

HOUSE BILL REPORT

ESSB 5473

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to streamlining development through the designation of projects of statewide significance.

Brief Description: Designating projects of statewide significance.

Sponsors: Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Kastama, Kilmer, Pridemore, McAuliffe and Sheldon).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 3/25/09, 3/26/09 [DPA].

**Brief Summary of Engrossed Substitute Bill
(As Amended by House)**

- Allows certain additional projects to be designated as projects of statewide significance if they will provide net environmental benefit or will further commercialization of innovations.
- Reduces the amount of capital investment required for a project that is designated based on capital investment in the county.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended. Signed by 9 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Liias, Orcutt, Parker, Probst and Sullivan.

Staff: Chris Cordes (786-7103)

Background:

In 1997 a process was enacted to expedite the development of industrial projects of statewide significance. An industrial project of statewide significance is either:

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- a border crossing project with private and public investment carried out in conjunction with other states or provinces; or
- a private industrial development with private capital investment in manufacturing or research and development.

To qualify, a project must be completed after January 1, 1997. It may qualify in one of three ways:

- *Capital Investment.* A project's capital investment requirement ranges from \$20 million for a project in a county with a population of 20,000 or fewer to \$1 billion for a project in a county with a population of more than one million.
- *Projected Post-Construction Employment.* The project must anticipate creation of at least 50 full-time jobs in counties with fewer than 100 persons per square mile or at least 100 full-time jobs in counties with 100 or more persons per square mile.
- *Department of Community, Trade and Economic Development (DCTED) Designation.* Projects may be designated by the DCTED because the county is a distressed county and the county's economic circumstances merit the additional assistance or because the project's impact on the region merits designation.

The DCTED processes applications for designation as an industrial project of statewide significance. The application must include a letter of approval from the local jurisdiction, which must commit to hiring adequate staff to expedite the processes necessary to complete the project. Projects are certified by the DCTED as meeting designation criteria. The Office of Regulatory Assistance (ORA) assigns a project facilitator to each project who must, among other things, assemble a team of state, local government, and private officials to help meet the project's planning and development needs.

Cities and counties with industrial projects of statewide significance within their jurisdictions must enter into an agreement with the ORA and the project manager to require:

- expedited permit and environmental review processing; and
- expedited processing of requests for street, right-of-way, or other necessary easement vacations.

Summary of Amended Bill:

Projects of Statewide Significance.

Industrial projects of statewide significance are renamed "projects of statewide significance." Additional projects that may be designated as projects of statewide significance are those development projects that will provide net environmental benefit or will further commercialization of innovations.

Project Qualification.

Qualification Date. To qualify, a project must be completed after January 1, 2009.

Capital Investment. The capital investment needed to qualify a project is reduced to a range of \$5 million for a project in a county with a population of 20,000 or fewer to \$50 million for a project in a county with a population of more than one million.

Projected Post-Construction Employment. The county definition is changed for determining whether a project qualifies based on the project's expected job creation. The required increase of at least 50 full-time jobs applies in a "rural county," which includes those counties smaller than 225 square miles as well as those counties with fewer than 100 persons per square mile.

Designation of a Project of Statewide Significance. The DCTED is given additional authority to designate a project if the project:

- resulted from or will further innovation activities at an in-state public research institution or the project is in or resulted from innovation activities in an innovation partnership zone; or
- will provide a net environmental benefit under green building standards or other environmental criteria set by the DCTED in consultation with the Department of Ecology.

The "distressed county" requirement is removed for projects that the DCTED may designate because the county merits additional assistance.

The DCTED must review the applications before designating any category of projects as a project of statewide significance. The review must determine whether the project will provide significant local and/or state economic benefit, whether it is aligned with the state's comprehensive plan for economic development, and whether its designation will prevent equal consideration of all categories of project proposals.

The DCTED is required to consult with the ORA on availability of staff resources before making project designations under its designation authority.

Project Agreements and Staffing.

The project agreement entered into by local jurisdictions must require the participation of local officials on the project team.

The project proponents may provide the funding necessary for the local jurisdiction to hire the staff required to expedite the process.

Amended Bill Compared to Original Bill:

The amended bill:

- (1) clarifies the role of the DCTED in qualifying certain categories of projects for designation as projects of statewide significance and requires consultation with the Department of Ecology on the development of environmental criteria for use in project designation;
- (2) requires the DCTED, before designating any category of projects as a project of statewide significance, to determine whether the project will provide significant local and/or state economic benefit, whether it is aligned with the state's comprehensive plan for economic

development, and whether its designation will prevent equal consideration of all categories of project proposals; and
(3) makes other technical and reorganizational changes.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The process that is in place for designating projects of statewide significance is not effective. The capital investment requirements are too high. This bill will include green and innovation projects. The ORA is agreeable to these changes. The bill will remove barriers to businesses locating and expanding in Washington.

(Opposed) None.

Persons Testifying: Senator Kastama, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.