
**Community & Economic
Development & Trade Committee**

HJR 4208

Brief Description: Amending the Constitution to address use of public funds for economic development.

Sponsors: Representatives B. Sullivan, Ericks and Linville.

Brief Summary of Bill

- Proposes an amendment to the Washington Constitution to allow counties, cities or towns to use public funds for economic development as prescribed by the Legislature without violating Section 7 of Article VIII of the Washington Constitution.

Hearing Date: 2/8/07

Staff: Tracey Taylor (786-7196).

Background:

Article VIII, Section 8 of the Washington State Constitution authorizes port districts to use public funds in a manner prescribed by the Legislature for industrial development or trade promotion and promotional hosting. This section recognizes these uses as public uses for a public purpose and specifically does not recognize the uses as gifts prohibited by Article VIII, Section 7. The Legislature has authorized port districts to engage in economic development programs.

Port districts have numerous powers, including the acquisition of property, the ability to acquire and operate certain facilities (warehouses, major appliances and buildings for freight transportation, buildings for industrial and manufacturing uses, and food processing facilities), operate Free Trade Zones, improve land for industrial and commercial purposes, and leasing property. Port Districts are also authorized to create industrial development districts for the redevelopment of marginal lands, to establish trade centers, and to establish export trading companies.

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.

Like port districts, cities and counties engaged in economic development programs are deemed to be fulfilling a public purpose. In furtherance of economic development programs, cities and counties may contract with nonprofit corporations. Unlike port districts, cities and counties do not enjoy a constitutional exemption from the lending of credit and gifts prohibitions.

Summary of Bill:

An amendment to the Washington Constitution that allows cities, counties and towns to use public funds for economic development in such a manner prescribed by the Legislature to be considered a public use for a public purpose, thereby not being deemed a gift as prohibited by Section 7 of Article VIII of the Washington Constitution.

Appropriation: None.

Fiscal Note: Not requested.