for conversion on more than one acre for this purpose.

#### Water Pollution Control Facilities Financing.

The DOE must consider an additional criterion when making grants or loans for water pollution control facilities, which is whether the project will support the viability of local agriculture, aquaculture, fisheries, or silviculture, and associated food or forest production processing, by increasing the local capacity to treat wastewater from food or forest product processing facilities.

### Community Economic Revitalization Board Grants and Loans.

The Community Economic Revitalization Board must consider an additional criterion when prioritizing projects for loans and grants, which is whether the project will support rural economic development by facilitating long-term sustainability of local agriculture, aquaculture, fisheries, and silviculture, and associated food and forest product processing activities.

### **Substitute Bill Compared to Original Bill:**

The substitute bill: (1) defers deadlines to establish, initiate, and report on the implementation of the pilot omnibus permitting program by one year; and (2) changes the deadline for the DOE to complete its analysis of common value-added food and forest product manufacturing solid wastes and to adopt a rule to exempt certain solid wastes from May 1, 2018, to May 1, 2019.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) The goal is to provide regulatory relief to the forest and food product industries in specific areas of the state to help spur rural economic development. If the concept is successful, then the concept could be replicated in other industries.

(Opposed) None.

(Other) The omnibus permit application pilot program is supported overall with some concerns regarding implementation and timing. It is unknown at this time what will be needed by customers and agencies to implement the program. The Department of Agriculture (WSDA) will need to hire additional staff for the project and cannot absorb this cost within existing resources. Until a workgroup can convene to discuss a process, it will be difficult to estimate the cost of implementation of the pilot program. The Department of Ecology (DOE) has federally delegated programs the pilot program will effect. These programs have specific permit requirements that the DOE is limited in its ability to make changes to. The DOE will need to coordinate with the WSDA to make sure that their systems are compatible and meets federal requirements.

There are also concerns relating to the solid waste permit exemption requirements and changes to eligibility criteria for the Water Pollution Control Facilities Grant Program (Program). Industries already have the ability to propose and seek exemptions for solid waste. Providing prioritization for grant funding under the Program to grantees, other than for small, financially-challenged communities could cause these communities to face

challenges in accessing these grants and protecting their water infrastructure needs in the future.

The DOE is currently working with the WSDA on streamlining other permit processes successfully.

Some consideration is needed around the due dates included in the bill from last session.

**Persons Testifying:** (In support) Representative Walsh, prime sponsor.

(Other) Steve Fuller, Washington State Department of Agriculture; and Heather Bartlett, Department of Ecology.

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