

SENATE BILL REPORT

SHB 1154

As Reported by Senate Committee On:
Ways & Means, March 2, 2020

Title: An act relating to financing of Chehalis basin flood damage reduction and habitat restoration projects.

Brief Description: Concerning the financing of Chehalis basin flood damage reduction and habitat restoration projects.

Sponsors: House Committee on Capital Budget (originally sponsored by Representative DeBolt).

Brief History: Passed House: 2/16/20, 95-1.

Committee Activity: Ways & Means: 2/26/20, 3/02/20 [DPA, w/oRec].

Brief Summary of Amended Bill

- Provides direction to the Office of Chehalis Basin to develop a project list with certain information requirements and submit a report containing a finalized strategic plan with an implementation schedule.
- Specifies a legislative review within 120 days of receipt of the report.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Conway, Darneille, Hasegawa, Hunt, Keiser, Lias, Muzzall, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

Minority Report: That it be referred without recommendation.

Signed by Senators Carlyle and Pedersen.

Staff: Jed Herman (786-7346)

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.

Background: The Office of Chehalis Basin. In 2016 the Legislature established the Office of the Chehalis Basin (Office) in the Department of Ecology (Ecology). Its purpose is to pursue implementation of an integrated strategy and to administer funding for long-term flood damage reduction and aquatic species restoration in the Chehalis River Basin (Basin). The Office must be funded from specific appropriations for basin-related flood hazard reduction and habitat recovery activities.

The Chehalis Basin Account (Account) is an appropriated account in the State Treasury (Treasury). Money in the Account may only be used for the Office and expenses related to bond issuance and sales. Receipts from legislative appropriations or money directed from other sources must be deposited into the Account. Interest earnings must be retained in the Account.

The Chehalis Board. The Chehalis Board (Board) was also created in 2016. Its responsibilities include oversight of strategy implementation and development of budget recommendations. The strategy must include a detailed set of actions, an implementation schedule, and quantified measures to evaluate success. The Board includes seven voting members: four appointed by the Governor, subject to Senate confirmation, including one member representing the Quinault Indian Nation and one member representing the Chehalis Indian Tribe; and three selected by the Chehalis Basin Flood Authority. The Board also includes five nonvoting ex officio members: the Department of Fish and Wildlife director, the State Conservation Commission executive director, the Ecology director, the Commissioner of Public Lands, and the Department of Transportation secretary. Staffing is provided by Ecology.

Bond Authorization. The State Finance Committee (Committee), composed of the Governor, the Lieutenant Governor, and the state treasurer, is responsible for supervising and controlling the issuance of all state bonds. The Committee periodically issues general obligation bonds to finance projects authorized in the capital budget. No bonds may be authorized for sale without prior legislative appropriation of the net proceeds.

General obligation bonds pledge the full faith, credit, and taxing power of the state towards payment of debt service. Funding to pay for principal and interest on those bonds is appropriated from the State General Fund in the operating budget. When debt service payments are due, the state treasurer withdraws the amounts necessary to make the payments and deposits them into bond retirement funds.

A bond bill authorizes the Committee to issue general obligation bonds up to a specific amount to finance many of the projects in the capital budget. It specifies the amount of bonds to be issued, the account or accounts into which bond sale proceeds are to be deposited, and identifies sources and timing of debt service payments. Legislation authorizing the issuance of bonds requires a three-fifths majority vote in both the House of Representatives and the Senate.

Summary of Amended Bill: The Legislature finds that the Office has been working toward the development of a strategic plan and implementation schedule as directed by the 2016 authorizing legislation. Funding from state bonds and federal sources has been secured to date. However, specificity is needed for consideration of the long-term funding needs.

The Office is directed to submit agency decision packages in preparation for the 2021-2023 fiscal biennium omnibus capital appropriations act, with a report of out-biennia detail, containing the following:

- a specific list of projects;
- project costs and suggested funding sources;
- location information; and
- a time frame, including initiation and completion.

The Office shall submit a report to the Legislature by January 1, 2021, that meets the requirement of a finalized strategic plan containing an implementation schedule and quantified measures for evaluating the success of implementation. The appropriate policy and fiscal committees of the legislature must, within 120 days of receipt of the report, conduct a joint hearing to receive the report from the Office and to consider potential funding strategies to achieve the implementation schedule.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Removes the authorization for the State Finance Committee to issue up to \$700 million in general obligation bonds to finance Chehalis Basin flood damage reduction and aquatic species habitat restoration projects.
- Removes the creation of the Chehalis Basin Taxable Account.
- Requires the Office to submit a list of future projects, with additional specified information, with their 2021-23 capital budget agency decision package.
- Requires the Office to submit a finalized strategic plan, containing an implementation schedule, to the Legislature by January 1, 2021.
- Directs the Legislature to conduct a joint hearing within 120 days of receiving the finalized strategic plan to consider potential funding strategies to achieve the implementation schedule.

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 Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill will enable the Office of the Chehalis Basin to prioritize complex issues for funding into the future. It could be used as a model for solving other problems in the state. We are doing something extraordinary by having people dedicated to solving flooding and habitat issues in the Basin. We have suffered too much due to flooding and the risk of more flooding. We have a coalition of diverse interests that all need this funding. Large problems need to be solved with people who have trust, and this bill will help build that trust. This is a great opportunity to bring people together.

Persons Testifying: PRO: Justin Allegro, The Nature Conservancy; Frank Corbin, citizen; J Vander Stoep, Chehalis Basin Board; Edna Fund, Lewis County Commissioner and Chehalis Basin Board; Vicki Raines, Grays Harbor County Commissioner and Chair, Chehalis Basin Board.

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