

HOUSE BILL REPORT

HB 2884

*As Reported By House Committee on:
Trade & Economic Development
Capital Facilities & Financing*

Title: An act relating to developing a state capital investment strategy.

Brief Description: Appointing a capital investment strategy council.

Sponsor(s): Representatives Cantwell, Forner, Paris, Basich, Sheldon and Ferguson.

Brief History:

Reported by House Committee on:
Trade & Economic Development, February 4, 1992, DPS;
Capital Facilities & Financing, February 11, 1992,
DPS(TED-A CFF).

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 9 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; Ferguson; Ludwig; Rasmussen; Riley; and Roland.

Staff: Melissa Pailthorp (786-7118).

Background: Infrastructure investment decisions are made primarily through the capital budget process. Approximately 90 state accounts fund state and local infrastructure projects. Studies indicate that an infrastructure deficit of over \$30 billion exists.

Effective April 1, 1992, all state agencies are required to submit a 10-year capital plan as part of the their biennial capital budget request. The plan must specify the agency's proposed capital projects and a financial plan for a six-year period, and an identification of program need, policies and funding sources for an additional four years.

Under the Growth Management Act, a majority of counties, and all cities within these counties, are required to develop

comprehensive plans to accommodate expected growth within the jurisdiction. One element of this planning process is addressing local infrastructure needs.

The Growth Management Act also provides for county-wide planning policies which establish a planning framework for counties and cities, including planning for necessary infrastructure.

Summary of Substitute Bill: A state Capital Investment Strategy Council is created. The council is comprised of agency directors selected by the governor.

The council is to develop a comprehensive state capital investment strategy that coordinates the capital plans and programs of all state agencies. The council shall consult counties and cities, the private sector, legislative capital fiscal committees, and other appropriate organizations in developing the state capital investment strategy. The state strategy should also be coordinated with the infrastructure planning of regional planning organizations, multi-county and county-wide planning policies, and counties and cities.

The council also must recommend to the Legislature and the governor methods to: 1) develop a state policy to address the infrastructure deficit and to meet future infrastructure needs; 2) reprioritize programs and funds to make them consistent with a long-term state investment strategy; 3) consolidate state capital accounts, where appropriate, making them consistent with the investment strategy and creating a growth management financing account to finance infrastructure needs based on regional economic planning; and 4) encourage and assist counties and cities in complying with growth management requirements and infrastructure demands.

Substitute Bill Compared to Original Bill: The substitute bill requires that the Capital Investment Strategy Council consult counties and cities, the private sector, legislative capital fiscal committees, and other appropriate organizations in developing the state capital investment strategy. Clarification is made specifying that the capital investment strategy should promote economic development in all regions of the state.

The substitute also gives the council greater discretion to recommend to the governor and Legislature methods to consolidate capital accounts. The council's responsibility to advise the governor on growth management issues is removed.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: State agencies need to better coordinate their capital planning. Washington needs to address the gap between planning and financing of infrastructure. This legislation will help to coordinate better planning, policy, and financing of infrastructure and promote success of the Growth Management Act.

Testimony Against: None.

Witnesses: Dave Williams, Association of Cities (Pro); Meg Van Schoorl and Mike McCormick, Department of Community Development (Pro); and Ryan Petty, Forward Washington, (Pro).

**HOUSE COMMITTEE ON
CAPITAL FACILITIES & FINANCING**

Majority Report: *The substitute bill by Committee on Trade & Economic Development be substituted therefor and the substitute bill as amended by Committee on Capital Facilities & Financing do pass.* Signed by 8 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Braddock; Fraser; Jacobsen; Ogden; Peery; and Wang.

Minority Report: *Do not pass.* Signed by 6 members: Representatives Schmidt, Ranking Minority Member; Neher, Assistant Ranking Minority Member; Beck; Brough; Casada; and Silver.

Staff: Karl Herzog (786-7271).

Summary of Recommendation of Committee on Capital Facilities & Financing Compared to Recommendation of Committee on Trade and Economic Development: Language throughout the bill is clarified and simplified. The findings section is expanded to include a reference to the growing demand on general fund resources for debt service. Three members of the Capital Investment Strategy Council are directly specified: the secretary of the Department of Transportation, the superintendent of public instruction, and the executive director of the Higher Education Coordinating Board. The requirement that the council recommend methods to consolidate state capital accounts and create a growth management financing account is eliminated.

Fiscal Note: Requested on February 5, 1992.

Effective Date of Substitute Bill as Amended: The bill contains an emergency clause and takes effect immediately.

Testimony For: The Growth Strategies Commission recommended the development of a state capital investment strategy. State executive agencies have been considering the formation of a cabinet level group to begin work on a capital investment strategy. This legislation will help promote better statewide planning of infrastructure projects.

Testimony Against: None.

Witnesses: Representative Maria Cantwell, 44th District; Charles Howard, Department of Transportation; and Meg Van Schoorl, Department of Community Development.