

CERTIFICATION OF ENROLLMENT
SUBSTITUTE SENATE BILL 5790

Chapter 331, Laws of 2017
(partial veto)

65th Legislature
2017 Regular Session

GROWTH MANAGEMENT ACT--ECONOMIC DEVELOPMENT ELEMENT

EFFECTIVE DATE: 7/23/2017

Passed by the Senate April 18, 2017
Yeas 36 Nays 11

CYRUS HABIB

President of the Senate

Passed by the House April 12, 2017
Yeas 93 Nays 5

FRANK CHOPP

Speaker of the House of Representatives

Approved May 16, 2017 11:45 AM with the
exception of Section 3, which is
vetoed.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of
the Senate of the State of
Washington, do hereby certify that
the attached is **SUBSTITUTE SENATE
BILL 5790** as passed by Senate and
the House of Representatives on the
dates hereon set forth.

HUNTER G. GOODMAN

Secretary

FILED

May 16, 2017

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5790

AS AMENDED BY THE HOUSE

Passed Legislature - 2017 Regular Session

State of Washington 65th Legislature 2017 Regular Session

By Senate Local Government (originally sponsored by Senators Short, Sheldon, Angel, and Wilson)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to the economic development element of the growth
2 management act; amending RCW 36.70A.070; adding a new section to
3 chapter 36.70A RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** This act may be known and cited as the
6 economic revitalization act.

7 **Sec. 2.** RCW 36.70A.070 and 2015 c 241 s 2 are each amended to
8 read as follows:

9 The comprehensive plan of a county or city that is required or
10 chooses to plan under RCW 36.70A.040 shall consist of a map or maps,
11 and descriptive text covering objectives, principles, and standards
12 used to develop the comprehensive plan. The plan shall be an
13 internally consistent document and all elements shall be consistent
14 with the future land use map. A comprehensive plan shall be adopted
15 and amended with public participation as provided in RCW 36.70A.140.
16 Each comprehensive plan shall include a plan, scheme, or design for
17 each of the following:

18 (1) A land use element designating the proposed general
19 distribution and general location and extent of the uses of land,
20 where appropriate, for agriculture, timber production, housing,

1 commerce, industry, recreation, open spaces, general aviation
2 airports, public utilities, public facilities, and other land uses.
3 The land use element shall include population densities, building
4 intensities, and estimates of future population growth. The land use
5 element shall provide for protection of the quality and quantity of
6 groundwater used for public water supplies. Wherever possible, the
7 land use element should consider utilizing urban planning approaches
8 that promote physical activity. Where applicable, the land use
9 element shall review drainage, flooding, and storm water run-off in
10 the area and nearby jurisdictions and provide guidance for corrective
11 actions to mitigate or cleanse those discharges that pollute waters
12 of the state, including Puget Sound or waters entering Puget Sound.

13 (2) A housing element ensuring the vitality and character of
14 established residential neighborhoods that: (a) Includes an inventory
15 and analysis of existing and projected housing needs that identifies
16 the number of housing units necessary to manage projected growth; (b)
17 includes a statement of goals, policies, objectives, and mandatory
18 provisions for the preservation, improvement, and development of
19 housing, including single-family residences; (c) identifies
20 sufficient land for housing, including, but not limited to,
21 government-assisted housing, housing for low-income families,
22 manufactured housing, multifamily housing, and group homes and foster
23 care facilities; and (d) makes adequate provisions for existing and
24 projected needs of all economic segments of the community.

25 (3) A capital facilities plan element consisting of: (a) An
26 inventory of existing capital facilities owned by public entities,
27 showing the locations and capacities of the capital facilities; (b) a
28 forecast of the future needs for such capital facilities; (c) the
29 proposed locations and capacities of expanded or new capital
30 facilities; (d) at least a six-year plan that will finance such
31 capital facilities within projected funding capacities and clearly
32 identifies sources of public money for such purposes; and (e) a
33 requirement to reassess the land use element if probable funding
34 falls short of meeting existing needs and to ensure that the land use
35 element, capital facilities plan element, and financing plan within
36 the capital facilities plan element are coordinated and consistent.
37 Park and recreation facilities shall be included in the capital
38 facilities plan element.

39 (4) A utilities element consisting of the general location,
40 proposed location, and capacity of all existing and proposed

1 utilities, including, but not limited to, electrical lines,
2 telecommunication lines, and natural gas lines.

3 (5) Rural element. Counties shall include a rural element
4 including lands that are not designated for urban growth,
5 agriculture, forest, or mineral resources. The following provisions
6 shall apply to the rural element:

7 (a) Growth management act goals and local circumstances. Because
8 circumstances vary from county to county, in establishing patterns of
9 rural densities and uses, a county may consider local circumstances,
10 but shall develop a written record explaining how the rural element
11 harmonizes the planning goals in RCW 36.70A.020 and meets the
12 requirements of this chapter.

13 (b) Rural development. The rural element shall permit rural
14 development, forestry, and agriculture in rural areas. The rural
15 element shall provide for a variety of rural densities, uses,
16 essential public facilities, and rural governmental services needed
17 to serve the permitted densities and uses. To achieve a variety of
18 rural densities and uses, counties may provide for clustering,
19 density transfer, design guidelines, conservation easements, and
20 other innovative techniques that will accommodate appropriate rural
21 economic advancement, densities, and uses that are not characterized
22 by urban growth and that are consistent with rural character.

23 (c) Measures governing rural development. The rural element shall
24 include measures that apply to rural development and protect the
25 rural character of the area, as established by the county, by:

26 (i) Containing or otherwise controlling rural development;

27 (ii) Assuring visual compatibility of rural development with the
28 surrounding rural area;

29 (iii) Reducing the inappropriate conversion of undeveloped land
30 into sprawling, low-density development in the rural area;

31 (iv) Protecting critical areas, as provided in RCW 36.70A.060,
32 and surface water and groundwater resources; and

33 (v) Protecting against conflicts with the use of agricultural,
34 forest, and mineral resource lands designated under RCW 36.70A.170.

35 (d) Limited areas of more intensive rural development. Subject to
36 the requirements of this subsection and except as otherwise
37 specifically provided in this subsection (5)(d), the rural element
38 may allow for limited areas of more intensive rural development,
39 including necessary public facilities and public services to serve
40 the limited area as follows:

1 (i) Rural development consisting of the infill, development, or
2 redevelopment of existing commercial, industrial, residential, or
3 mixed-use areas, whether characterized as shoreline development,
4 villages, hamlets, rural activity centers, or crossroads
5 developments.

6 (A) A commercial, industrial, residential, shoreline, or mixed-
7 use area are subject to the requirements of (d)(iv) of this
8 subsection, but are not subject to the requirements of (c)(ii) and
9 (iii) of this subsection.

10 (B) Any development or redevelopment other than an industrial
11 area or an industrial use within a mixed-use area or an industrial
12 area under this subsection (5)(d)(i) must be principally designed to
13 serve the existing and projected rural population.

14 (C) Any development or redevelopment in terms of building size,
15 scale, use, or intensity shall be consistent with the character of
16 the existing areas. Development and redevelopment may include changes
17 in use from vacant land or a previously existing use so long as the
18 new use conforms to the requirements of this subsection (5);

19 (ii) The intensification of development on lots containing, or
20 new development of, small-scale recreational or tourist uses,
21 including commercial facilities to serve those recreational or
22 tourist uses, that rely on a rural location and setting, but that do
23 not include new residential development. A small-scale recreation or
24 tourist use is not required to be principally designed to serve the
25 existing and projected rural population. Public services and public
26 facilities shall be limited to those necessary to serve the
27 recreation or tourist use and shall be provided in a manner that does
28 not permit low-density sprawl;

29 (iii) The intensification of development on lots containing
30 isolated nonresidential uses or new development of isolated cottage
31 industries and isolated small-scale businesses that are not
32 principally designed to serve the existing and projected rural
33 population and nonresidential uses, but do provide job opportunities
34 for rural residents. Rural counties may allow the expansion of small-
35 scale businesses as long as those small-scale businesses conform with
36 the rural character of the area as defined by the local government
37 according to RCW 36.70A.030(15). Rural counties may also allow new
38 small-scale businesses to utilize a site previously occupied by an
39 existing business as long as the new small-scale business conforms to
40 the rural character of the area as defined by the local government

1 according to RCW 36.70A.030(15). Public services and public
2 facilities shall be limited to those necessary to serve the isolated
3 nonresidential use and shall be provided in a manner that does not
4 permit low-density sprawl;

5 (iv) A county shall adopt measures to minimize and contain the
6 existing areas or uses of more intensive rural development, as
7 appropriate, authorized under this subsection. Lands included in such
8 existing areas or uses shall not extend beyond the logical outer
9 boundary of the existing area or use, thereby allowing a new pattern
10 of low-density sprawl. Existing areas are those that are clearly
11 identifiable and contained and where there is a logical boundary
12 delineated predominately by the built environment, but that may also
13 include undeveloped lands if limited as provided in this subsection.
14 The county shall establish the logical outer boundary of an area of
15 more intensive rural development. In establishing the logical outer
16 boundary, the county shall address (A) the need to preserve the
17 character of existing natural neighborhoods and communities, (B)
18 physical boundaries, such as bodies of water, streets and highways,
19 and land forms and contours, (C) the prevention of abnormally
20 irregular boundaries, and (D) the ability to provide public
21 facilities and public services in a manner that does not permit low-
22 density sprawl;

23 (v) For purposes of (d) of this subsection, an existing area or
24 existing use is one that was in existence:

25 (A) On July 1, 1990, in a county that was initially required to
26 plan under all of the provisions of this chapter;

27 (B) On the date the county adopted a resolution under RCW
28 36.70A.040(2), in a county that is planning under all of the
29 provisions of this chapter under RCW 36.70A.040(2); or

30 (C) On the date the office of financial management certifies the
31 county's population as provided in RCW 36.70A.040(5), in a county
32 that is planning under all of the provisions of this chapter pursuant
33 to RCW 36.70A.040(5).

34 (e) Exception. This subsection shall not be interpreted to permit
35 in the rural area a major industrial development or a master planned
36 resort unless otherwise specifically permitted under RCW 36.70A.360
37 and 36.70A.365.

38 (6) A transportation element that implements, and is consistent
39 with, the land use element.

1 (a) The transportation element shall include the following
2 subelements:

3 (i) Land use assumptions used in estimating travel;

4 (ii) Estimated traffic impacts to state-owned transportation
5 facilities resulting from land use assumptions to assist the
6 department of transportation in monitoring the performance of state
7 facilities, to plan improvements for the facilities, and to assess
8 the impact of land-use decisions on state-owned transportation
9 facilities;

10 (iii) Facilities and services needs, including:

11 (A) An inventory of air, water, and ground transportation
12 facilities and services, including transit alignments and general
13 aviation airport facilities, to define existing capital facilities
14 and travel levels as a basis for future planning. This inventory must
15 include state-owned transportation facilities within the city or
16 county's jurisdictional boundaries;

17 (B) Level of service standards for all locally owned arterials
18 and transit routes to serve as a gauge to judge performance of the
19 system. These standards should be regionally coordinated;

20 (C) For state-owned transportation facilities, level of service
21 standards for highways, as prescribed in chapters 47.06 and 47.80
22 RCW, to gauge the performance of the system. The purposes of
23 reflecting level of service standards for state highways in the local
24 comprehensive plan are to monitor the performance of the system, to
25 evaluate improvement strategies, and to facilitate coordination
26 between the county's or city's six-year street, road, or transit
27 program and the office of financial management's ten-year investment
28 program. The concurrency requirements of (b) of this subsection do
29 not apply to transportation facilities and services of statewide
30 significance except for counties consisting of islands whose only
31 connection to the mainland are state highways or ferry routes. In
32 these island counties, state highways and ferry route capacity must
33 be a factor in meeting the concurrency requirements in (b) of this
34 subsection;

35 (D) Specific actions and requirements for bringing into
36 compliance locally owned transportation facilities or services that
37 are below an established level of service standard;

38 (E) Forecasts of traffic for at least ten years based on the
39 adopted land use plan to provide information on the location, timing,
40 and capacity needs of future growth;

1 (F) Identification of state and local system needs to meet
2 current and future demands. Identified needs on state-owned
3 transportation facilities must be consistent with the statewide
4 multimodal transportation plan required under chapter 47.06 RCW;

5 (iv) Finance, including:

6 (A) An analysis of funding capability to judge needs against
7 probable funding resources;

8 (B) A multiyear financing plan based on the needs identified in
9 the comprehensive plan, the appropriate parts of which shall serve as
10 the basis for the six-year street, road, or transit program required
11 by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW
12 35.58.2795 for public transportation systems. The multiyear financing
13 plan should be coordinated with the ten-year investment program
14 developed by the office of financial management as required by RCW
15 47.05.030;

16 (C) If probable funding falls short of meeting identified needs,
17 a discussion of how additional funding will be raised, or how land
18 use assumptions will be reassessed to ensure that level of service
19 standards will be met;

20 (v) Intergovernmental coordination efforts, including an
21 assessment of the impacts of the transportation plan and land use
22 assumptions on the transportation systems of adjacent jurisdictions;

23 (vi) Demand-management strategies;

24 (vii) Pedestrian and bicycle component to include collaborative
25 efforts to identify and designate planned improvements for pedestrian
26 and bicycle facilities and corridors that address and encourage
27 enhanced community access and promote healthy lifestyles.

28 (b) After adoption of the comprehensive plan by jurisdictions
29 required to plan or who choose to plan under RCW 36.70A.040, local
30 jurisdictions must adopt and enforce ordinances which prohibit
31 development approval if the development causes the level of service
32 on a locally owned transportation facility to decline below the
33 standards adopted in the transportation element of the comprehensive
34 plan, unless transportation improvements or strategies to accommodate
35 the impacts of development are made concurrent with the development.
36 These strategies may include increased public transportation service,
37 ride-sharing programs, demand management, and other transportation
38 systems management strategies. For the purposes of this subsection
39 (6), "concurrent with the development" means that improvements or
40 strategies are in place at the time of development, or that a

1 financial commitment is in place to complete the improvements or
2 strategies within six years. If the collection of impact fees is
3 delayed under RCW 82.02.050(3), the six-year period required by this
4 subsection (6)(b) must begin after full payment of all impact fees is
5 due to the county or city.

6 (c) The transportation element described in this subsection (6),
7 the six-year plans required by RCW 35.77.010 for cities, RCW
8 36.81.121 for counties, and RCW 35.58.2795 for public transportation
9 systems, and the ten-year investment program required by RCW
10 47.05.030 for the state, must be consistent.

11 (7) An economic development element establishing local goals,
12 policies, objectives, and provisions for economic growth and vitality
13 and a high quality of life. The element ~~((shall))~~ may include~~((:-(a)~~
14 ~~A summary of the local economy such as population, employment,~~
15 ~~payroll, sectors, businesses, sales, and other information as~~
16 ~~appropriate; (b) a summary of the strengths and weaknesses of the~~
17 ~~local economy defined as the commercial and industrial sectors and~~
18 ~~supporting factors such as land use, transportation, utilities,~~
19 ~~education, workforce, housing, and natural/cultural resources; and~~
20 ~~(c) an identification of policies, programs, and projects to foster~~
21 ~~economic growth and development and to address future needs))~~ the
22 provisions in section 3 of this act. A city that has chosen to be a
23 residential community is exempt from the economic development element
24 requirement of this subsection.

25 (8) A park and recreation element that implements, and is
26 consistent with, the capital facilities plan element as it relates to
27 park and recreation facilities. The element shall include: (a)
28 Estimates of park and recreation demand for at least a ten-year
29 period; (b) an evaluation of facilities and service needs; and (c) an
30 evaluation of intergovernmental coordination opportunities to provide
31 regional approaches for meeting park and recreational demand.

32 (9) It is the intent that new or amended elements required after
33 January 1, 2002, be adopted concurrent with the scheduled update
34 provided in RCW 36.70A.130. Requirements to incorporate any such new
35 or amended elements shall be null and void until funds sufficient to
36 cover applicable local government costs are appropriated and
37 distributed by the state at least two years before local government
38 must update comprehensive plans as required in RCW 36.70A.130.

1 ***NEW SECTION.** **Sec. 3.** A new section is added to chapter 36.70A
2 **RCW to read as follows:**

3 (1) The economic development element required by RCW
4 36.70A.070(7) may include the following:

5 (a) A summary of the local economy, such as population,
6 employment, payroll, sectors, businesses, sales, and other
7 information as appropriate;

8 (b) A summary of the strengths and weaknesses of the local
9 economy, which may include the commercial, industrial, manufacturing,
10 natural resource, and other locally significant economic sectors and
11 supporting factors such as land use, transportation, utilities,
12 education, workforce, housing, and natural/cultural resources;

13 (c) An identification of policies, programs, and projects to
14 foster economic growth and development and to address future needs;

15 (d) Policies to promote increases in family, individual, and
16 business incomes;

17 (e) An examination of whether sites planned for economic
18 development have adequate public facilities and services, and, as
19 appropriate, a plan for any needed public facilities and services;

20 (f) Policies to encourage access to education and training for
21 family wage jobs; and

22 (g) Policies and opportunities to address economic development
23 including existing industries and businesses, value added
24 manufacturing of locally produced natural resources, and the use of
25 locally produced energy and other natural resources.

26 (2) Each county and city planning under this chapter is
27 encouraged to adopt comprehensive plans and development regulations
28 that promote economic development in urban and rural areas, and
29 evaluate economic performance in the jurisdiction in the time since
30 the most recent update to the comprehensive plan. Each county and
31 city planning under this chapter may make findings regarding the
32 economic condition of the jurisdiction. If there is stagnation or
33 economic deterioration during the period of time since the most
34 recent update to the comprehensive plan, the comprehensive plan and
35 development regulations may be modified to increase economic
36 development opportunities.

37 (3)(a) Counties with a population of less than seventy-five
38 thousand as of January 1, 2014, as determined by the office of
39 financial management and published on April 1, 2016, that are
40 planning under this chapter, and the cities within those counties,

1 may identify policies, programs, and development opportunities to
2 address the potential for economic deterioration and to seize
3 economic development opportunities that may deviate from prescriptive
4 interpretations of this chapter.

5 (b) For purposes of this section, economic deterioration is
6 exemplified by, but not limited to, any combination of the following
7 performance outcomes:

8 (i) Incomes that are at least ten thousand dollars less than the
9 statewide median household income for the same year as established by
10 the office of financial management;

11 (ii) A decrease in the county's household median income during
12 any year within the prior eight years;

13 (iii) The inability of the jurisdiction to add new full-time jobs
14 in sufficient quantities to provide for population increases;

15 (iv) Decreases or stagnation of economic start-ups during
16 multiple years within the prior eight years;

17 (v) Unemployment rates that are higher than the national and
18 statewide averages over multiple years within the prior eight years;
19 and

20 (vi) Decreases or stagnation in the issuance of commercial
21 building permits during multiple years.

22 (4) In situations where the competing goals of this chapter would
23 restrain economic development in the counties described in subsection
24 (3)(a) of this section, and the cities within those counties, that
25 are experiencing economic deterioration, the growth management
26 hearings board and courts shall afford deference to local development
27 choices that make economic development a priority, consistent with
28 the presumption of validity required under RCW 36.70A.320.

*Sec. 3 was vetoed. See message at end of chapter.

Passed by the Senate April 18, 2017.

Passed by the House April 12, 2017.

Approved by the Governor May 16, 2017, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 16, 2017.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 3,
Substitute Senate Bill No. 5790 entitled:

"AN ACT Relating to the economic development element of the
growth management act."

The Growth Management Act (GMA) provides for a balanced approach
between community economic development and the conservation of
resource lands, such as farms and forests. Section 3 of this bill

undermines that balance by favoring, in certain counties, economic development over the protection of these resource lands.

I am committed to supporting economic development across Washington State so all areas and communities thrive. This commitment includes working with legislators and stakeholders on how we better develop the economy of rural and other underserved areas. At the same time, I remain committed to fully supporting the GMA, which has created the framework for thoughtful growth and comprehensive development plans while protecting vital resource lands.

During special session, I am willing to consider a more targeted bill that provides some additional flexibility to encourage economic development in rural communities, while maintaining the overall balanced approach within the GMA.

Over the interim, it would also be helpful to reexamine how we encourage economic development in rural areas. This would be an appropriate topic for the broader review of the GMA as proposed in the Senate and House budgets.

For these reasons I have vetoed Section 3 of Substitute Senate Bill No. 5790.

With the exception of Section 3, Substitute Senate Bill No. 5790 is approved."

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