

# HOUSE BILL REPORT

## SHB 1965

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**As Passed House:**

March 8, 2007

**Title:** An act relating to authorizing major industrial development within industrial land banks.

**Brief Description:** Authorizing major industrial development within industrial land banks.

**Sponsors:** By House Committee on Local Government (originally sponsored by Representatives Eddy and Curtis).

**Brief History:**

**Committee Activity:**

Local Government: 2/13/07, 2/26/07 [DPS].

**Floor Activity:**

Passed House: 3/8/07, 96-0.

**Brief Summary of Substitute Bill**

- Revises the requirements for designating master planned locations for major industrial developments outside of urban growth areas.
- Deletes termination dates and modifies eligibility criteria pertaining to authorizing major industrial development within industrial land banks.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Simpson, Chair; Eddy, Vice Chair; Curtis, Ranking Minority Member; Schindler, Assistant Ranking Minority Member; Ross, B. Sullivan and Takko.

**Staff:** Ethan Moreno (786-7386).

**Background:**

*Growth Management Act/Urban Growth Areas*

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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.*

The Growth Management Act (GMA) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA establishes numerous requirements for local governments obligated by mandate or choice to fully plan under the GMA (planning jurisdictions) and a reduced number of directives for all other counties and cities. Twenty-nine of Washington's 39 counties, and the cities within those counties, are planning jurisdictions.

The GMA directs planning jurisdictions to adopt internally consistent comprehensive land use plans, which are generalized, coordinated land use policy statements of the governing body. Comprehensive plans must address specified planning elements, each of which is a subset of a comprehensive plan. Planning jurisdictions must also adopt development regulations that implement and conform with the comprehensive plan. Except in limited circumstances, comprehensive plan amendments may be considered by the governing body of the planning jurisdiction no more frequently than once per year. Except as otherwise provided, all planning jurisdictions must review and, if needed, revise their comprehensive plans and development regulations according to a recurring seven-year statutory schedule.

The GMA includes numerous requirements relating to the use or development of land in urban and rural areas. Among other planning requirements, counties that fully plan under the GMA (planning counties) must designate urban growth areas (UGAs) or areas within which urban growth must be encouraged and outside of which growth can occur only if it is not urban in nature.

#### Major Industrial Development/Industrial Land Banks

In 1996 the Legislature enacted a pilot project authorizing the establishment of major industrial development locations outside of UGAs for the purpose of expeditiously siting qualifying development. Among other provisions, the pilot project legislation included criteria for siting these developments within designated banks of land; provided for amending comprehensive plans to implement these provisions; and specified eligibility criteria and termination dates for relevant county authority. The provisions of the original pilot project have been amended several times to modify the applicable criteria and termination dates.

Under current law, planning counties meeting specific population, unemployment, and geographic requirements may, in consultation with cities, establish a process for designating a bank of one or two master planned locations for major industrial activity outside of UGAs. A county that has established or proposes to establish an industrial land bank (land bank) must review the need for a land bank within the county, including a review of the availability of land for industrial and manufacturing uses within the UGA, during specific comprehensive plan and development regulation reviews and evaluations mandated under the GMA.

#### Definitions and Limitations

"Major industrial development" means a master planned location suitable for manufacturing or industrial businesses that:

- requires a parcel of land so large that no suitable parcels are available within a UGA;

- is a natural resource-based industry requiring a location near agricultural land, forest land, or mineral resource land upon which it is dependent; or
- requires a location with characteristics such as proximity to transportation facilities or related industries such that there is no suitable location in a UGA.

The major industrial development may not be for the purpose of retail commercial development or multitenant office parks.

"Industrial land bank" means up to two master planned locations, each consisting of a parcel or parcels of contiguous land, sufficiently large so as not to be readily available within the UGA of a city, or otherwise meeting certain criteria, suitable for manufacturing, industrial, or commercial businesses and designated by the county through the comprehensive planning process specifically for major industrial use.

#### Siting Requirements

A master planned location for major industrial developments outside of a UGA may be included in the land bank for the county if certain criteria are met through the completion of a comprehensive planning process ensuring, in part, that:

- development regulations are adopted to ensure that urban growth will not occur in adjacent nonurban areas;
- the master plan for the major industrial developments is consistent with development regulations adopted for protection of critical areas;
- provisions are established for determining the availability of alternate sites within UGAs and the long-term annexation feasibility of land sites outside of UGAs; and
- development regulations are adopted to require the land bank to be used primarily for locating industrial and manufacturing businesses, and specify that the gross floor area of all commercial and service buildings or facilities locating within the land bank must not exceed 10 percent of the total gross floor area of buildings or facilities in the land bank.

The process for reviewing and approving proposals to site specific major industrial developments within an approved land bank must ensure through adopted development regulations that specific provisions, including the following, are met:

- new infrastructure is provided for and/or applicable impact fees are paid;
- transit-oriented site planning and traffic demand management programs are implemented;
- buffers are provided between the major industrial development and adjacent nonurban areas;
- environmental protection, including air and water quality, has been addressed and provided for; and
- an interlocal agreement related to infrastructure cost sharing and revenue sharing between the county and interested cities is established.

In selecting master planned locations for inclusion in the land bank, priority must be given to locations that are adjacent to, or in close proximity to, a UGA.

Final approval of inclusion of a master planned location in a land bank is an amendment to the applicable comprehensive plan, but the inclusion or exclusion of master planned locations may be considered at any time. After a master planned location has been included in a land bank, manufacturing and industrial businesses that qualify as major industrial development may be located there.

Nothing in the major industrial development/land bank provisions alters the requirements for a county to comply with the State Environmental Policy Act.

#### Termination Dates and Eligibility Criteria

Two distinct termination dates and sets of eligibility criteria pertaining to population, unemployment, and geographic requirements exist for counties choosing to engage in the process including or excluding master planned locations from a land bank. In the first set of criteria, the authority of qualifying counties to engage in this siting or exclusion process terminates on December 31, 2007. However, locations included in a land bank on or before the 2007 deadline remain available for major industrial development if siting provisions are met. The second set of eligibility criteria terminated on December 31, 2002. As with the 2007 termination provision, qualifying locations included in a land bank remain available for major industrial development if siting provisions are met.

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#### **Summary of Substitute Bill:**

The requirements for designating master planned locations for major industrial developments outside of UGAs are revised. A master planned location for major industrial developments may be approved through a two-step process: (1) designation of a land bank area in the applicable comprehensive plan; and (2) subsequent approval of specific major industrial developments through a local master plan process.

#### Comprehensive Plan Amendments

The applicable comprehensive plan must identify locations suited to major industrial development because of proximity to transportation or resource assets. The comprehensive plan must identify the maximum size of the land bank area and any limitations on major industrial developments based on local factors, but the plan need not specify particular parcels or identify any specific use or user.

In selecting locations for the land bank area, priority must be given to locations that are adjacent to, or in close proximity to, a UGA.

The environmental review for amendment of the comprehensive plan must be at the programmatic level and, in addition to a threshold determination, must include:

- a county-conducted inventory of developable land providing that land suitable to site qualifying industrial development is unavailable within the UGA; and
- an analysis of the availability of alternative sites within UGAs and the long-term annexation feasibility of sites outside of UGAs.

Final approval of a land bank area must be by amendment to the comprehensive plan, but the amendment may be considered at any time. Approval of a specific major industrial development within the land bank area requires no further amendment of the comprehensive plan.

*Development Regulations Amendments*

In concert with the designation of a land bank area, a county must also adopt development regulations for review and approval of specific major industrial developments through a master plan process. The regulations governing the master plan process must ensure, at a minimum, that specific criteria, including the following, are met:

- urban growth will not occur in adjacent nonurban areas;
- Development is consistent development regulations adopted for protection of critical areas;
- required infrastructure is identified and provided concurrent with development. Such infrastructure, however, may be phased in with development; and
- an open record public hearing is held before either the planning commission or hearing examiner with notice published at least 30 days before the hearing date and mailed to all property owners within one mile of the site.

*Termination Provisions and Eligibility Criteria*

Separate eligibility criteria pertaining to population, unemployment, and geographic requirements for counties choosing to identify and approve locations for major industrial development in land banks are specified. Termination provisions indicating dates certain are deleted and replaced with requirements indicating, in part, that a county choosing to identify and approve locations for land banks must take action to designate one or more of these banks and adopt regulations meeting certain requirements on or before the last date to complete the county's next periodic review under specific provisions of the GMA. The authority of a county to designate a land bank area in its comprehensive plan expires if not acted upon within these time frame requirements. Once a land bank area has been identified in a county's comprehensive plan, the authority of the county to process a master plan or site projects within an approved master plan does not expire.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This bill will accomplish much of what is proposed in HB 1925, but it will also simplify the siting process for land banks and major industrial developments. This bill represents one of five GMA/Land Use priorities for the Association of Washington Business.

Lewis County efforts to site major industrial development have proved to be difficult. This bill requires the commissioners of a qualifying county to identify a site location first. Following that, a sponsor could then submit a master plan for the specific site. This bill will make the siting process for master planned locations for major industrial development more efficient and will eliminate the time frame requirements for these often lengthy processes. Major industrial developments are needed for economic growth in economically distressed counties. The statutory provisions for siting such developments are unclear and the costs can be significant. This bill clarifies the shortcomings of current law and will help provide economic opportunities in distressed counties.

(With concerns) Concerns exist about removing specific population criteria that must be met by a county wishing to use the siting process in the bill: this provision should be amended. Do land banks for industrial purposes outside of cities make cities nervous? Yes. Should they be allowed? Yes. Cities are consulted in the siting process, but they cannot approve or reject the proposal. Cities agree that certain facilities are most appropriate outside of urban areas, but they are concerned about attempts to site office properties and other facilities on less expensive land outside of city areas. Support exists for inventory provisions in the bill, but concerns exist about the deletion of an interlocal agreement requirement.

(Opposed) None.

**Persons Testifying:** (In support) Robert A. Johnson, Lewis County; and Chris McCabe and Sandy Mackie, Association of Washington Businesses.

(With concerns) Kaleen Cottingham, Futurewise; and Dave Williams, Association of Washington Cities.

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