

SENATE BILL REPORT

SSB 5790

As Amended by House, April 12, 2017

Title: An act relating to the economic development element of the growth management act.

Brief Description: Concerning the economic development element of the growth management act.

Sponsors: Senate Committee on Local Government (originally sponsored by Senators Short, Sheldon, Angel and Wilson).

Brief History:

Committee Activity: Local Government: 2/14/17, 2/16/17 [DPS].

Floor Activity:

Passed Senate: 2/22/17, 31-18.

Passed House: 4/12/17, 93-5.

Brief Summary of First Substitute Bill

- Encourages jurisdictions planning under the Growth Management Act (GMA) to evaluate economic growth and adopt comprehensive plans and development regulations that promote economic development.
- Permits modifications of comprehensive plans and development regulations to reduce restrictions on economic development in cases of economic stagnation or deterioration.
- Allows rural counties and cities to approve development that deviates from the GMA upon finding there has been economic deterioration.
- Requires the Growth Management Hearings Board and courts to show deference to local elected officials' choices that prioritize economic development when experiencing economic deterioration.
- Allows counties to provide for job creation and economic development within the rural element of their comprehensive plan.

SENATE COMMITTEE ON LOCAL GOVERNMENT

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: That Substitute Senate Bill No. 5790 be substituted therefor, and the substitute bill do pass.

Signed by Senators Short, Chair; Angel, Vice Chair; Takko, Ranking Minority Member; Palumbo and Sheldon.

Staff: Alex Fairfortune (786-7416)

Background: The GMA is the comprehensive land-use planning framework for counties and cities in Washington. Originally enacted in 1990 and 1991, the GMA establishes land-use designation and environmental protection requirements for all Washington counties and cities, and a significantly wider array of planning duties for the 29 counties and the cities within that are obligated, by mandate or choice, to satisfy all planning requirements of the GMA.

Jurisdictions that fully plan under the GMA must adopt comprehensive land-use plans to express the general land-use policies of the county or city, and development regulations to implement those plans. Each comprehensive plan must include a number of planning elements, including an economic development element that establishes local goals, policies, and objectives for economic growth, vitality, and a high quality of life. The economic development element must include a summary of the local economy, a summary of that local economy's strengths and weaknesses, and policies, programs, and projects to foster economic growth, development, and future needs.

The Growth Management Hearings Board, composed of seven appointed members, hears allegations that a city, county, or state agency has not complied with the goals and requirements of the GMA and issues orders determining compliance.

Summary of First Substitute Bill: Each jurisdiction that fully plans under the GMA may adopt comprehensive plans and development regulations that promote economic development in urban and rural areas. These jurisdictions may also evaluate the economic performance of the prior eight years to determine if there has been economic growth in the local economy, including whether the jurisdiction's median household income is above or below the state average. If there is stagnation or deterioration of economic development, the comprehensive plan and development regulations may be modified to reduce restrictions on economic development opportunities.

Rural counties planning under the GMA, and the cities within those counties, may approve development that may deviate from the GMA upon finding that there has been economic deterioration in the jurisdiction. Economic deterioration includes, but is not limited to:

- incomes that are at least \$10,000 less than the statewide median household income;
- a decrease in the county's household median income during any year within the past eight years;
- inability of the jurisdiction to add new full-time jobs in sufficient quantities to provide for population increases;
- decreases or stagnation of economic startups for multiple years within the past eight years;
- unemployment rates higher than the national and statewide averages for multiple years within the past eight years; and

- decreases or stagnation in issuance of commercial building permits for multiple years within the past eight years.

Counties may provide for job creation and economic development, including commercial and industrial development, within the rural element of their comprehensive plan.

If the goals of the GMA restrain economic development in jurisdictions that are experiencing economic deterioration, the Growth Management Hearings Board and courts must afford deference to local elected officials' allocation of resources and development choices that prioritize economic development.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: There should be an allowance to mitigate if planning creates hardship on an entity trying to create jobs and support their citizens. Localities work hard to attract family wage jobs and business, and the planning process shouldn't be an impediment to that. The way the GMA has been implemented destroys rural communities around the state. It has been used to drive negative outcomes. This bill provides the opportunity for elected officials to mitigate the damage the GMA does in many communities. This is a good way to improve economic opportunities. The GMA is an urban development act and it doesn't work for rural counties. Every business is sited in a UGA and they take the taxes. Economic development needs to be allowed in these rural areas.

CON: Futurewise can't support the removal of the prohibition on urban development in rural areas. This goes against the main goals of the GMA. There is a need for economic development in rural areas, so Futurewise is willing to work with this to see what can be done.

OTHER: Counties appreciate the flexibility and rural communities want more options when it comes to planning for economic development. Each county's geography is different, the economies are different, and counties would like to use planning options differently. The new section should include "may" instead of "must" to provide these options.

Persons Testifying: PRO: Senator Shelly Short, Prime Sponsor; Glen Morgan, Citizens Alliance for Property Rights; Wes McCart, Stevens County Commissioner.

CON: Bryce Yadon, Futurewise.

OTHER: Laura Berg, WA State Assn. of Counties.

Persons Signed In To Testify But Not Testifying: No one.

EFFECT OF HOUSE AMENDMENT(S):

- Removes the intent section.
- Removes the provision allowing counties to provide for job creation and economic development, including commercial and industrial development, in the rural element of their comprehensive plan.
- Provides that counties may use innovative techniques that will accommodate appropriate rural economic advancement that is not characterized by urban growth and that is consistent with rural character.
- Allows the economic development element to include:
 - a summary of the strengths and weaknesses of the local economy including manufacturing, natural resource, and other locally significant economic sectors;
 - policies to promote increases in family, individual, and business incomes;
 - an examination of whether sites planned for economic development have adequate public facilities and services and a plan for any needed public facilities and services;
 - policies to encourage access to education and training for family wage jobs; and
 - policies and opportunities to address economic development, including existing industries and businesses, value added manufacturing of locally produced natural resources, and the use of locally produced energy and other natural resources.
- Encourages each county and city planning under the GMA to evaluate the economic performance in the jurisdiction in the time since the most recent update to the comprehensive plan, rather than in the prior eight years.
- Allows comprehensive plans and development regulations to be modified to increase economic development opportunities, rather than modified in a manner to reduce restrictions, if there has been stagnation or economic deterioration since the most recent comprehensive plan update.
- Replaces references to "rural counties" that are planning under the GMA with those counties with a population of less than 75,000 as of January 1, 2014, that are planning under the GMA. Allows those counties, and the cities within them, to identify policies, programs, and development opportunities to address the potential for economic deterioration and to seize economic development opportunities that may deviate from the GMA, rather than allowing them to approve development that may deviate from the GMA.
- Removes the requirement that the Growth Management Hearings Board must afford deference to local elected officials' allocation of resources, while maintaining the requirement that the Board must afford deference to local development choices that make economic development a priority.