

HOUSE BILL REPORT

HB 1802

As Reported by House Committee On:
Local Government

Title: An act relating to optional methods of financing long-range planning costs.

Brief Description: Concerning optional methods of financing long-range planning costs.

Sponsors: Representatives Fitzgibbon, Takko and Springer.

Brief History:

Committee Activity:

Local Government: 2/11/15, 2/19/15 [DP].

Brief Summary of Bill

- Expands the list of allowable items for which a county, city, town, or municipal government may collect reasonable fees from an applicant for a permit or other governmental approval to include the costs of long-range planning.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 5 members: Representatives Takko, Chair; Gregerson, Vice Chair; Fitzgibbon, McBride and Peterson.

Minority Report: Do not pass. Signed by 4 members: Representatives Taylor, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; McCaslin and Pike.

Staff: Ethan Moreno (786-7386).

Background:

With limited exceptions, counties, cities, towns, and other municipal corporations are prohibited from imposing taxes, fees, or charges, either direct or indirect, on the construction or reconstruction of residential buildings, commercial buildings, and industrial buildings. This prohibition also extends to taxes, fees, and charges on the development, subdivision, classification, or reclassification of land.

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.

Exceptions to the general prohibition on taxes, fees, and charges related to construction and land divisions include allowances for the local government imposition of:

- impact fees by jurisdictions that are fully planning under the Growth Management Act; and
 - reasonable fees from an applicant for a permit or other governmental approval to cover the costs of processing applications, inspecting and reviewing plans, or preparing detailed statements required by the State Environmental Policy Act.
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Summary of Bill:

The list of allowable items for which a county, city, town or municipal government may collect reasonable fees from an applicant for a permit or other governmental approval is expanded to include the costs of long-range planning.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) The Local Government Committee hears frequently about the demands on local governments, especially the demands placed on counties that are charged with providing regional services. One of those regional services that the Legislature has asked of counties is providing long-range planning. Thoughtful local government planning is a good thing. Although counties have a more urgent need for funds to accomplish long-range planning than cities, this bill applies to both.

Counties have been working on ways to make the fiscal structure of counties sustainable, including exploring cost-control and revenue flexibility options. Counties have a problem funding long-range planning, but do not intend to fund all long-range planning costs through permits.

Applicant fees approved under the bill would be set locally, as the fee amounts are not established in statute. This bill is about creating flexibility for counties with already collected fees. If a county wanted to raise its applicant fees, it would have to go through a public process. Growth management and shoreline management requirements continue, but state funding for these directives is very low. Counties are spending the same amount for planning in 2012 as they did in 2004; there currently is no ability to ramp up this spending.

Local governments continue to reorganize and consolidate, but they are at the bare bones level. Counties continue to have expensive comprehensive plan mandates that are funded not by grants, but through general funds of the county. This bill will allow some flexibility to help make county budgets sustainable and to have long-range planning services. Counties need this type of funding flexibility; there is no flexibility to respond to unfunded mandates. Many staff hours in planning departments are ineligible to be recovered through permit revenues.

(Opposed) This last economic downturn took a significant impact on the building industry. Historically, permits are at low numbers, and available land is more expensive. This bill proposes to use permit fees to fill the gap. Regulatory changes by government, including the adoption of two stormwater requirements, have increased costs for cities and builders. The costs of government for a permit, including planning and regulatory oversight, is disproportionately high. Opponents of the bill would be happy to have discussions with proponents about this bill, buildable lands requirements, and other related issues. The financial problems for counties are larger than what can be addressed through this bill.

Persons Testifying: (In support) Representative Fitzgibbon, prime sponsor; Josh Weiss and Laura Merrill, Washington State Association of Counties; and Scott Clark, Thurston County.

(Opposed) Bill Stauffacher, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: None.