

# HOUSE BILL REPORT

## ESB 5508

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**As Reported by House Committee On:**  
State Government & Tribal Affairs  
Appropriations

**Title:** An act relating to economic development project permitting.

**Brief Description:** Providing for economic development project permitting.

**Sponsors:** Senators Kilmer, Zarelli, Hatfield, Schoesler, Holmquist, Kastama, Tom, Sheldon, Shin and Rasmussen.

**Brief History:**

**Committee Activity:**

State Government & Tribal Affairs: 3/23/07, 3/27/07 [DP];  
Appropriations: 3/31/07, 4/2/07 [DPA].

**Brief Summary of Engrossed Bill  
(As Amended by House Committee)**

- Recommends that state and local agencies provide permit applicants with information pertinent to the cost and duration of the permit process.
- Requires that the local government's record of providing such information shall be used as criteria for awarding funds when those local governments are applying for funding through the Public Works Board, the Community Economic Revitalization Board, the Local Infrastructure Financing Tool, or the Job Development Fund.
- Requires the Office of Regulatory Assistance to assist local jurisdictions with the statutory requirements for local project review.
- Eliminates current law reporting requirements to the Governor and the Legislature for the Office of Regulatory Assistance.

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### HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

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*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.*

**Majority Report:** Do pass. Signed by 9 members: Representatives Hunt, Chair; Appleton, Vice Chair; Chandler, Ranking Minority Member; Armstrong, Assistant Ranking Minority Member; Green, Kretz, McDermott, Miloscia and Ormsby.

**Staff:** Colleen Kerr (786-7168).

**Background:**

The Office of Regulatory Assistance (ORA) was created by the Legislature in 2003 and resides in the Office of Financial Management. The ORA serves as the nexus for the state agencies that exercise the regulatory function of state government, including:

- the Department of Ecology;
- the Department of Health;
- the Department of Fish and Wildlife;
- the Department of Natural Resources; and
- the Department of Licensing.

The ORA was created to provide citizens with information assistance regarding regulations, permit requirements, and rule-making processes in the state. It is required to operate on the principle that state citizens should receive a date and time for a decision on a permit, the information required to make a decision on a permit, and an estimate of the maximum amount of costs in fees, studies, or public processes that will be incurred by the applicant.

The Public Works Board provides low-interest loans, grants, and technical assistance to local government entities to finance infrastructure projects to meet public health and safety needs. Applicants can apply to several different loan programs throughout the year.

The Community Economic Revitalization Board (CERB) provides low-interest loans, grants, and technical assistance to local government entities to finance and support infrastructure for economic development projects. Applicant local government entities work with staff to develop applications and may apply for assistance 45 days prior to any of the six annual CERB meetings.

The Local Infrastructure Finance Tool (LIFT) is a competitive program that allows selected local governments to take advantage of tax revenue generated by private investment in a Revenue Development Area (RDA) to make payments on bonds used to finance public infrastructure improvements. Incremental revenue increases in the RDA and revenue from other local public sources are used to match state money and must also be used to repay the same bonds. The state revenue earned is distributed through a local sales and use tax that is credited against the state's sales and use tax. Local government entities may apply on an annual basis.

The Job Development Fund (JDF), like the CERB, provides financing to support infrastructure needs that meet economic development objectives, but it provides only grants and can award up to \$10 million per project to local government entity applicants. The JDF had a two-phase annual application process.

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**Summary of Bill:**

The Legislature recommends that permit applicants receive information from city, county, or state agencies regarding the amount of time an agency will need to make a permit decision and the minimum amount of information required for a decision. Applicants should also receive information on when an application is considered complete, the expected agency fees, and, in writing, the reasons for denial of a permit. Permitting agencies are encouraged to report annually on success in providing this information.

When a local government applies for Public Works Board funding, Community Economic Revitalization Board funding, Local Infrastructure Financing Tool funding, or Job Development Fund Program funding, the criteria to be considered will include whether the local government applicant has a good record of providing information to those applying for development permits.

The ORA is to help local jurisdictions by providing information about best practices in complying with permit timeline requirements and by providing technical assistance in reducing the turnaround time between submittal and issuance of a development permit. The termination date for the ORA is extended to June 30, 2011.

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**Appropriation:** The sum of \$45,000 is appropriated from the State General Fund to the Office of Regulatory Assistance for the fiscal year ending June 30, 2008.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The biggest challenge for businesses in working with the state is the transparency and predictability around the permitting process. This is the difference between new investment in a community and no investment in a community. In recent years, the Legislature has sought to improve this process by encouraging and requiring the development of permitting timelines. Some Representatives have even proposed the idea of a permit applicant's bill of rights. This bill differs from that idea in that this is a carrot to local governments rather than a stick.

This bill is about improving government services and furthering the economic growth of the state's communities. Predictability is crucial to builders who want to bid on projects and need to budget both time and cost. Compliance among local jurisdiction with existing requirements has been inconsistent at best. This bill provides an incentive rather than punishment to these jurisdictions so that they will do what they are already supposed to do.

It is the right step to support small business. The regulatory system in the state and the barriers it presents is as significant of a problem to small business as is healthcare. Small businesses walk into the permit process with the expectation that government agencies will present this information up front and in many cases this does not happen.

The annual reporting requirement allows the Legislature to be kept informed as to the progress.

(Opposed) None.

**Persons Testifying:** Senator Kilmer, prime sponsor; Carolyn Logue, National Federation of Independent Business; and Amy Brackenbury, Business Industry Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass as amended. Signed by 29 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Buri, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Anderson, Dunn and McIntire.

**Staff:** Alex MacBain (786-7288).

### **Background:**

The Office of Regulatory Assistance (ORA's) authorizing statute includes a sunset date of June 30, 2007. The Joint Legislative Audit and Review Committee (JLARC) submitted its sunset review on January 4, 2007. That review recommended extending the ORA's sunset date to 2011 and recommended that ORA develop an implementation plan to remedy the agency's lack of information about its activities. The JLARC also recommended that the ORA should report to the Legislature to demonstrate performance and compliance with statutory duties.

The ORA's authorizing statutes require it to report biennially to the Governor and the Legislature with the following reports: a performance report based on customer surveys; a report on any statutory or regulatory conflicts identified by the office in the course of its duties; and a report on its use of outside independent consultants.

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On State Government & Tribal Affairs:**

The Appropriations Committee recommended the elimination of the following biennial reporting requirements of the ORA: a report on the agency's performance based on customer

surveys; a report on any statutory or regulatory conflicts identified by the office in the course of its duties; and a report on its use of outside independent consultants. The Appropriations Committee also recommended the elimination of the appropriation contained in the bill.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In Support) This legislation proposes to grant \$45,000 to the Office of Regulatory Assistance (ORA) so that they can assist local jurisdictions in complying with permit timeline reporting requirements that were enacted in 2001 and 2003. Compliance with the timelines has been intermittent at best. We hope that the assistance of ORA and the incentives provided in the bill will encourage better compliance with the requirements by local jurisdictions.

(Opposed) None.

**Persons Testifying:** Amy Brackenburg, Business Industry Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.