

# HOUSE BILL REPORT

## ESHB 2125

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### As Amended by the Senate

**Title:** An act relating to community preservation and development authorities.

**Brief Description:** Addressing community preservation and development authorities.

**Sponsors:** House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Santos and Kenney).

#### **Brief History:**

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

Community & Economic Development & Trade: 2/16/09, 2/19/09 [DPS].

##### **Floor Activity**

Passed House: 3/6/09, 63-32.

Senate Amended.

Passed Senate: 4/17/09, 34-8.

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

- Provides legislative findings and definitions related to the creation of Community Preservation and Development Authorities (Authorities), and specifies their purposes and duties.
- Expands the Authorities' powers, modifies the process for establishing their initial boards of directors, restricts their use of public funds, and adds two positions for community residents on their boards.
- Requires government agencies to communicate and consult fully with an Authority and the impacted community before making decisions on major public facilities, public works, or capital projects with significant public funding.

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### HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Chase, Liias, Probst and Sullivan.

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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.*

**Minority Report:** Do not pass. Signed by 3 members: Representatives Smith, Ranking Minority Member; Orcutt and Parker.

**Staff:** Meg Van Schoorl (786-7105)

**Background:**

Community Preservation and Development Authorities-Creation and Purpose.

Substitute Senate Bill (SSB) 6156, as signed by the Governor following the 2007 legislative session, provided for formation, legislative authorization, management, powers, and duties of community preservation and development authorities (Authority). In addition, the bill authorized establishment of the Pioneer Square-International District Authority.

Authority Formation and Legislative Authorization.

Formation and legislative authorization of the Authorities requires completion of the following steps:

- Residents, property owners, employees, or business owners of an impacted community propose formation of an Authority in writing to the appropriate legislative committee in the House of Representatives and the Senate.
- A community proposing formation of an Authority after January 1, 2008, must identify in its proposal at least one stable revenue source that can be used to support projects contained in the Authority's strategic plan and that has a nexus with the multiple publicly funded facilities that have adversely impacted the community.
- The Legislature must find: that the area within the proposed Authority's geographic boundaries meets the bill's definition of "impacted community;" that those proposing the Authority meet the definitions of "community" and "constituency;" and that the community has identified at least one stable revenue source.
- The Legislature may then authorize the Authority's establishment in law.

Authority Management, Powers, and Duties.

An Authority is managed by a nine-member board of directors. Board positions include: two members who own, operate, or represent businesses within the community; two members involved in providing nonprofit community or social services within the community; two members involved in the arts and entertainment within the community; two members with knowledge of the community's culture and history; and one member involved in a nonprofit or public planning organization directly serving the impacted community. The process for establishing its initial board of directors is initiated by members of the applicable state legislative delegation joining with those proposing formation of an Authority to establish a list of candidates to stand for election. The members of the applicable legislative delegation will convene a meeting of the constituency to conduct the election. Subsequent directors will be elected at an annual local town hall meeting from a list of candidates developed by the existing directors.

An Authority has the power to accept public or private gifts, grants, loans, or other aid from public or private entities, and to exercise additional powers as authorized by law. An Authority has no power of eminent domain or power to levy taxes or special assessments.

An Authority must:

- establish specific geographic boundaries within its bylaws and report any changes to the Legislature;
- solicit community input and develop a strategic preservation and development plan;
- include a prioritized list of projects in the plan, identified and supported by the community, including capital and operating components, that address one or more of the purposes of this act;
- establish funding mechanisms to implement the plan;
- use gifts, grants, loans, and other aid to carry out the projects in the strategic plan; and
- demonstrate accountability by reporting to the appropriate committees of the Legislature, convening an annual town hall meeting with its constituency, and maintaining appropriate books and records.

The Community Preservation and Development Authority Account (Account) created in the State Treasury includes sub-accounts for operating projects and for capital projects. Moneys are subject to appropriation and may only be used for projects developed under the Authority statute.

Before making siting, design, and construction decisions for major public capital projects, state and local government agencies may communicate and consult with an Authority and the impacted community. The consultation may include assessing the compatibility of the proposed project with the Authority's strategic plan, and making reasonable efforts to minimize negative cumulative effects of multiple projects.

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

#### Intent and Purposes of Authorities.

The Legislature finds that preserving and restoring the character, history, and cultural values of a community that is, has been, or may be disproportionately affected by major public facilities, public works, and capital projects with significant public funding are important public policy goals that can be achieved through community preservation and development authorities.

An Authority may be created to restore or enhance the health, safety, and economic well-being of such adversely impacted communities. The purposes of the Authorities are to:

- revitalize, enhance, and preserve the unique character of impacted communities;
- mitigate the adverse effects of multiple public facilities projects, public works projects, or capital projects with significant public funding, or secure community transition facilities;
- restore an area's sense of community, reduce displacement of community members and businesses, stimulate economic vitality, enhance public service provisions, and improve residents' standard of living; and
- preserve historic buildings or areas by returning them to economically productive uses compatible with or beneficial to their historic character.

## Definitions.

Definitions are included for "community," "community preservation and development authority," "constituency," "director," "impacted community," and "major public facilities project, public works project, or capital project with significant public funding."

## Authority Management, Powers and Duties.

An Authority's nine-member board of directors is expanded to 11 to include two members who reside in the community.

The process for establishing an initial board of directors is modified. Two or more members of the applicable state legislative delegation must join with those proposing formation of an Authority to establish a list of candidates to stand for election. Two or more members of the applicable legislative delegation will convene a meeting of the constituency to conduct the election.

Additional Authority powers are specified to include: employing and appointing agents, attorneys, officers, and employees; contracting and entering into partnerships with individuals, associations, corporations, and local, state, and federal governments; buying, owning, leasing, and selling real estate and personal property; holding in trust, improving, and developing land; investing, depositing, and reinvesting funds; incurring debt to further its mission; and lending its funds, property, credit, or services for corporate purposes. An Authority that accepts public funds is prohibited from using those funds to loan the state's credit, to finance political campaigns for state or school district offices, oppose a candidate, ballot proposition, political party, or political committee.

An Authority's use of financial resources includes, but is not limited to the following: enhancing public safety; reducing community blight; providing ongoing mitigation of the adverse community effects of multiple publicly funded projects; and addressing other issues consistent with an Authority's purpose.

State and local government agencies must communicate and consult fully with an Authority and the impacted community before making decisions on future major public facilities, public works, or capital projects with significant public funding.

## **EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment removes the findings, purposes, and definitions related to Community Preservation and Development Authorities. Unlike the House bill, the amendment does not add two community residents to the boards of directors, and does not change or clarify the current election process. The Senate amendment provides the Authorities the same additional powers and restrictions as the House bill contained, but it does not mandate that state and local government agencies communicate and consult fully with an Authority before making decisions on future major public facilities, public works projects or capital projects.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 19, 2009.

**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) The Authority bill that passed the House in 2007 contained intent, definition, and purpose sections similar to those in this bill. The Senate amended out some of the language in the original bill and the Governor vetoed the intent and definition sections. The concerns expressed by the Governor's veto have been discussed with the Governor. This bill also corrects an oversight in the original legislation concerning board of directors composition: the SSB 6156 neglected to include community residents as members of the board of directors.

(Opposed) None.

**Persons Testifying:** Representative Santos, prime sponsor.

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