

HOUSE BILL REPORT

2SHB 2697

As Amended by the Senate

Title: An act relating to incorporating effective economic development planning into growth management planning.

Brief Description: Incorporating effective economic development planning into growth management planning.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Reardon, Anderson, Berkey, Pflug, Sullivan, Nixon, Esser, Delvin, Jarrett, Upthegrove and Simpson).

Brief History:

Committee Activity:

Local Government & Housing: 2/5/02, 2/6/02 [DPS];
Appropriations: 2/9/02, 2/12/02 [DP2S(w/o sub LGH)].

Floor Activity:

Passed House: 2/15/02, 98-0.
Senate Amended.
Passed Senate: -3/14/-02, 40-0.

Brief Summary of Second Substitute Bill

- Adds parks and recreation as a part of the capital facilities plan element.
- Adds an economic development element and a parks and recreation element to the list of required elements for a growth management comprehensive plan.
- Requires that additional elements only apply with funding by the Legislature.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Dunshee, Chair; Edwards, Vice Chair; Berkey, Hatfield, Kirby and Sullivan.

Minority Report: Without recommendation. Signed by 5 members: Representatives Mulliken, Ranking Minority Member; Crouse, DeBolt, Dunn and Mielke.

Staff: Scott MacColl (786-7106).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Local Government & Housing. Signed by 23 members: Representatives Sommers, Chair; Doumit, 1st Vice Chair; Fromhold, 2nd Vice Chair; Sehlin, Ranking Minority Member; Alexander, Boldt, Buck, Cody, Cox, Dunshee, Grant, Kagi, Kenney, Kessler, Linville, Lisk, McIntire, Pearson, Pflug, Ruderman, Schual-Berke, Talcott and Tokuda.

Minority Report: Do not pass. Signed by 2 members: Representatives Clements and Mastin.

Staff: Linda Brooks (786-7153).

Background:

The Growth Management Act (GMA) requires a county and its cities to plan if the county meets specified population and growth criteria. Counties not meeting these criteria may choose to plan under the GMA. Currently, 29 of 39 Washington counties are required or have chosen to plan under the major GMA requirements (GMA jurisdictions).

The GMA establishes 13 "planning goals" that must be considered, including encouraging economic development and growth in areas with insufficient growth, reducing sprawl, encouraging urban growth in urban areas, processing permits in a timely and fair manner, and protecting private property rights. The planning goals are not listed in any particular order and are only intended to guide development of comprehensive plans and development regulations.

The GMA requires all counties and cities in the state to designate and protect critical areas and to designate natural resource lands. The GMA imposes additional requirements on GMA jurisdictions, including identification and protection of critical areas; identification and conservation of agricultural, forest, and mineral resource lands; and adoption of county-wide planning policies to coordinate comprehensive planning among counties and their cities.

The GMA also requires GMA jurisdictions to adopt comprehensive plans with certain required elements. First, the comprehensive plan must include a *land use element* that designates the proposed general distributions, location and use of land. Second, a *housing element* is included to inventory available housing and identify sufficient land for housing. Third, the plan must include a *capital facilities plan element* that identifies existing capital facilities and forecasts future capital facilities needs and funding. Fourth, the plan must also have a *utilities element* to describe the general location and capacity of

existing and proposed utilities. Fifth, a *rural element* must specify policies for land development and uses for lands that are not designated for urban growth or natural resource uses. Finally, the plan's *transportation element* implements the land use element and identifies facilities and service needs, level of service standards, traffic forecasts, demand management strategies, intergovernmental coordination, and financing.

Summary of Second Substitute Bill:

An economic development element is added to the list of required elements in a comprehensive plan. The element requires establishing local goals, objectives, and provisions for economic growth, vitality, and quality of life. The element must include:

- An assessment of the economic contributions made by existing commercial and industrial sectors to the community or region;
- An assessment of opportunities for business retention, expansion, recruitment, and economic benefits of natural amenities; and
- An assessment of future needs, including for capital facilities, land use, and housing, to manage projected growth and foster economic vitality.
- An evaluation of impacts from new and existing businesses to determine effects on job retention, expansion, and enhancement opportunities to the economic development element.

Park and recreation facilities are added as a required part of the capital facilities plan element.

A park and recreation element is added to the required elements of a comprehensive plan that is to be consistent with the parks and recreation element of the capital facilities plan element. The parks and recreation element requires estimates of demand for a 10-year period; an evaluation of facilities and service needs; and an evaluation of intergovernmental coordination opportunities to provide regional approaches for meeting park and recreation demand.

Declares the new required elements only apply with specific funding by the Legislature.

EFFECT OF SENATE AMENDMENT(S):

Exempts cities that have chosen to be a residential community from the economic development element requirement.

Appropriation: None.

Fiscal Note: Requested on substitute bill February 7, 2002.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Local Government & Housing) This bill comes as a recommendation of the Washington Competitiveness Council. This is an important element to be included to create a jobs-housing balance under growth management. This allows local governments to plan for economic growth in concert with density targets, and also helps cities expand their tax base.

Many jurisdictions have an economic development plan, but there is no consistency. There is a concern about funding, but that seems to be addressed in the amendment. This is an economic vitality issue, as we need to have local businesses in order to have a good quality of life. This bill creates good jobs. The SEPA gives local governments a tool for impact on the physical environment, but there is currently no way to look at impacts on the economic environment.

Testimony For: (Appropriations) Ensuring economic vitality is a critical investment in our state, but it is a missing link in the growth management planning strategies. Planning and public policies affect business retention, location, and expansion decisions. In terms of the fiscal implications, the information necessary to complete the economic development planning element is available locally through economic development groups and chambers of commerce. Many communities have already done much of the work, preparing economic development information for grant applications or participation in the Certified Communities Initiative program through the Office of Trade and Economic Development. Coordinated planning through an economic development element would result in increased tax revenues, assisting both state and local governments in meeting public needs. When economic policies are incorporated into a growth management plan, there can be no question about the role that economic development plays in a city's growth management strategies.

Testimony Against: (Local Government & Housing) Eighteen of 29 counties already have chosen to implement an economic development element, and 103 of 217 cities. If the state demands this element to be added, there should also be funding available. Please don't place additional burdens on local governments.

Testimony Against: (Appropriations) None.

Testified: (Local Government & Housing) (In support) Representative Reardon, prime sponsor; Paul Parker, Washington State Association of Counties; Mike Flynn, Washington Association of Realtors; Greg Wright, Washington Association of Realtors; and Edward Raub, UFCW District Council 17.

(Opposed) Dave Williams, Association of Washington Cities.

Testified: (Appropriations) Brian Wahl, Washington Association of Realtors; and Bob Mitchell, Washington Commercial Association of Realtors.