CERTIFICATION OF ENROLLMENT

**SENATE BILL 5324**

Chapter 438, Laws of 2023

68th Legislature

2023 Regular Session

DEFENSE COMMUNITY COMPATIBILITY ACCOUNT—MODIFICATION

EFFECTIVE DATE: July 23, 2023

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| Passed by the Senate April 17, 2023Yeas 48 Nays 0DENNY HECK**President of the Senate**Passed by the House April 6, 2023Yeas 97 Nays 0LAURIE JINKINS**Speaker of the House of Representatives** | CERTIFICATEI, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5324** as passed by the Senate and the House of Representatives on the dates hereon set forth.SARAH BANNISTERSecretary |
| Approved May 11, 2023 10:06 AM | May 11, 2023 |
| JAY INSLEE**Governor of the State of Washington** | **Secretary of State** **State of Washington** |

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**SENATE BILL 5324**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** Senators Conway, Nobles, Lovick, Fortunato, Hunt, Wagoner, Randall, and C. Wilson; by request of Department of Commerce

AN ACT Relating to the defense community compatibility account; and amending RCW 43.330.515 and 43.330.520.

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

**Sec.**  RCW 43.330.515 and 2019 c 404 s 1 are each amended to read as follows:

(1) The defense community compatibility account is created in the state treasury. Revenues to the account consist of appropriations by the legislature, private contributions, and all other sources deposited in the account.

(2)(a) Expenditures from the account may only be used for grants to local governments, federally recognized Indian tribes, or entities who have entered into an agreement with a military installation in the state under the United States department of defense readiness and environmental protection integration program for purposes of the programs established in subsection (3) of this section, including administrative expenses. ((~~Priority must be given for grant applications accompanied by express support from nonprofit community or neighborhood-based organizations, public development authorities, federally recognized Indian tribes in the state, or other community partners.~~)) Only the director or the director's designee((~~,~~)) may authorize expenditures. In order for the director or the director's designee to authorize an expenditure for the purpose identified in subsection (3) of this section, both ((~~federal~~)) nonstate and applicant funds must be committed to the same purposes or project as the state expenditure.

(b) An applicant must submit an application to the department in order to be eligible for funding under this subsection, and the department may not expend money on a project for which an applicant has not applied to the department to carry out the project.

(3)(a) The department may expend moneys from the account to provide state funds for capital projects identified by applicants to address incompatible development connected to Washington state military installations. For purposes of this section, "incompatible development" includes land development and military operations that impact the economy, environment, or quality of life opportunities for local communities.

(b) The department must evaluate and rank applications using objective criteria such as a community cost-benefit analysis, must consider recommendations from a citizens advisory commission comprised of representatives of community stakeholders impacted by military installations or their operations, must hold public hearings at least ninety days prior to any funding decision, and may consider the degree to which each project is compatible with the criteria established in the United States department of defense's readiness and environmental protection integration program. When ranking applications, the department must give priority to grant applications:

(i) That have secured federal or other nonstate funding for the project;

(ii) That leverage a higher proportion of federal or other nonstate funding;

(iii) In which the federal grant requires state match in a timely manner; or

(iv) Accompanied by express support from nonprofit community or neighborhood-based organizations, public development authorities, federally recognized Indian tribes in the state, or other community partners.

(c) Eligible projects may include:

(i) Acquisition of real property or real property interests to eliminate an existing incompatible use;

(ii) Projects to jointly assist in the recovery or protection of endangered species dependent on military installation property for habitat;

(iii) Projects ((~~or programs~~)) to increase the availability of housing affordable to enlisted military personnel and nonmilitary residents in the local community;

(iv) Projects to retrofit existing uses to increase their compatibility with existing or future military operations;

(v) Projects to enable local communities heavily dependent on a nearby military installation to diversify the local economy so as to reduce the economic dependence on the military base;

(vi) Projects that aid communities to replace jobs lost in the event of a reduction of the military presence; and

(vii) Projects that improve or enhance aspects of the local economy, environment, or quality of life impacted by the presence of military activities.

(4) The department may adopt rules to implement this section.

**Sec.**  RCW 43.330.520 and 2021 c 332 s 7039 are each amended to read as follows:

(1) The department must produce a biennial report identifying a list of projects to address incompatible developments near military installations.

(a) The list must include a description of each project, the estimated cost of the project, the amount of recommended state funding, and the amount of any federal or local funds documented to be available to be used for the project.

(b) Projects on the list must be prioritized with consideration given to:

(i) The recommendations of the recent United States department of defense base realignment and closure (BRAC) processes, joint land use studies, or other federally initiated land use processes; and

(ii) Whether a branch of the United States armed forces has identified the project as increasing the viability of military installations for current or future missions.

(c) The department may consult with the commanders of United States military installations in Washington to understand impacts and identify the viability of community identified projects to reduce incompatibility.

(2) The department must submit the report to appropriate committees of the house of representatives and the senate, including the joint committee on veterans' and military affairs and the house of representatives capital budget committee, by ((~~January 1, 2020~~)) November 1, 2024, and every two years thereafter.

((~~(3) For the 2021-2023 fiscal biennium, the department shall develop the report in subsection (2) of this section by November 1, 2022, rather than by January 1, 2022.~~))

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Passed by the Senate April 17, 2023.

Passed by the House April 6, 2023.

Approved by the Governor May 11, 2023.

Filed in Office of Secretary of State May 11, 2023.