

# HOUSE BILL REPORT

## SHB 1154

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### As Passed Legislature

**Title:** An act relating to financing of Chehalis basin flood damage reduction and habitat restoration projects.

**Brief Description:** Concerning the financing of Chehalis basin flood damage reduction and habitat restoration projects.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representative DeBolt).

#### **Brief History:**

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

Capital Budget: 2/4/20, 2/10/20 [DPS].

##### **Floor Activity:**

Passed House: 2/16/20, 95-1.

Senate Amended.

Passed Senate: 3/6/20, 48-0.

House Refused to Concur.

Senate Receded.

Senate Amended.

Passed Senate: 3/12/20, 49-0.

House Concurred.

Passed House: 3/12/20, 95-1.

Passed Legislature.

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

- Creates the Chehalis Basin Taxable Account.
- Directs the Office of the Chehalis Basin and the Legislature to complete tasks in order to develop and implement a strategic plan.

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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 24 members: Representatives Tharinger, Chair; Callan, Vice Chair; Doglio, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member;

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Steele, Assistant Ranking Minority Member; Corry, Davis, Dye, Eslick, Gildon, Harris, Irwin, Jenkin, Leavitt, Lekanoff, Maycumber, Morgan, Peterson, Riccelli, Santos, Sells, Stonier and Walsh.

**Minority Report:** Do not pass. Signed by 1 member: Representative Pellicciotti.

**Staff:** Richelle Geiger (786-7139).

**Background:**

In 2016 the Legislature established the Office of the Chehalis Basin (OCB) in the Department of Ecology (Ecology). Its purpose is to aggressively pursue implementation of an integrated strategy and to administer funding for long-term flood damage reduction and aquatic species restoration in the Chehalis River Basin (Basin). The OCB must be funded from specific appropriations for basin-related flood hazard reduction and habitat recovery activities.

The Chehalis Basin Account (Account) is an appropriated account in the State Treasury (Treasury). Money in the Account may only be used for the purposes of the OCB and for expenses related to tax-exempt bond issuance and sales. Receipts from legislative appropriations or money directed from other sources must be deposited into the Account. Interest earnings must be retained in the Account.

The Chehalis Board (Board) was also created in 2016. Its responsibilities include oversight of strategy implementation and development of budget recommendations to the Governor. The strategy must include a detailed set of actions, an implementation schedule, and quantified measures to evaluate success. The Board includes seven voting members: four appointed by the Governor, subject to Senate confirmation, including one member representing the Quinault Indian Nation and one member representing the Chehalis Indian Tribe; and three selected by the Chehalis Basin Flood Authority. The Board also includes five nonvoting ex officio members: the Department of Fish and Wildlife director, the State Conservation Commission executive director, the Ecology director, the Commissioner of Public Lands, and the Department of Transportation Secretary. Staffing is provided by Ecology.

**Summary of Substitute Bill:**

The Chehalis Basin Taxable Account (Taxable Account) is created in the Treasury. Proceeds from the sale of the taxable bonds for the OCB, as well as other moneys directed to the account, must be deposited into the Taxable Account. Money in the Taxable Account may only be used after appropriation and for the purposes of the OCB and for expenses related to authorized bond issuance and sales. Interest earnings must be retained in the Taxable Account.

The OCB is directed to submit a specific list of future projects with their 2021-23 Capital Budget decision package. The list must contain the following information:

- project costs and suggested fund sources;
- location information; and

- a time frame, including initiation and completion.

The total cost for all submitted projects are expected to be consistent with biennial amounts of prior requests, which were \$50 million in state bonds in 2017-2019 and \$73.2 million in state bonds in 2019-2021.

The OCB is required to submit a finalized strategic plan to the Legislature by January 1, 2021. The plan will include quantified measures for evaluating the success of implementation. Within 120 days of receiving the plan, the appropriate policy and fiscal committees of the Legislature will conduct a joint hearing to consider potential funding strategies to achieve the implementation schedule.

**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) Flooding in the Basin has been a constant issue over time with many contributing factors that continue to worsen. The first documented catastrophic flood event in the Basin occurred in 1919. Since then, federal, state, and local entities have evaluated the issues and proposed solutions to address either the flood damage to the built environment or the ecological impacts. The catastrophic flooding event in 2007 caused \$9 billion in economic impact to the state, including devastating the agricultural industry in the area and shutting down Interstate 5 and the main rail line between Mexico and Canada, and brought trauma and tragedy to the community.

Following the 2007 flood, a task force was established by the Legislature and the Governor to bring the flood damage reduction and aquatic species habitat restoration proponents together to find solutions that benefit both efforts. The Office and Board were established in 2016 and the solutions being brought forward are the result of years of work and coalition building, and they are science-based, integrated, and balanced. The fish and aquatic species plan is the most sophisticated in the country.

Solutions to issues on this scale are difficult to find, however the group is motivated by a sense of hope and optimism. This bill does not pick solutions, but it ensures funding is available when solutions are found. The legislation is an equitable source of funding that will address the need to find solutions for both people and the built environment in addition to fish and the ecosystem.

The Board is the right group of people to make funding allocation decisions. They knit together the various interests of the region and have the trusting relationships necessary to develop long-term solutions. The cultural and economic identity of the region are linked to the success of the Basin.

Funding solutions now is less expensive than addressing the continued flood damage and prevents further devastation. The Spring Chinook will potentially be listed on the Endangered Species List. To prevent that, investment is required now to restore the habitat while there is the chance.

(Opposed) None.

**Persons Testifying:** Representative DeBolt, prime sponsor; J. Vander Stoep and Edna Fund, Chehalis Basin Board; Andrea McNamara Doyle, Office of Chehalis Basin; Justin Allegro, The Nature Conservancy; and Jeff Warnke, Confederated Tribes of the Chehalis Reservation.

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