

# SENATE BILL REPORT

## 2SHB 2697

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As Reported By Senate Committee On:  
State & Local Government, February 28, 2002

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

**Brief History:**

**Committee Activity:** State & Local Government: 2/27/02, 2/28/02 [DPA-WM, DNPA].

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### SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Gardner, Chair; Hale, Horn, Keiser, Kline, Roach, T. Sheldon and Swecker.

**Minority Report:** Do not pass as amended.

Signed by Senators Fairley, Vice Chair; and McCaslin.

**Staff:** Eugene Green (786-7405)

**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).

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.

GMA requires all counties and cities in the state to designate and protect critical areas and to designate natural resource lands. 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 countywide planning policies to coordinate comprehensive planning among counties and their cities.

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 Amended 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: (a) a summary of the local economy such as population, employment, payroll, sectors, businesses, sales, and other information as appropriate; (b) a summary of the strengths and weaknesses of the local economy defined as the commercial and industrial sectors and supporting factors such as land use, transportation, utilities, education, workforce, housing, and natural/cultural resources; and (c) an identification of policies, programs, and projects to foster economic growth and development and to address future needs.

Residential communities are exempt from economic development element requirements.

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 ten-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.

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

**Amended Bill Compared to Second Substitute Bill:** Residential communities are exempt from economic development element requirements. Content of economic development element is reduced and includes summaries rather than assessments. The new elements need not be adopted until scheduled update of comprehensive plan. New requirements are null and void until funds sufficient to cover costs are appropriated and distributed by the state at least two years before comprehensive plan update is required.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** 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.

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:** 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.

**Testified:** Vern Veysey, Mike Flynn, Greg Wright, WA Assn. of Realtors (pro); Ron Newbry, WA Economic Development Assn. (pro); Dave Williams, Assn. of WA Cities (concerns); Steve Stuart, 1000 Friends of WA (pro); Paul Parker, WA Assn. of Counties (pro/con); Mark Johnson, NFIB (pro).