

HOUSE BILL REPORT

HB 1992

As Reported by House Committee On:
Community & Economic Development & Trade
Finance

Title: An act relating to community preservation and development authorities.

Brief Description: Creating community preservation and development authorities.

Sponsors: Representatives Santos, Kenney and Hasegawa.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/19/07, 2/27/07 [DPS];
Finance: 3/5/07 [DP2S(w/o sub CEDT)].

Brief Summary of Second Substitute Bill

- Creates community preservation and development authorities, and provides for their formation, powers, and duties.
- Creates the Community Preservation and Development Account in the State Treasury.
- Authorizes establishment of the Pioneer Square - International District Community Preservation and Development Authority.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Chase, Darneille and P. Sullivan.

Minority Report: Do not pass. Signed by 3 members: Representatives Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member and Haler.

Staff: Meg Van Schoorl (786-7105).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Every year, federal, state and local governments undertake significant public facilities and infrastructure projects in communities around the state. While some of these projects only temporarily affect the surrounding community, others have a more lasting impact.

Summary of Substitute Bill:

Community preservation and development authorities are created to restore or enhance the health, safety, and well-being of communities adversely impacted by construction and operation of multiple major public facilities, public works, and capital projects with significant public funding. Their purposes include:

- to revitalize, enhance, and preserve the unique character of impacted communities;
- to mitigate the adverse effects of multiple public projects;
- to restore the sense of community, reduce displacement of residents and businesses, stimulate economic vitality, enhance public service provisions, and improve residents' standard of living;
- to preserve historic buildings by returning them to economically productive uses; and
- to raise the visibility of the consequences of public policy decisions and actions.

A community preservation and development authority's (Authority) formation requires the following sequential steps:

- The constituency of an impacted community proposes formation of an Authority to its state legislative delegation.
- A community proposing formation after January 1, 2008, must identify in its proposal at least one stable revenue source that can be used to support projects contained in the Authority's strategic plan and that has a nexus with the multiple publicly funded facilities that have adversely impacted the community.
- The Legislature must find that the area within the proposed Authority's geographic boundaries meets the act's definitions of "community" and "impacted community" and, after January 1, 2008, that the community has identified at least one stable revenue source.
- The Legislature may then authorize the Authority's establishment.

The bill directs that an Authority will be managed by a board of directors and provides board membership criteria, terms, and election processes. An Authority has the power to:

- accept public or private gifts, grants or loans;
- contract and enter into partnerships with certain parties;
- buy, own, lease and sell real and personal property;
- hold in trust, improve and develop land;
- incur debt in furtherance of its mission; and
- lend its funds, property, credit or services.

However, an Authority has no power of eminent domain nor power to levy taxes or special assessments.

An Authority has the duty to:

- establish its specific geographic boundaries within its bylaws (and report any changes to the Legislature);
- solicit community input and develop a strategic preservation and development plan;
- identify a prioritized list of projects in the plan, including capital and operating components that address one or more of the purposes of this act;
- establish funding mechanisms to implement the plan;
- use gifts, grants and loans to contract and enter into partnerships to carry out the projects in the strategic plan, including those that enhance public safety, reduce blight, and mitigate adverse effects; and
- demonstrate accountability by reporting as directed in the act to the Legislature and to its constituency at an annual town hall meeting.

The Legislature finds that the Pioneer Square - International District of Seattle meets the definitions of "community" and "impacted community" and that its constituency has proposed formation of an Authority. The Legislature authorizes establishment of this specific Authority.

The Community Preservation and Development Account is created in the State Treasury, and includes a sub-account for operating project purposes and a sub-account for capital project purposes.

State and local government agencies must consult fully with an Authority and impacted community before making siting, design, and construction decisions for future major public capital projects and must make every effort to minimize negative, cumulative effects of multiple projects.

Sales and use of tangible personal property, labor and services to an Authority in order to implement a project in its strategic plan are exempt from state and local sales and use taxes.

Substitute Bill Compared to Original Bill:

The appropriations sections and emergency clause are removed. A community proposing formation of an Authority after January 1, 2008, must identify in its proposal one or more stable revenue sources that: (1) have a nexus with the multiple publicly-funded facilities that have adversely impacted it; and (2) can be used to support operating or capital projects in the strategic plan. Before authorizing establishment of an Authority, the Legislature must find that a community has identified such a revenue source. The Authority shall use grants, gifts, and loans to contract and enter into partnerships with a broad range of organizations to carry out projects identified in the strategic plan. These include but are not limited to those that enhance public safety, reduce community blight, provide ongoing mitigation of the adverse effects, and address other purposes. The Legislature authorizes establishment of the Pioneer Square - International District Community Preservation and Development Authority in Seattle. The Community Preservation and Development Account in the State Treasury is divided into two sub-accounts, one for operating appropriations and the other for capital appropriations.

Appropriation: None.

Fiscal Note: Available on original bill.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Two of the oldest neighborhoods in Seattle (Pioneer Square and the International District) were settled by workers from across the world and hold a special place in the history of the city and the state. These neighborhoods are in jeopardy today from adverse impacts of multiple capital projects built in the area, including two stadia that bring in crowds of 90,000 people per year to participate in over 90 games. Adverse impacts of these crowds include an overflow of garbage and litter and lack of parking close to retailers and restaurants.

Neighborhood businesses pay the costs of sanitation crews, and access to small businesses is restricted. There are over 30 art galleries in Pioneer Square, but stadia clientele are more interested in the entertainment/bar scene than art. Our hair salon has been in the area for 20 years, and grew 20 to 25 percent in the first five years. However, since the stadia were built, it has been very difficult to maintain business given parking and traffic problems. Of 2,000 people in the International District, 60 percent are elderly with deep cultural roots in the area. They are concerned about public safety, gentrification, and environmental health. Traffic accidents and respiratory problems are much higher than in other neighborhoods. This bill is intended to enable these communities to be in charge of their destinies and revitalize their economies.

(With concerns) We support the bill, but if there are appropriations in the bill for capital projects, prevailing wage standards would apply.

(Opposed) None.

Persons Testifying: (In support) Representative Santos, prime sponsor; Tim Wang, Chinatown International District Business Improvement Association; Katie Comer, Pioneer Square Community Association; Kay Hirai, Studio 904, Inc.; and Justine Leyson, International District Housing Alliance.

(With concerns) Dave Johnson, Washington State Building Trades.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

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 Community & Economic Development & Trade. Signed by 6 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Conway, Ericks, McIntire and Santos.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member and Roach.

Staff: Mark Matteson (786-7145).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Community & Economic Development & Trade:

Removes the provisions that provide sales and use tax exemptions on acquisition of tangible personal property or labor and services.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) In legislative actions that we have taken, we don't always consider the localized cost of major investments. The purpose of this legislation is to balance out the cost to communities that bear a disproportionate share of the impact of major investments. There is no cost to this bill and the sales and use tax exemption will be removed.

(Opposed) None.

Persons Testifying: (In support) Representative Santos, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.