
SUBSTITUTE SENATE BILL 6359

State of Washington

62nd Legislature

2012 Regular Session

By Senate Economic Development, Trade & Innovation (originally sponsored by Senators Eide, Kastama, Kilmer, and McAuliffe)

READ FIRST TIME 02/01/12.

1 AN ACT Relating to modifying provisions related to the office of
2 regulatory assistance; amending RCW 43.42.010, 43.42.050, 43.42.070,
3 43.42.095, 43.79A.040, 43.155.070, and 43.160.060; reenacting and
4 amending RCW 43.42.060 and 43.84.092; and adding a new section to
5 chapter 43.42 RCW.

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

7 **Sec. 1.** RCW 43.42.010 and 2011 c 149 s 2 are each amended to read
8 as follows:

9 (1) The office of regulatory assistance is created in the office of
10 financial management and must be administered by the office of the
11 governor to help improve the regulatory system and assist citizens,
12 businesses, and project proponents.

13 (2) The governor must appoint a director. The director may employ
14 a deputy director and a confidential secretary and such staff as are
15 necessary, or contract with another state agency pursuant to chapter
16 39.34 RCW for support in carrying out the purposes of this chapter.

17 (3) The office must offer to:

18 (a) Act as the central point of contact for the project proponent
19 in communicating about defined issues;

- 1 (b) Conduct project scoping as provided in RCW 43.42.050;
- 2 (c) Verify that the project proponent has all the information
3 needed to correctly apply for all necessary permits;
- 4 (d) Provide general coordination services;
- 5 (e) Coordinate the efficient completion among participating
6 agencies of administrative procedures, such as collecting fees or
7 providing public notice;
- 8 (f) Maintain contact with the project proponent and the permit
9 agencies to promote adherence to agreed schedules;
- 10 (g) Assist in resolving any conflict or inconsistency among permit
11 requirements and conditions;
- 12 (h) Coordinate, to the extent practicable, with relevant federal
13 permit agencies and tribal governments;
- 14 (i) Facilitate meetings;
- 15 (j) Manage a fully coordinated permit process, as provided in RCW
16 43.42.060; and
- 17 (k) Help local jurisdictions comply with the requirements of
18 chapter 36.70B RCW (~~by providing information about best permitting
19 practices methods to improve communication with, and solicit early
20 involvement of, state agencies when needed; and~~
- 21 ~~(l) Maintain and furnish information as provided in RCW
22 43.42.040~~)).
- 23 (4) The office must also:
- 24 (a) Provide information to local jurisdictions about best
25 permitting practices, methods to improve communication with, and
26 solicit early involvement of, state agencies when needed, and effective
27 means of assessing and communicating expected project timelines and
28 costs;
- 29 (b) Maintain and furnish information as provided in RCW 43.42.040;
30 and
- 31 (c) Provide the following by September 1, 2009, and biennially
32 thereafter, to the governor and the appropriate committees of the
33 legislature:
- 34 ~~((a))~~ (i) A performance report including:
- 35 ~~((i))~~ (A) Information regarding use of the office's voluntary
36 cost-reimbursement services as provided in RCW 43.42.070;
- 37 ~~((ii))~~ (B) The number and type of projects or initiatives where

1 the office provided services (~~and the resolution provided by the~~
2 ~~office on any conflicts that arose on such projects;~~

3 ~~(iii) The agencies involved on specific projects;~~

4 ~~(iv) Specific information on any difficulty encountered in~~
5 ~~provision of services, implementation of programs or processes, or use~~
6 ~~of tools; and~~

7 ~~(v) Trend reporting that allows comparisons between statements of~~
8 ~~goals and performance targets and the achievement of those goals and~~
9 ~~targets; and~~

10 ~~(b) Recommendations on system improvements including~~
11 ~~recommendations regarding:~~

12 ~~(i) Measurement of overall system performance;~~

13 ~~(ii) Changes needed to make cost reimbursement, a fully coordinated~~
14 ~~permit process, multiagency permitting teams, and other processes~~
15 ~~effective; and~~

16 ~~(iii) Resolving any conflicts or inconsistencies arising from~~
17 ~~differing statutory or regulatory authorities, roles and missions of~~
18 ~~agencies, timing and sequencing of permitting and procedural~~
19 ~~requirements as identified by the office in the course of its duties))~~
20 including the key agencies with which the office partnered;

21 (C) Specific information on any difficulty encountered in providing
22 services or implementing programs, processes, or assistance tools; and

23 (D) Trend reporting that allows comparisons between statements of
24 goals and performance targets and the achievement of those goals and
25 targets; and

26 (ii) Recommendations on system improvements including, but not
27 limited to, recommendations on improving environmental permitting.

28 **Sec. 2.** RCW 43.42.050 and 2009 c 97 s 5 are each amended to read
29 as follows:

30 (1) Upon request of a project proponent, the office (~~shall~~) must
31 determine the level of project scoping needed by the project proponent,
32 taking into consideration the complexity of the project and the
33 experience of those expected to be involved in the project application
34 and review process. The director may require the attendance at a
35 scoping meeting of any state or local agency.

36 (2) Project scoping (~~shall~~) must consider the complexity, size,

1 and needs for assistance of the project and (~~shall~~) must address as
2 appropriate:

3 (a) The permits that are required for the project;

4 (b) The permit application forms and other application requirements
5 of the participating permit agencies;

6 (c) The specific information needs and issues of concern of each
7 participant and their significance;

8 (d) Any statutory or regulatory conflicts that might arise from the
9 differing authorities and roles of the permit agencies;

10 (e) Any natural resources, including federal or state listed
11 species, that might be adversely affected by the project and might
12 cause an alteration of the project or require mitigation; and

13 (f) The anticipated time required for permit decisions by each
14 participating permit agency, including the estimated time required to
15 determine if the permit application is complete, to conduct
16 environmental review, and to review and process the application. In
17 determining the estimated time required, full consideration must be
18 given to achieving the greatest possible efficiencies through any
19 concurrent studies and any consolidated applications, hearings, and
20 comment periods.

21 (3) The outcome of the project scoping (~~shall~~) must be documented
22 in writing, furnished to the project proponent, and be made available
23 to the public.

24 (4) The project scoping (~~shall~~) must be completed prior to the
25 passage of sixty days of the project proponent's request for a project
26 scoping unless the director finds that better results can be obtained
27 by delaying the project scoping meeting or meetings to ensure full
28 participation.

29 (5) Upon completion of the project scoping, the participating
30 permit agencies (~~shall~~) must proceed under their respective
31 authorities. The agencies may remain in communication with the office
32 as needed.

33 (6) This section does not create an independent cause of action,
34 affect any existing cause of action, or establish time limits for
35 purposes of RCW 64.40.020.

36 **Sec. 3.** RCW 43.42.060 and 2009 c 421 s 8 and 2009 c 97 s 6 are
37 each reenacted and amended to read as follows:

1 (1) A project proponent may submit a written request to the
2 director of the office for participation in a fully coordinated permit
3 process. Designation as a fully coordinated project requires that:

4 (a) The project proponent enters into a cost-reimbursement
5 agreement pursuant to RCW 43.42.070;

6 (b) The project has a designation under chapter 43.157 RCW; or

7 (c) The director determine that (i)(A) the project raises complex
8 coordination, permit processing, or substantive permit review issues;
9 or (B) if completed, the project would provide substantial benefits to
10 the state; and (ii) the office, as well as the participating permit
11 review agencies, have sufficient capacity within existing resources to
12 undertake the full coordination process without reimbursement and
13 without seriously affecting other services.

14 (2) A project proponent who requests designation as a fully
15 coordinated permit process project must provide the office with a full
16 description of the project. The office may request any information
17 from the project proponent that is necessary to make the designation
18 under this section, and may convene a scoping meeting or a work plan
19 meeting of the likely participating permit agencies.

20 (3) When a project is designated for the fully coordinated permit
21 process, the office (~~shall~~) must serve as the main point of contact
22 for the project proponent and participating agencies with regard to the
23 permit process for the project as a whole. Each participating agency
24 must designate a single point of contact for coordinating with the
25 office. The office (~~shall~~) must keep an up-to-date project
26 management log and schedule illustrating required procedural steps in
27 the permitting process, and highlighting substantive issues as
28 appropriate that must be resolved in order for the project to move
29 forward. In carrying out these responsibilities, the office (~~shall~~)
30 must:

31 (a) Ensure that the project proponent has been informed of all the
32 information needed to apply for the permits that are included in the
33 coordinated permit process;

34 (b) Coordinate the timing of review for those permits by the
35 respective participating permit agencies;

36 (c) Facilitate communication between project proponents,
37 consultants, and agency staff to promote timely permit decisions;

1 (d) Assist in resolving any conflict or inconsistency among the
2 permit requirements and conditions that are expected to be imposed by
3 the participating permit agencies; and

4 (e) Make contact, at least once, with any local, tribal, or federal
5 jurisdiction that is responsible for issuing a permit for the project
6 and invite them to participate in the coordinated permit process or to
7 receive periodic updates in the project.

8 (4) Within thirty days, or longer with agreement of the project
9 proponent, of the date that the office designates a project for the
10 fully coordinated permit process, it shall convene a work plan meeting
11 with the project proponent and the participating permit agencies to
12 develop a coordinated permit process schedule. The meeting agenda
13 (~~shall~~) may include (~~at least~~) any of the following:

14 (a) Review of the permits that are required for the project;

15 (b) A review of the permit application forms and other application
16 requirements of the agencies that are participating in the coordinated
17 permit process;

18 (c) An estimation of the timelines that will be used by each
19 participating permit agency to make permit decisions, including the
20 estimated time periods required to determine if the permit applications
21 are complete and to review or respond to each application or submittal
22 of new information.

23 (i) The estimation must also include the estimated number of
24 revision cycles for the project, or the typical number of revision
25 cycles for projects of similar size and complexity.

26 (ii) In the development of this timeline, full attention (~~shall~~)
27 must be given to achieving the maximum efficiencies possible through
28 concurrent studies and consolidated applications, hearings, and comment
29 periods.

30 (iii) Estimated action or response times for activities of the
31 office that are required before or trigger further action by a
32 participant must also be included;

33 (d) Available information regarding the timing of any public
34 hearings that are required to issue permits for the project and a
35 determination of the feasibility of coordinating or consolidating any
36 of those required public hearings; and

37 (e) A discussion of fee arrangements for the coordinated permit

1 process, including an estimate of the costs allowed by statute, any
2 reimbursable agency costs, and billing schedules, if applicable.

3 (5) Each agency (~~shall~~) must send at least one representative
4 qualified to discuss the applicability and timelines associated with
5 all permits administered by that agency or jurisdiction. At the
6 request of the project proponent, the office (~~shall~~) must notify any
7 relevant local or federal agency or federally recognized Indian tribe
8 of the date of the meeting and invite that agency's participation in
9 the process.

10 (6) Any accelerated time period for the consideration of a permit
11 application (~~shall~~) must be consistent with any statute, rule, or
12 regulation, or adopted state policy, standard, or guideline that
13 requires the participation of other agencies, federally recognized
14 Indian tribes, or interested persons in the application process.

15 (7) If a permit agency or the project proponent foresees, at any
16 time, that it will be unable to meet the estimated timelines or other
17 obligations under the agreement, it (~~shall~~) must notify the office of
18 the reasons for the problem and offer potential solutions or an amended
19 timeline for resolving the problem. The office (~~shall~~) must notify
20 the participating permit agencies and the project proponent and, upon
21 agreement of all parties, adjust the schedule, or, if necessary,
22 schedule another work plan meeting.

23 (8) The project proponent may withdraw from the coordinated permit
24 process by submitting to the office a written request that the process
25 be terminated. Upon receipt of the request, the office (~~shall~~) must
26 notify each participating permit agency that a coordinated permit
27 process is no longer applicable to the project.

28 **Sec. 4.** RCW 43.42.070 and 2010 c 162 s 4 are each amended to read
29 as follows:

30 (1) The office may enter into cost-reimbursement agreements with a
31 project proponent to recover from the project proponent the reasonable
32 costs incurred by the office in carrying out the provisions of (~~RCW~~
33 ~~43.42.050, 43.42.060, 43.42.090, and 43.42.092~~) this chapter. The
34 agreement must include provisions for covering the costs incurred by
35 the permit agencies that are participating in the cost-reimbursement
36 project and carrying out permit processing or project review tasks
37 referenced in the cost-reimbursement agreement.

1 (2) The office must maintain policies or guidelines for
2 coordinating cost-reimbursement agreements with participating agencies,
3 project proponents, and (~~outside~~) independent consultants. Policies
4 or guidelines must ensure that, in developing cost-reimbursement
5 agreements, conflicts of interest are eliminated. (~~Contracts with~~
6 ~~independent consultants hired by the office under this section must be~~
7 ~~based on competitive bids that are awarded for each agreement from a~~
8 ~~prequalified consultant roster.~~) The policies must also support
9 effective use of cost-reimbursement resources to address staffing and
10 capacity limitations as may be relevant within the office or
11 participating permit agencies.

12 (3) For fully coordinated permit processes and priority economic
13 recovery projects selected pursuant to this section, the office must
14 coordinate the negotiation of all cost-reimbursement agreements
15 executed under RCW 43.21A.690, 43.30.490, 43.70.630, 43.300.080, and
16 70.94.085. The office, project proponent, and (~~the~~) participating
17 permit agencies must be signatories to the cost-reimbursement agreement
18 or agreements. Each participating permit agency must manage
19 performance of its portion of the cost-reimbursement agreement.
20 Independent consultants hired under a cost-reimbursement agreement
21 (~~shall~~) must report directly to the hiring office or participating
22 permit agency. Any cost-reimbursement agreement must require that
23 final decisions are made by the participating permit agency and not by
24 a hired independent consultant.

25 (4) For (~~a fully coordinated project using cost reimbursement, the~~
26 ~~office and participating permit agencies must include a cost-~~
27 ~~reimbursement work plan, including deliverables and schedules for~~
28 ~~invoicing and reimbursement in the fully coordinated project work plan~~
29 ~~described in RCW 43.42.060. Upon request, the office must verify that~~
30 ~~the agencies have met the obligations contained in the cost-~~
31 ~~reimbursement work plan and agreement. The cost reimbursement~~
32 ~~agreement must identify the tasks of each agency and the maximum costs~~
33 ~~for work conducted under the agreement. The agreement must include a~~
34 ~~schedule that states:~~

35 ~~(a) The estimated number of weeks for initial review of the permit~~
36 ~~application for comparable projects;~~

37 ~~(b) The anticipated number of revision cycles;~~

1 ~~(c) The estimated number of weeks for review of subsequent revision~~
2 ~~submittals;~~

3 ~~(d) The estimated number of billable hours of employee time;~~

4 ~~(e) The rate per hour; and~~

5 ~~(f) A process for revision of the agreement if necessary.~~

6 ~~(5) If a permit agency or the project proponent foresees, at any~~
7 ~~time, that it will be unable to meet its obligations under the cost-~~
8 ~~reimbursement agreement and fully coordinated project work plan, it~~
9 ~~must notify the office and state the reasons, along with proposals for~~
10 ~~resolving the problems and potentially amending the timelines. The~~
11 ~~office must notify the participating permit agencies and the project~~
12 ~~proponent and, upon agreement of all parties, adjust the schedule, or,~~
13 ~~if necessary, coordinate revision of the cost reimbursement agreement~~
14 ~~and fully coordinated project work plan)) any project using cost~~
15 ~~reimbursement, the cost-reimbursement agreement must require the office~~
16 ~~and participating permit agencies to develop and periodically update a~~
17 ~~project work plan, which the office must provide on the internet and~~
18 ~~share with each party to the agreement.~~

19 (5)(a) The cost-reimbursement agreement must identify the proposed
20 project, the desired outcomes, and the maximum costs for work to be
21 conducted under the agreement. The desired outcomes must refer to the
22 decision-making process and may not prejudge or predetermine whether
23 decisions will be to approve or deny any required permit or other
24 application. Each participating permit agency must agree to give
25 priority to the cost-reimbursement project but may in no way reduce or
26 eliminate regulatory requirements as part of the priority review.

27 (b) Reasonable costs are determined based on time and materials
28 estimates with a provision for contingencies, or set as a flat fee tied
29 to a reasonable estimate of staff hours required.

30 (c) The cost-reimbursement agreement may include deliverables and
31 schedules for invoicing and reimbursement. The office may require
32 advance payment of some or all of the agreed reimbursement, to be held
33 in reserve and distributed to participating permit agencies and the
34 office upon approval of invoices by the project proponent. The project
35 proponent has thirty days to request additional information or
36 challenge an invoice. If an invoice is challenged, the office must
37 respond and attempt to resolve the challenge within thirty days. If
38 the office is unable to resolve the challenge within thirty days, the

1 challenge must be submitted to the office of financial management. A
2 decision on such a challenge must be made by the office of financial
3 management and approved by the director of the office of financial
4 management and is binding on the parties.

5 (d) Upon request, the office must verify whether participating
6 permit agencies have met the obligations contained in the project work
7 plan and cost-reimbursement agreement.

8 (6) If a party to the cost-reimbursement agreement foresees, at any
9 time, that it will be unable to meet its obligations under the
10 agreement, it must notify the office and state the reasons, along with
11 proposals for resolving the problems. The office must notify the other
12 parties to the cost-reimbursement agreement and seek to resolve the
13 problems by adjusting invoices, deliverables, or the project work plan,
14 or through some other accommodation.

15 **Sec. 5.** RCW 43.42.095 and 2010 c 162 s 5 are each amended to read
16 as follows:

17 The multiagency permitting team account is created in the ((state
18 treasury. All receipts from solicitations authorized in RCW 43.42.092
19 must be deposited into the account. Moneys in the account may be spent
20 only after appropriation. Expenditures from the account may be used
21 only for covering the initial administrative costs of multiagency
22 permitting teams and such other costs associated with the teams as may
23 arise that are not recoverable through cost reimbursement or cost-
24 sharing mechanisms)) custody of the state treasurer. All receipts from
25 cost-reimbursement agreements authorized in RCW 43.42.070 and
26 solicitations authorized in RCW 43.42.092 must be deposited into the
27 account. Expenditures from the account may be used only for covering
28 staffing, consultant, technology, and other administrative costs of
29 multiagency permitting teams and other costs associated with
30 multiagency project review and management that may arise. Only the
31 director of the office of regulatory assistance or the director's
32 designee may authorize expenditures from the account. The account is
33 subject to allotment procedures under chapter 43.88 RCW, but an
34 appropriation is not required for expenditures.

35 **Sec. 6.** RCW 43.79A.040 and 2011 1st sp.s. c 37 s 603 are each
36 amended to read as follows:

1 (1) Money in the treasurer's trust fund may be deposited, invested,
2 and reinvested by the state treasurer in accordance with RCW 43.84.080
3 in the same manner and to the same extent as if the money were in the
4 state treasury, and may be commingled with moneys in the state treasury
5 for cash management and cash balance purposes.

6 (2) All income received from investment of the treasurer's trust
7 fund must be set aside in an account in the treasury trust fund to be
8 known as the investment income account.

9 (3) The investment income account may be utilized for the payment
10 of purchased banking services on behalf of treasurer's trust funds
11 including, but not limited to, depository, safekeeping, and
12 disbursement functions for the state treasurer or affected state
13 agencies. The investment income account is subject in all respects to
14 chapter 43.88 RCW, but no appropriation is required for payments to
15 financial institutions. Payments must occur prior to distribution of
16 earnings set forth in subsection (4) of this section.

17 (4)(a) Monthly, the state treasurer must distribute the earnings
18 credited to the investment income account to the state general fund
19 except under (b), (c), and (d) of this subsection.

20 (b) The following accounts and funds must receive their
21 proportionate share of earnings based upon each account's or fund's
22 average daily balance for the period: The Washington promise
23 scholarship account, the college savings program account, the
24 Washington advanced college tuition payment program account, the
25 accessible communities account, the community and technical college
26 innovation account, the agricultural local fund, the American Indian
27 scholarship endowment fund, the foster care scholarship endowment fund,
28 the foster care endowed scholarship trust fund, the students with
29 dependents grant account, the basic health plan self-insurance reserve
30 account, the contract harvesting revolving account, the Washington
31 state combined fund drive account, the commemorative works account, the
32 county enhanced 911 excise tax account, the Washington international
33 exchange scholarship endowment fund, the toll collection account, the
34 developmental disabilities endowment trust fund, the energy account,
35 the fair fund, the family leave insurance account, the food animal
36 veterinarian conditional scholarship account, the fruit and vegetable
37 inspection account, the future teachers conditional scholarship
38 account, the game farm alternative account, the GET ready for math and

1 science scholarship account, the Washington global health technologies
2 and product development account, the grain inspection revolving fund,
3 the industrial insurance rainy day fund, the juvenile accountability
4 incentive account, the law enforcement officers' and firefighters' plan
5 2 expense fund, the local tourism promotion account, the multiagency
6 permitting team account, the pilotage account, the produce railcar pool
7 account, the regional transportation investment district account, the
8 rural rehabilitation account, the stadium and exhibition center
9 account, the youth athletic facility account, the self-insurance
10 revolving fund, the sulfur dioxide abatement account, the children's
11 trust fund, the Washington horse racing commission Washington bred
12 owners' bonus fund and breeder awards account, the Washington horse
13 racing commission class C purse fund account, the individual
14 development account program account, the Washington horse racing
15 commission operating account (earnings from the Washington horse racing
16 commission operating account must be credited to the Washington horse
17 racing commission class C purse fund account), the life sciences
18 discovery fund, the Washington state heritage center account, the
19 reduced cigarette ignition propensity account, and the reading
20 achievement account.

21 (c) The following accounts and funds must receive eighty percent of
22 their proportionate share of earnings based upon each account's or
23 fund's average daily balance for the period: The advanced right-of-way
24 revolving fund, the advanced environmental mitigation revolving
25 account, the federal narcotics asset forfeitures account, the high
26 occupancy vehicle account, the local rail service assistance account,
27 and the miscellaneous transportation programs account.

28 (d) Any state agency that has independent authority over accounts
29 or funds not statutorily required to be held in the custody of the
30 state treasurer that deposits funds into a fund or account in the
31 custody of the state treasurer pursuant to an agreement with the office
32 of the state treasurer shall receive its proportionate share of
33 earnings based upon each account's or fund's average daily balance for
34 the period.

35 (5) In conformance with Article II, section 37 of the state
36 Constitution, no trust accounts or funds shall be allocated earnings
37 without the specific affirmative directive of this section.

1 **Sec. 7.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st sp.s.
2 c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c 272 s
3 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and amended to
4 read as follows:

5 (1) All earnings of investments of surplus balances in the state
6 treasury shall be deposited to the treasury income account, which
7 account is hereby established in the state treasury.

8 (2) The treasury income account shall be utilized to pay or receive
9 funds associated with federal programs as required by the federal cash
10 management improvement act of 1990. The treasury income account is
11 subject in all respects to chapter 43.88 RCW, but no appropriation is
12 required for refunds or allocations of interest earnings required by
13 the cash management improvement act. Refunds of interest to the
14 federal treasury required under the cash management improvement act
15 fall under RCW 43.88.180 and shall not require appropriation. The
16 office of financial management shall determine the amounts due to or
17 from the federal government pursuant to the cash management improvement
18 act. The office of financial management may direct transfers of funds
19 between accounts as deemed necessary to implement the provisions of the
20 cash management improvement act, and this subsection. Refunds or
21 allocations shall occur prior to the distributions of earnings set
22 forth in subsection (4) of this section.

23 (3) Except for the provisions of RCW 43.84.160, the treasury income
24 account may be utilized for the payment of purchased banking services
25 on behalf of treasury funds including, but not limited to, depository,
26 safekeeping, and disbursement functions for the state treasury and
27 affected state agencies. The treasury income account is subject in all
28 respects to chapter 43.88 RCW, but no appropriation is required for
29 payments to financial institutions. Payments shall occur prior to
30 distribution of earnings set forth in subsection (4) of this section.

31 (4) Monthly, the state treasurer shall distribute the earnings
32 credited to the treasury income account. The state treasurer shall
33 credit the general fund with all the earnings credited to the treasury
34 income account except:

35 (a) The following accounts and funds shall receive their
36 proportionate share of earnings based upon each account's and fund's
37 average daily balance for the period: The aeronautics account, the
38 aircraft search and rescue account, the budget stabilization account,

1 the capital vessel replacement account, the capitol building
2 construction account, the Cedar River channel construction and
3 operation account, the Central Washington University capital projects
4 account, the charitable, educational, penal and reformatory
5 institutions account, the cleanup settlement account, the Columbia
6 river basin water supply development account, the Columbia river basin
7 taxable bond water supply development account, the Columbia river basin
8 water supply revenue recovery account, the common school construction
9 fund, the county arterial preservation account, the county criminal
10 justice assistance account, the county sales and use tax equalization
11 account, the deferred compensation administrative account, the deferred
12 compensation principal account, the department of licensing services
13 account, the department of retirement systems expense account, the
14 developmental disabilities community trust account, the drinking water
15 assistance account, the drinking water assistance administrative
16 account, the drinking water assistance repayment account, the Eastern
17 Washington University capital projects account, the Interstate 405
18 express toll lanes operations account, the education construction fund,
19 the education legacy trust account, the election account, the energy
20 freedom account, the energy recovery act account, the essential rail
21 assistance account, The Evergreen State College capital projects
22 account, the federal forest revolving account, the ferry bond
23 retirement fund, the freight congestion relief account, the freight
24 mobility investment account, the freight mobility multimodal account,
25 the grade crossing protective fund, the public health services account,
26 the health system capacity account, the high capacity transportation
27 account, the state higher education construction account, the higher
28 education construction account, the highway bond retirement fund, the
29 highway infrastructure account, the highway safety account, the high
30 occupancy toll lanes operations account, the hospital safety net
31 assessment fund, the industrial insurance premium refund account, the
32 judges' retirement account, the judicial retirement administrative
33 account, the judicial retirement principal account, the local leasehold
34 excise tax account, the local real estate excise tax account, the local
35 sales and use tax account, the marine resources stewardship trust
36 account, the medical aid account, the mobile home park relocation fund,
37 the motor vehicle fund, the motorcycle safety education account, (~~the~~
38 ~~multiagency permitting team account,~~) the multimodal transportation

1 account, the municipal criminal justice assistance account, the
2 municipal sales and use tax equalization account, the natural resources
3 deposit account, the oyster reserve land account, the pension funding
4 stabilization account, the perpetual surveillance and maintenance
5 account, the public employees' retirement system plan 1 account, the
6 public employees' retirement system combined plan 2 and plan 3 account,
7 the public facilities construction loan revolving account beginning
8 July 1, 2004, the public health supplemental account, the public
9 transportation systems account, the public works assistance account,
10 the Puget Sound capital construction account, the Puget Sound ferry
11 operations account, the Puyallup tribal settlement account, the real
12 estate appraiser commission account, the recreational vehicle account,
13 the regional mobility grant program account, the resource management
14 cost account, the rural arterial trust account, the rural mobility
15 grant program account, the rural Washington loan fund, the site closure
16 account, the skilled nursing facility safety net trust fund, the small
17 city pavement and sidewalk account, the special category C account, the
18 special wildlife account, the state employees' insurance account, the
19 state employees' insurance reserve account, the state investment board
20 expense account, the state investment board commingled trust fund
21 accounts, the state patrol highway account, the state route number 520
22 civil penalties account, the state route number 520 corridor account,
23 the state wildlife account, the supplemental pension account, the
24 Tacoma Narrows toll bridge account, the teachers' retirement system
25 plan 1 account, the teachers' retirement system combined plan 2 and
26 plan 3 account, the tobacco prevention and control account, the tobacco
27 settlement account, the transportation 2003 account (nickel account),
28 the transportation equipment fund, the transportation fund, the
29 transportation improvement account, the transportation improvement
30 board bond retirement account, the transportation infrastructure
31 account, the transportation partnership account, the traumatic brain
32 injury account, the tuition recovery trust fund, the University of
33 Washington bond retirement fund, the University of Washington building
34 account, the volunteer firefighters' and reserve officers' relief and
35 pension principal fund, the volunteer firefighters' and reserve
36 officers' administrative fund, the Washington judicial retirement
37 system account, the Washington law enforcement officers' and
38 firefighters' system plan 1 retirement account, the Washington law

1 enforcement officers' and firefighters' system plan 2 retirement
2 account, the Washington public safety employees' plan 2 retirement
3 account, the Washington school employees' retirement system combined
4 plan 2 and 3 account, the Washington state economic development
5 commission account, the Washington state health insurance pool account,
6 the Washington state patrol retirement account, the Washington State
7 University building account, the Washington State University bond
8 retirement fund, the water pollution control revolving fund, and the
9 Western Washington University capital projects account. Earnings
10 derived from investing balances of the agricultural permanent fund, the
11 normal school permanent fund, the permanent common school fund, the
12 scientific permanent fund, and the state university permanent fund
13 shall be allocated to their respective beneficiary accounts.

14 (b) Any state agency that has independent authority over accounts
15 or funds not statutorily required to be held in the state treasury that
16 deposits funds into a fund or account in the state treasury pursuant to
17 an agreement with the office of the state treasurer shall receive its
18 proportionate share of earnings based upon each account's or fund's
19 average daily balance for the period.

20 (5) In conformance with Article II, section 37 of the state
21 Constitution, no treasury accounts or funds shall be allocated earnings
22 without the specific affirmative directive of this section.

23 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.42 RCW
24 to read as follows:

25 The office of regulatory assistance may certify permit processes at
26 the local level as streamlined processes. The director must work with
27 local jurisdictions to establish the criteria and the process for
28 certification. Jurisdictions with permit processes certified as
29 streamlined may receive priority in receipt of state funds for
30 infrastructure projects.

31 **Sec. 9.** RCW 43.155.070 and 2009 c 518 s 16 are each amended to
32 read as follows:

33 (1) To qualify for loans or pledges under this chapter the board
34 must determine that a local government meets all of the following
35 conditions:

1 (a) The city or county must be imposing a tax under chapter 82.46
2 RCW at a rate of at least one-quarter of one percent;

3 (b) The local government must have developed a capital facility
4 plan; and

5 (c) The local government must be using all local revenue sources
6 which are reasonably available for funding public works, taking into
7 consideration local employment and economic factors.

8 (2) Except where necessary to address a public health need or
9 substantial environmental degradation, a county, city, or town planning
10 under RCW 36.70A.040 must have adopted a comprehensive plan, including
11 a capital facilities plan element, and development regulations as
12 required by RCW 36.70A.040. This subsection does not require any
13 county, city, or town planning under RCW 36.70A.040 to adopt a
14 comprehensive plan or development regulations before requesting or
15 receiving a loan or loan guarantee under this chapter if such request
16 is made before the expiration of the time periods specified in RCW
17 36.70A.040. A county, city, or town planning under RCW 36.70A.040
18 which has not adopted a comprehensive plan and development regulations
19 within the time periods specified in RCW 36.70A.040 is not prohibited
20 from receiving a loan or loan guarantee under this chapter if the
21 comprehensive plan and development regulations are adopted as required
22 by RCW 36.70A.040 before submitting a request for a loan or loan
23 guarantee.

24 (3) In considering awarding loans for public facilities to special
25 districts requesting funding for a proposed facility located in a
26 county, city, or town planning under RCW 36.70A.040, the board
27 (~~shall~~) must consider whether the county, city, or town planning
28 under RCW 36.70A.040 in whose planning jurisdiction the proposed
29 facility is located has adopted a comprehensive plan and development
30 regulations as required by RCW 36.70A.040.

31 (4) The board (~~shall~~) must develop a priority process for public
32 works projects as provided in this section. The intent of the priority
33 process is to maximize the value of public works projects accomplished
34 with assistance under this chapter. The board (~~shall~~) must attempt
35 to assure a geographical balance in assigning priorities to projects.
36 The board (~~shall~~) must consider at least the following factors in
37 assigning a priority to a project:

1 (a) Whether the local government receiving assistance has
2 experienced severe fiscal distress resulting from natural disaster or
3 emergency public works needs;

4 (b) Except as otherwise conditioned by RCW 43.155.110, whether the
5 entity receiving assistance is a Puget Sound partner, as defined in RCW
6 90.71.010;

7 (c) Whether the project is referenced in the action agenda
8 developed by the Puget Sound partnership under RCW 90.71.310;

9 (d) Whether the project is critical in nature and would affect the
10 health and safety of a great number of citizens;

11 (e) Whether the applicant's permitting process has been certified
12 as streamlined by the office of regulatory assistance;

13 (f) Whether the applicant has developed and adhered to guidelines
14 regarding its permitting process for those applying for development
15 permits consistent with section 1(2), chapter 231, Laws of 2007;

16 ~~((+f))~~ (g) The cost of the project compared to the size of the
17 local government and amount of loan money available;

18 ~~((+g))~~ (h) The number of communities served by or funding the
19 project;

20 ~~((+h))~~ (i) Whether the project is located in an area of high
21 unemployment, compared to the average state unemployment;

22 ~~((+i))~~ (j) Whether the project is the acquisition, expansion,
23 improvement, or renovation by a local government of a public water
24 system that is in violation of health and safety standards, including
25 the cost of extending existing service to such a system;

26 ~~((+j))~~ (k) Except as otherwise conditioned by RCW 43.155.120, and
27 effective one calendar year following the development of model
28 evergreen community management plans and ordinances under RCW
29 35.105.050, whether the entity receiving assistance has been
30 recognized, and what gradation of recognition was received, in the
31 evergreen community recognition program created in RCW 35.105.030;

32 ~~((+k))~~ (l) The relative benefit of the project to the community,
33 considering the present level of economic activity in the community and
34 the existing local capacity to increase local economic activity in
35 communities that have low economic growth; and

36 ~~((+l))~~ (m) Other criteria that the board considers advisable.

37 (5) Existing debt or financial obligations of local governments
38 ~~((shall))~~ may not be refinanced under this chapter. Each local

1 government applicant (~~shall~~) must provide documentation of attempts
2 to secure additional local or other sources of funding for each public
3 works project for which financial assistance is sought under this
4 chapter.

5 (6) Before November 1st of each even-numbered year, the board
6 (~~shall~~) must develop and submit to the appropriate fiscal committees
7 of the senate and house of representatives a description of the loans
8 made under RCW 43.155.065, 43.155.068, and subsection (9) of this
9 section during the preceding fiscal year and a prioritized list of
10 projects which are recommended for funding by the legislature,
11 including one copy to the staff of each of the committees. The list
12 (~~shall~~) must include, but not be limited to, a description of each
13 project and recommended financing, the terms and conditions of the loan
14 or financial guarantee, the local government jurisdiction and
15 unemployment rate, demonstration of the jurisdiction's critical need
16 for the project and documentation of local funds being used to finance
17 the public works project. The list (~~shall~~) must also include
18 measures of fiscal capacity for each jurisdiction recommended for
19 financial assistance, compared to authorized limits and state averages,
20 including local government sales taxes; real estate excise taxes;
21 property taxes; and charges for or taxes on sewerage, water, garbage,
22 and other utilities.

23 (7) The board (~~shall~~) may not sign contracts or otherwise
24 financially obligate funds from the public works assistance account
25 before the legislature has appropriated funds for a specific list of
26 public works projects. The legislature may remove projects from the
27 list recommended by the board. The legislature (~~shall~~) may not
28 change the order of the priorities recommended for funding by the
29 board.

30 (8) Subsection (7) of this section does not apply to loans made
31 under RCW 43.155.065, 43.155.068, and subsection (9) of this section.

32 (9) Loans made for the purpose of capital facilities plans (~~shall~~
33 ~~be~~) are exempted from subsection (7) of this section.

34 (10) To qualify for loans or pledges for solid waste or recycling
35 facilities under this chapter, a city or county must demonstrate that
36 the solid waste or recycling facility is consistent with and necessary
37 to implement the comprehensive solid waste management plan adopted by
38 the city or county under chapter 70.95 RCW.

1 (11) After January 1, 2010, any project designed to address the
2 effects of storm water or wastewater on Puget Sound may be funded under
3 this section only if the project is not in conflict with the action
4 agenda developed by the Puget Sound partnership under RCW 90.71.310.

5 **Sec. 10.** RCW 43.160.060 and 2008 c 327 s 5 are each amended to
6 read as follows:

7 (1) The board is authorized to make direct loans to political
8 subdivisions of the state and to federally recognized Indian tribes for
9 the purposes of assisting the political subdivisions and federally
10 recognized Indian tribes in financing the cost of public facilities,
11 including development of land and improvements for public facilities,
12 project-specific environmental, capital facilities, land use,
13 permitting, feasibility, and marketing studies and plans; project
14 design, site planning, and analysis; project debt and revenue impact
15 analysis; as well as the construction, rehabilitation, alteration,
16 expansion, or improvement of the facilities. A grant may also be
17 authorized for purposes designated in this chapter, but only when, and
18 to the extent that, a loan is not reasonably possible, given the
19 limited resources of the political subdivision or the federally
20 recognized Indian tribe and the finding by the board that financial
21 circumstances require grant assistance to enable the project to move
22 forward. However, no more than twenty-five percent of all financial
23 assistance approved by the board in any biennium may consist of grants
24 to political subdivisions and federally recognized Indian tribes.

25 (2) Application for funds (~~(shall)~~) must be made in the form and
26 manner as the board may prescribe. In making grants or loans the board
27 (~~(shall)~~) must conform to the following requirements:

28 ~~((1))~~ (a) The board (~~(shall)~~) may not provide financial
29 assistance:

30 ~~((a))~~ (i) For a project the primary purpose of which is to
31 facilitate or promote a retail shopping development or expansion.

32 ~~((b))~~ (ii) For any project that evidence exists would result in
33 a development or expansion that would displace existing jobs in any
34 other community in the state.

35 ~~((c))~~ (iii) For a project the primary purpose of which is to
36 facilitate or promote gambling.

1 ~~((d))~~ (iv) For a project located outside the jurisdiction of the
2 applicant political subdivision or federally recognized Indian tribe.
3 ~~((2))~~ (b) The board ~~((shall))~~ may only provide financial
4 assistance:
5 ~~((a))~~ (i) For a project demonstrating convincing evidence that a
6 specific private development or expansion is ready to occur and will
7 occur only if the public facility improvement is made that:
8 ~~((i))~~ (A) Results in the creation of significant private sector
9 jobs or significant private sector capital investment as determined by
10 the board and is consistent with the state comprehensive economic
11 development plan developed by the Washington economic development
12 commission pursuant to chapter 43.162 RCW, once the plan is adopted;
13 and
14 ~~((ii))~~ (B) Will improve the opportunities for the successful
15 maintenance, establishment, or expansion of industrial or commercial
16 plants or will otherwise assist in the creation or retention of long-
17 term economic opportunities;
18 ~~((b))~~ (ii) For a project that cannot meet the requirement of
19 ~~((a))~~ (b)(i) of this subsection but is a project that:
20 ~~((i))~~ (A) Results in the creation of significant private sector
21 jobs or significant private sector capital investment as determined by
22 the board and is consistent with the state comprehensive economic
23 development plan developed by the Washington economic development
24 commission pursuant to chapter 43.162 RCW, once the plan is adopted;
25 ~~((ii))~~ (B) Is part of a local economic development plan
26 consistent with applicable state planning requirements;
27 ~~((iii))~~ (C) Can demonstrate project feasibility using standard
28 economic principles; and
29 ~~((iv))~~ (D) Is located in a rural community as defined by the
30 board, or a rural county;
31 ~~((e))~~ (iii) For site-specific plans, studies, and analyses that
32 address environmental impacts, capital facilities, land use,
33 permitting, feasibility, marketing, project engineering, design, site
34 planning, and project debt and revenue impacts, as grants not to exceed
35 fifty thousand dollars.
36 ~~((3))~~ (c) The board ~~((shall))~~ must develop guidelines for local
37 participation and allowable match and activities.

1 ~~((4))~~ (d) An application must demonstrate local match and local
2 participation, in accordance with guidelines developed by the board.

3 ~~((5))~~ (e) An application must be approved by the political
4 subdivision and supported by the local associate development
5 organization or local workforce development council or approved by the
6 governing body of the federally recognized Indian tribe.

7 ~~((6))~~ (f) The board may allow de minimis general system
8 improvements to be funded if they are critically linked to the
9 viability of the project.

10 ~~((7))~~ (g) An application must demonstrate convincing evidence
11 that the median hourly wage of the private sector jobs created after
12 the project is completed will exceed the countywide median hourly wage.

13 ~~((8))~~ (h) The board ~~((shall))~~ must prioritize each proposed
14 project according to:

15 ~~((a))~~ (i) The relative benefits provided to the community by the
16 jobs the project would create, not just the total number of jobs it
17 would create after the project is completed, but also giving
18 consideration to the unemployment rate in the area in which the jobs
19 would be located;

20 ~~((b))~~ (ii) The rate of return of the state's investment,
21 including, but not limited to, the leveraging of private sector
22 investment, anticipated job creation and retention, and expected
23 increases in state and local tax revenues associated with the project;

24 ~~((c))~~ (iii) Whether the proposed project offers a health
25 insurance plan for employees that includes an option for dependents of
26 employees;

27 ~~((d))~~ (iv) Whether the public facility investment will increase
28 existing capacity necessary to accommodate projected population and
29 employment growth in a manner that supports infill and redevelopment of
30 existing urban or industrial areas that are served by adequate public
31 facilities. Projects should maximize the use of existing
32 infrastructure and provide for adequate funding of necessary
33 transportation improvements; ~~((and~~

34 ~~((e))~~ (v) Whether the applicant's permitting process has been
35 certified as streamlined by the office of regulatory assistance; and

36 (vi) Whether the applicant has developed and adhered to guidelines
37 regarding its permitting process for those applying for development
38 permits consistent with section 1(2), chapter 231, Laws of 2007.

1 (~~(+9)~~) (i) A responsible official of the political subdivision or
2 the federally recognized Indian tribe (~~(shall)~~) must be present during
3 board deliberations and provide information that the board requests.

4 (3) Before any financial assistance application is approved, the
5 political subdivision or the federally recognized Indian tribe seeking
6 the assistance must demonstrate to the community economic
7 revitalization board that no other timely source of funding is
8 available to it at costs reasonably similar to financing available from
9 the community economic revitalization board.

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