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SENATE BILL 5618

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State of Washington

57th Legislature

2001 Regular Session

By Senators Prentice, Horn, Patterson and Costa

Read first time 01/29/2001. Referred to Committee on Economic Development & Telecommunications.

1 AN ACT Relating to financing local economic development projects;  
2 adding new sections to chapter 82.14 RCW; adding a new section to  
3 chapter 39.36 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** (1) It is declared to be the public policy  
6 of the state of Washington to promote and facilitate the orderly  
7 development and economic stability of its communities. The provision  
8 of adequate government services and the creation and retention of  
9 employment opportunities for all citizens depends upon the economic  
10 growth and strength of the tax base.

11 (2) In many areas of the state the lack of necessary infrastructure  
12 and vacant brownfields act as an impediment to economic growth.

13 (3) The construction of necessary public improvements in accordance  
14 with local economic development plans will encourage investment in job-  
15 producing private development and will expand the public tax base.

16 (4) It is the purpose of sections 2 through 4 of this act to  
17 provide financial resources for a limited time to assist cities in the  
18 financing of public improvements which are needed to encourage private  
19 development where this development would not otherwise occur due to the

1 presence of contaminated property and other environmental  
2 considerations.

3 NEW SECTION. **Sec. 2.** The definitions in this section apply to  
4 sections 3 and 4 of this act unless the context clearly requires  
5 otherwise.

6 (1) "Brownfield" means abandoned, idled, or underused property,  
7 including industrial and commercial facilities, where expansion or  
8 redevelopment is complicated by real or perceived contamination.

9 (2) "Local economic development project" means a project that:

10 (a) Promotes economic development and job creation by the private  
11 sector;

12 (b) Returns tax revenues to the state general fund and other taxing  
13 jurisdictions; and

14 (c) Includes cleanup of contaminated brownfield sites, rivers, and  
15 lakes that have been designated a priority for cleanup by the  
16 department of ecology.

17 (3) "Local economic development project costs" means:

18 (a) Infrastructure improvements including but not limited to:

19 (i) Street and road construction and maintenance;

20 (ii) Water and sewer system construction and improvements;

21 (iii) Sidewalks and streetlights;

22 (iv) Parking, terminal, and dock facilities;

23 (v) Public transportation facilities;

24 (vi) Park facilities and recreational areas; and

25 (vii) Environmental cleanup, including restoring brownfields and  
26 fish habitat.

27 (b) The costs of land use planning and associated environmental  
28 analysis, project design and planning, acquisition, site preparation,  
29 construction, reconstruction, rehabilitation, improvement, operation,  
30 and installation of the local economic development project; the costs  
31 of relocation, maintenance, and operation of property pending  
32 construction of the local economic development project; the costs of  
33 financing, including interest during construction, legal and other  
34 professional services, taxes, and insurance; other capital costs that  
35 support the project; the costs of complying with sections 3 and 4 of  
36 this act and other applicable law; and the administrative costs  
37 reasonably necessary and related to these costs.

1        NEW SECTION.    **Sec. 3.**    (1) The municipal economic development  
2 project financing account is created in the state treasury. Beginning  
3 in fiscal year 2002, the state treasurer shall transfer into the  
4 municipal economic development project financing account for  
5 distribution under this section from the general fund the amount of  
6 five million dollars divided into four equal deposits occurring on July  
7 1, October 1, January 1, and April 1. For each fiscal year thereafter,  
8 the state treasurer shall increase the total transfer by the fiscal  
9 growth factor, as defined in RCW 43.135.025, forecast for that fiscal  
10 year by the office of financial management in November of the previous  
11 year.

12        (2) No city may receive a distribution under this section from the  
13 municipal economic development project financing account unless:

14        (a) The city has proposed a plan to the department of community,  
15 trade, and economic development that includes a description of the  
16 contemplated property and the local economic development project; the  
17 estimated cost of the total project, including both public and private  
18 components; the estimated period during which state revenues are to be  
19 received; ways in which the city plans to use state revenues to finance  
20 the public portion of the project; and the estimated state tax revenues  
21 to be derived from the project.

22        (b) The city has delivered notice of the information required under  
23 (a) of this subsection and the department of community, trade, and  
24 economic development has reviewed the information and determined there  
25 is a sufficient amount of revenue available to fund the project under  
26 subsection (1) of this section.

27        (c) The department of community, trade, and economic development  
28 has determined that the project meets the definition of local economic  
29 development project under section 2 of this act.

30        (3) Moneys deposited in the municipal economic development project  
31 financing account shall be distributed by the department of community,  
32 trade, and economic development to cities to assist with the costs of  
33 local economic development projects defined under section 2 of this  
34 act. Beginning January 2003, and every year thereafter, on the first  
35 day of the months of January, April, July, and October, the state  
36 treasurer shall distribute moneys in the account to qualifying cities.

37        (4) No city may receive more than two million five hundred thousand  
38 dollars of all moneys distributed under subsection (3) of this section  
39 in fiscal year 2002. For each fiscal year thereafter, the state

1 treasurer shall increase the total transfer by the fiscal growth  
2 factor, as defined in RCW 43.135.025, forecast for that fiscal year by  
3 the office of financial management in November of the previous year.

4 (5) Moneys distributed under this section shall be used exclusively  
5 for the purposes defined under section 2 of this act and not be used to  
6 replace or supplant existing funding.

7 (6) No city may lower its tax rate during the period it receives  
8 state revenues under subsection (3) of this section to finance a local  
9 economic development project.

10 NEW SECTION. **Sec. 4.** The department of community, trade, and  
11 economic development, in consultation with the department of revenue,  
12 must submit an annual report to appropriate legislative committees on  
13 the amount of revenue allocated to cities under the economic  
14 development financing program created in sections 2 through 4 of this  
15 act. The report must also contain information on: (1) The number,  
16 description, and location of requests for local economic development  
17 projects; (2) the number of local economic development projects  
18 approved by the department; and (3) an evaluation of how the local  
19 economic development project is meeting the definition of local  
20 economic development project in section 2 of this act.

21 NEW SECTION. **Sec. 5.** A new section is added to chapter 39.36 RCW  
22 to read as follows:

23 (1) Cities with local economic development projects approved by the  
24 department of community, trade, and economic development under section  
25 3 of this act may issue bonds for the purpose of funding local economic  
26 development projects authorized by section 3 of this act and may pledge  
27 to the payment of these bonds the amounts approved under section 3 of  
28 this act to provide financing for the project.

29 (2) A county in whose jurisdiction a local economic development  
30 project is located is authorized to issue bonds and incur indebtedness  
31 to finance a local economic development project and may pledge to the  
32 payment of these bonds the amounts approved under section 3 of this act  
33 to provide financing for the project pursuant to an interlocal  
34 agreement between the city receiving the funds and the county.

1        NEW SECTION.    **Sec. 6.**    This act supplements and neither restricts  
2 nor limits any powers which the state or any local government might  
3 otherwise have under any laws of this state.

4        NEW SECTION.    **Sec. 7.**    Sections 1 through 4 of this act are each  
5 added to chapter 82.14 RCW.

6        NEW SECTION.    **Sec. 8.**    If any provision of this act or its  
7 application to any person or circumstance is held invalid, the  
8 remainder of the act or the application of the provision to other  
9 persons or circumstances is not affected.

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