

# SENATE BILL REPORT

## SB 5403

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As Passed Senate, February 25, 2011

**Title:** An act relating to authorizing local improvement district funding to benefit innovation partnership zones for the purposes of economic development.

**Brief Description:** Authorizing local improvement district funding to benefit innovation partnership zones for the purposes of economic development.

**Sponsors:** Senators Chase, Kastama, Shin, Prentice, McAuliffe and Pridemore.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 2/03/11, 2/07/11 [DP].  
Passed Senate: 2/25/11, 48-0.

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** Do pass.

Signed by Senators Kastama, Chair; Chase, Vice Chair; Baumgartner, Ranking Minority Member; Hatfield, Holmquist Newbry, Kilmer and Shin.

**Staff:** Edward Redmond (786-7471)

**Background:** Under current law, cities and towns have broad legal authority to create a local improvement district (LID) for the purpose of constructing, reconstructing, or repairing a wide range of publicly-owned structures, facilities, and infrastructure. A LID may be created by an ordinance passed by the city or town council in accordance with specified statutory procedures. The passage of the ordinance must be in response to either a petition or resolution proposing the creation of the district which is subject to a public hearing. Under certain circumstances the proceedings necessary to establish a LID must be initiated by the petition of the affected property owners. LID improvements are financed, in whole or in part, through special assessments on property that is specially benefited by the improvement.

The Legislature established Innovative Partnership Zones (IPZs) in 2007. IPZs are designated local areas that have research capacity, globally competitive firms in research-based industries, and training capacity. IPZs must have identifiable boundaries within which concentrated efforts will be made to connect innovative researchers, entrepreneurs, investors, industry associations or clusters, and training providers. IPZs are eligible for funds as provided by the Legislature or Governor. IPZs are designated by the Department of

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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.*

Commerce with the advice of the Economic Development Commission. IPZ designation is for a period of four years, which may be renewed through a reapplication process.

**Summary of Bill:** The list of projects eligible for LID funding is expanded. LID funding may be used to construct and maintain research laboratories, testing facilities, incubation facilities, and training centers that are built in IPZ designated areas.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Some people are concerned that we will abandon this enterprise. This will show we are serious about building the innovation economy. We are seeing good success at IPZs. This bill provides us with support and gives an emphasis to IPZs. The EDC is a great supporter of the IPZ experiment. Local areas should have flexibility to raise funds and use new tools for financing innovation. Intangible assets should have incentives, too.

**Persons Testifying:** PRO: Senator Chase, prime sponsor; Tim McCarty, Walla Walla IPZ; Egils Milbergs, WA Economic Development Commission.