
SUBSTITUTE HOUSE BILL 2805

State of Washington

58th Legislature

2004 Regular Session

By House Committee on Local Government (originally sponsored by Representatives Romero, McIntire, Haigh, Dunshee, Moeller, Clibborn and Morrell)

READ FIRST TIME 02/06/04.

1 AN ACT Relating to the blue ribbon commission on land use and local
2 government finance; creating new sections; providing an expiration
3 date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there have been
6 numerous reports in the last decade on city and county finances that
7 focused on the allocation of resources to best meet services needs of
8 their citizens and on the changes affecting state and local revenues
9 needed to provide these services. The information from these reports
10 have presented a general picture of the complex and changing nature of
11 revenues and expenditures in the fiscal systems of city and county
12 governments.

13 Difficult economic times and limitations on local revenues have
14 forced local governments to aggressively pursue revenues from all
15 sources. These pursuits may lead to policy decisions that address
16 current budget needs, while simultaneously resulting in land use
17 decisions that may detrimentally affect the long-term health of
18 communities. The legislature finds that there is a need to understand
19 what impact the current trends in city and county revenue sources and

1 expenditures may have on land-use planning and meeting the goals of the
2 growth management act, especially goals regarding locating development
3 where adequate facilities exist, reducing sprawl, encouraging efficient
4 transportation systems, and providing affordable housing.

5 The legislature, therefore, intends to create the blue ribbon
6 commission on land use and local government finance to understand and
7 make recommendations on the impact that current trends in city and
8 county revenue sources and expenditures may have on land-use decisions
9 made by counties and cities and meeting the goals of the growth
10 management act.

11 NEW SECTION. **Sec. 2.** The blue ribbon commission on land use and
12 local government finance is hereby established. The commission's goal
13 shall be to understand which revenue sources cities and counties rely
14 on, how these sources have changed over the past decade, and how local
15 government financing structures affect land use decisions. The
16 commission shall review city and county expenditures and their
17 projection for change; the relationship between the state, cities, and
18 counties regarding revenue sources and expenditures; and the
19 relationship between the revenue sources, expenditures, and land
20 development policies.

21 In fulfilling its responsibilities, the commission shall evaluate
22 the trends in city and county revenue sources and expenditures and the
23 influence that those trends have on growth, development, and compliance
24 with the goals of the growth management act. The commission shall make
25 recommendations for the purpose of making the state and local
26 government finance structure more equitable in meeting the
27 responsibilities of providing services to their citizens and meeting
28 the goals of the growth management act.

29 NEW SECTION. **Sec. 3.** The commission shall consist of not more
30 than thirteen members. The commission shall consist of four
31 legislative members, seven members appointed by the governor, and two
32 ex officio members. The legislative members shall consist of one
33 member from each major caucus selected by the leadership of each
34 caucus. The seven members appointed by the governor shall include six
35 members with local government finance or land use expertise and one at-

1 large member. Four members appointed by the governor must be nominated
2 by associations chosen by the commission's legislative members and must
3 be:

4 (1) One member with expertise in city finance, including taxes,
5 fees, impact fees, and permit fees;

6 (2) One member with expertise in county finance, including taxes,
7 fees, impact fees, and permit fees;

8 (3) One member with expertise in city land use; and

9 (4) One member with expertise in county land use.

10 Two members appointed by the governor shall have expertise in
11 environmental land use and intergovernmental finance. One member
12 appointed by the governor shall be a member at large and serve as chair
13 of the commission. The ex officio members are the director of the
14 department of community, trade, and economic development and the
15 director of the department of revenue, or their designees, and such ex
16 officio members may not vote on commission matters.

17 Staffing for the commission shall be provided by the department of
18 community, trade, and economic development and the department of
19 revenue, with additional staff to be provided by other state agencies
20 and the legislature, as may be required. State agencies shall provide
21 the commission with information and assistance as needed.

22 NEW SECTION. **Sec. 4.** The commission shall:

23 (1) Consider the current system of city and county revenue sources
24 and expenditures, including reviewing previous legislative reports, and
25 how they have changed during the previous ten years;

26 (2) Consider the projections of population, revenues, and
27 expenditures in how cities and counties will meet their short-term and
28 long-term needs and obligations;

29 (3) Consider the requirements, limits, and flexibility of revenue
30 sources for city and county government in providing the services to
31 their citizens;

32 (4) Consider how the current financial structure of city and county
33 governments, including taxes and fees, influence land use and
34 development decisions and compliance with the goals of the growth
35 management act;

36 (5) Consider how current financial structures influence annexation
37 and the type of development, including the balance between commercial,

1 residential, and industrial development, the cooperation or competition
2 with adjoining jurisdictions, and the pattern of new development in
3 relationship to existing commercial and residential areas in the
4 community and region and what effect this pattern has on a community's
5 infrastructure and quality of life;

6 (6) Detail the progress in each of the buildable land counties to
7 date in achieving annexation or incorporation of its urban growth area
8 since adoption of the county's county-wide planning policies to the
9 present time by documenting:

10 (a) The number of acres annexed;

11 (b) The number of acres incorporated;

12 (c) The number of residents annexed, incorporated, and remaining in
13 urban unincorporated areas; and

14 (d) The characteristic of urban land remaining unincorporated in
15 terms of assessed value, infrastructure deficits, service needs, land
16 use, commercial development, and residential development;

17 (7) Determine the characteristics of remaining urban unincorporated
18 areas and current statutes, and estimate when all urban unincorporated
19 areas in each county will be annexed or incorporated, based on the rate
20 of progress to date;

21 (8) Survey the counties to identify those obstacles which, in their
22 experience, slow or prohibit annexation;

23 (9) Survey the cities in each of the subject counties to identify
24 obstacles, which in their experience, slow or prohibit annexation;

25 (10) Survey residents of urban unincorporated areas in each of the
26 subject counties to identify their attitudes towards annexation or
27 incorporation;

28 (11) Assess the role and statutory authority of the boundary review
29 board and how altering their role and authority might facilitate
30 annexation; and

31 (12) Make recommendations to improve the state and local government
32 finance system to encourage cooperation among jurisdictions for
33 solutions that meet the goals of the growth management act. The
34 commission shall also make recommendations to improve the
35 interdependence of state and local governments in providing services,
36 to improve flexibility of revenue sources, and to improve the balance
37 between providing basic services and the revenue base needed to finance
38 them.

1 NEW SECTION. **Sec. 5.** The commission shall convene commencing June
2 1, 2004, and shall complete its work by June 30, 2006. The commission
3 shall submit a report to the governor and the appropriate committees of
4 the legislature stating its findings, conclusions, and recommendations
5 not later than November 1, 2005.

6 NEW SECTION. **Sec. 6.** Nonlegislative members of the commission
7 shall be reimbursed for travel expenses as provided in RCW 43.03.050
8 and 43.03.060. Legislative members shall be reimbursed for travel
9 expenses as provided in RCW 44.04.120.

10 NEW SECTION. **Sec. 7.** This act expires June 30, 2006.

11 NEW SECTION. **Sec. 8.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and takes effect
14 immediately.

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