

SENATE BILL REPORT

SB 6757

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 1, 2010

Title: An act relating to the designation and support of projects of statewide significance.

Brief Description: Concerning the designation and support of projects of statewide significance.

Sponsors: Senators Fraser, Kastama, Kilmer, Shin and McAuliffe; by request of Governor Gregoire.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/28/10, 2/01/10 [DPS-WM, w/oRec].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 6757 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Eide and Kilmer.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Delvin and McCaslin.

Staff: Jack Brummel (786-7428)

Background: In 1997 a process was enacted to expedite the development of industrial projects of statewide significance. Last year the Legislature changed the statute and industrial projects of statewide significance were renamed projects of statewide significance. Such projects must meet capital investment or job creation requirements. Development projects that will provide net environmental benefit or will further commercialization of innovations may be designated as projects of statewide significance.

An application for designation as an industrial project of statewide significance must be submitted to the Department of Commerce (Commerce). The application must include a letter of approval from jurisdictions where a project is located and must commit to providing the local staff necessary to expedite the completion of a project. Counties and cities

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requesting a project's designation as one of statewide significance must ensure the participation of local officials on the public/private team expediting a project's completion.

Counties and cities with projects are to enter into agreements with the Office of Regulatory Assistance (ORA) and local project managers to expedite the processes necessary for the design and construction of projects. The ORA is to provide facilitation and coordination services to expedite completion of industrial projects of statewide significance. The project proponents may provide the funding necessary for the local jurisdiction to hire the staff required to expedite the process.

Summary of Bill (Recommended Substitute): A project of statewide significance must have full-time employment positions after construction of at least 50 in rural counties and 100 in non-rural counties. In addition, such projects must have private capital investment in:

- manufacturing;
- research and development;
- a computer data center;
- renewable energy generation; or
- port facilities.

The ORA is to assign to each project of statewide significance a lead staff who will lead the state permit scoping and coordination process, assemble a team of local, state, and federal professionals to meet project needs, and assist team members in expediting decision-making.

Letters from jurisdictions stating their intent to have staff necessary to expedite decision-making on a project must not guarantee approval of a proposed project of statewide significance.

Investors in projects of statewide significance may claim a credit against the business and occupation tax or the public utility tax equal to 5 percent of the initial capital cost. The credit will apply only to projects for which construction starts after February 28, 2010, and before January 1, 2012. The credit granted to any one entity cannot exceed \$25 million. No more than 20 percent of the credit earned may be claimed in any fiscal year and unused credit may be carried forward. The credit is available on a first-in-time basis and the total credit available is limited to \$100 million. No credit may be claimed before a project is operationally complete and projects must be operationally complete by December 31, 2016. Businesses claiming a credit must file a survey about employment positions in the business with the Department of Revenue (DOR) for each year they claim the credit.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Substitute): The date which a project must be operationally complete for purposes of claiming the credit is moved out two years to 2016.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill: PRO: This is for a limited time and it can help get projects going. The tax credit should create about 20,000 construction jobs and about 5,000 permanent jobs. This will create jobs more quickly in the short term. Commerce strongly endorses the bill. It is broadly applicable across sectors. Expedited permitting can get a project off the sidelines. The DOR supports the bill.

Persons Testifying: PRO: Senator Fraser, prime sponsor; Heidi Hughes, Governor's Office; Alyson Fouts, DOR; Daniel Malarkey, Commerce.