

**2SHB 1173** - S COMM AMD

By Committee on Ways & Means

**ADOPTED 03/04/2022**

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) State lands development authorities  
4 are hereby authorized to oversee and manage the development or  
5 redevelopment of state-owned property that is within or adjacent to  
6 manufacturing industrial centers. Any property owned or managed by  
7 the department of natural resources is exempt from the provisions of  
8 this chapter.

9 (2) The legislative delegation from a district containing state-  
10 owned land that is included within, or is adjacent to, a  
11 manufacturing industrial center may propose the formation of a state  
12 lands development authority. The proposal must be presented in  
13 writing to the relevant legislative committees in both the house of  
14 representatives and the senate. The proposal must contain:

15 (a) The proposed general geographic boundaries of the state lands  
16 development authority; and

17 (b) Legislative findings relating to formation of the state lands  
18 development authority which find that:

19 (i) The state owns property within the boundaries of the proposed  
20 state lands development authority;

21 (ii) The state-owned land is located within or adjacent to a  
22 manufacturing industrial center;

23 (iii) The state agency with custodial responsibility for the  
24 property has completed an assessment regarding the current use,  
25 future use, and a projected date or conditions when the land is  
26 vacant, excess, or surplus to the mission of the state agency;

27 (iv) The legislature intends that the state lands development  
28 authority be appropriately funded and staffed; and

29 (v) The formation of a state lands development authority to  
30 oversee and manage the development or redevelopment of the state-

1 owned land will be useful and beneficial to the community within and  
2 adjacent to the boundaries of the state lands development authority.

3 (3) Formation of a state lands development authority is subject  
4 to legislative authorization by statute.

5 (4) A state lands development authority may only be formed in a  
6 county with a population of 2,000,000 or greater.

7 (5) For the purposes of this chapter, all state lands development  
8 authorities are a public body corporate and politic and  
9 instrumentality of the state of Washington.

10 NEW SECTION.

**Sec. 2.**

(1) The affairs of a state lands  
11 development authority shall be managed by a board of directors.

12 (2) The initial board of directors of a state lands development  
13 authority must be appointed by the governor upon recommendation from  
14 the state legislative delegation from the district in which the  
15 boundaries of the state lands development authority are contained.

16 (3) The number of persons on the board of directors must be  
17 included in the proposal to establish a state lands development  
18 authority under section 1 of this act.

19 (4) Members of the board of directors must include:

20 (a) At least one member representing each of the following:

21 (i) The governing body of each city included in the boundaries of  
22 the state lands development authority;

23 (ii) The mayor's office of each city included in the boundaries  
24 of the state lands development authority;

25 (iii) The governing body of each county included in the  
26 boundaries of the state lands development authority; and

27 (iv) The governing body of each port district included in the  
28 boundaries of the state lands development authority;

29 (b) Additional members if required by the proposal to establish a  
30 state lands development authority under section 1 of this act; and

31 (c) Ex officio, nonvoting members if required by the proposal to  
32 establish a state lands development authority under section 1 of this  
33 act.

34 (5) In addition to other applicable provisions of law pertaining  
35 to conflicts of interest of public officials, no state lands  
36 development authority board member, appointed or otherwise, may  
37 participate in any decision on any board contract in which the board  
38 member has any interests, direct or indirect, with any firm,  
39 partnership, corporation, or association that would be the recipient

1 of any gain or benefit resulting from transactions with the state  
2 lands development authority. In any instance where the participation  
3 occurs, the board shall void the transaction, and the involved member  
4 shall be subject to whatever sanctions may be provided by law. The  
5 board shall frame and adopt a code of ethics for its members, which  
6 must be designed to protect the state and its citizens from any  
7 unethical conduct by the board.

8 NEW SECTION. **Sec. 3.** (1) State lands development authorities  
9 have the power to:

10 (a) Accept gifts, grants, loans, or other aid from public and  
11 private entities;

12 (b) Employ and appoint such agents, attorneys, officers, and  
13 employees as may be necessary to implement its purposes and duties;

14 (c) Contract and enter into partnerships with individuals,  
15 associations, corporations, and local, state, and federal  
16 governments;

17 (d) Buy, own, and lease real and personal property;

18 (e) Sell real and personal property, subject to any rules and  
19 restrictions contained in the proposal to establish a state lands  
20 development authority under section 1 of this act;

21 (f) Hold in trust, improve, and develop land;

22 (g) Invest, deposit, and reinvest its funds;

23 (h) Incur debt in furtherance of its mission: Provided, however,  
24 that state lands development authorities are expressly prohibited  
25 from incurring debt on behalf of the state of Washington as defined  
26 in Article VIII, section 1 of the state Constitution. A state lands  
27 development authority obligation to repay borrowed money does not  
28 constitute an obligation, either general, special, or moral, of the  
29 state of Washington. State lands development authorities are  
30 expressly prohibited from using, either directly or indirectly,  
31 "general state revenues" as defined in Article VIII, section 1 of the  
32 state Constitution to satisfy any state lands development authority  
33 obligation to repay borrowed money;

34 (i) Lend or grant its funds for any lawful purposes. For purposes  
35 of this section, "lawful purposes" includes without limitation, any  
36 use of funds, including loans thereof to public or private parties,  
37 authorized by agreements with the United States or any department or  
38 agency thereof under which federal or private funds are obtained, or

1 authorized under federal laws and regulations pertinent to such  
2 agreements; and

3 (j) Exercise such additional powers as may be authorized by law.

4 (2) A state lands development authority that accepts public funds  
5 under subsection (1)(a) of this section:

6 (a) Is subject in all respects to Article VIII, section 5 or 7,  
7 as appropriate, of the state Constitution, and RCW 42.17A.550; and

8 (b) May not use such funds to support or oppose a candidate,  
9 ballot proposition, political party, or political committee.

10 (3) State lands development authorities do not have any authority  
11 to levy taxes or assessments.

12 NEW SECTION. **Sec. 4.** A state lands development authority has  
13 the duty to:

14 (1) Adopt bylaws for the authority that will govern how the  
15 authority will generally conduct its affairs;

16 (2) Establish specific geographic boundaries for the authority  
17 with its bylaws based on the general geographic boundaries  
18 established in the proposal approved by the legislature;

19 (3) Assume responsibility for the development or redevelopment of  
20 the state-owned property within the boundaries of the authority;

21 (4) Create a strategic plan for the development or redevelopment  
22 of the state-owned property that includes, but is not limited to, the  
23 following elements:

24 (a) An examination of the existing uses of the property and an  
25 assessment of whether such should change in the future in order for  
26 the use of the property to achieve maximum public benefit;

27 (b) An examination of options for development or redevelopment  
28 that include industrial uses only, mixed-use commercial and  
29 residential development, and mixed-use light industrial and  
30 residential development, as well as the incorporation of community-  
31 oriented facilities, and an evaluation of which options would achieve  
32 maximum public benefit;

33 (c) A plan for extensive public engagement throughout the  
34 development or redevelopment process, which must include a regular  
35 schedule of public meetings and opportunities for public comment; and

36 (d) A financial plan for the authority that identifies funding  
37 sources necessary to carry out the authority's strategic plan;

1 (5) Use gifts, grants, loans, and other aid from public or  
2 private entities to further the development and redevelopment  
3 projects identified in the authority's strategic plan; and

4 (6) Submit a written report to the relevant committees of the  
5 legislature by December 1st of each even-numbered year that  
6 summarizes the authority's strategic plan and details the progress of  
7 the authority in meeting its strategic goals related to development  
8 and redevelopment, public engagement, and financial planning.

9 NEW SECTION. **Sec. 5.** The state lands development authority  
10 operating account is hereby created in the state treasury. Moneys in  
11 the account may be spent only after appropriation. Expenditures from  
12 the account may be used only for operating expenses under this  
13 chapter.

14 NEW SECTION. **Sec. 6.** The state lands development authority  
15 capital account is hereby created in the state treasury. Moneys in  
16 the account may be spent only after appropriation. Expenditures from  
17 the account may be used only for capital projects under this chapter.

18 NEW SECTION. **Sec. 7.** (1) The legislature finds:

19 (a) The state of Washington owns a property of approximately 25  
20 acres in size located at 1601 West Armory Way within Seattle's  
21 Ballard-Interbay northend manufacturing industrial center and  
22 Interbay neighborhood, known as the Interbay property. The Interbay  
23 property was transferred to the state of Washington in 1971 with deed  
24 limitations which limit use of the property for national guard  
25 purposes only. The national guard currently uses the Interbay  
26 property for the Seattle readiness center, built in 1974. The  
27 national guard has determined that it must relocate from the Interbay  
28 property to another site, and an assessment has been completed  
29 pursuant to section 1(2)(b) of this act. Once the national guard  
30 facilities are funded and constructed and the national guard is  
31 relocated in a new, fully operational readiness center, and the  
32 department of defense has released its use restrictions on the  
33 property, the Interbay property will be available for redevelopment.

34 (b) The formation of a state lands development authority to  
35 oversee and manage the redevelopment of the Interbay property will be  
36 useful and beneficial to the community within and adjacent to the

1 Interbay neighborhood in the city of Seattle. The legislature intends  
2 that the authority be appropriately funded and staffed.

3 (2) (a) The legislature authorizes the establishment of the  
4 Ballard-Interbay state lands development authority, which boundaries  
5 are coextensive with the boundaries of the Interbay property.

6 (b) The Ballard-Interbay state lands development authority is a  
7 public body corporate and politic and instrumentality of the state of  
8 Washington.

9 (3) The Ballard-Interbay state lands development authority may  
10 exercise its authority in furtherance of projects that are located  
11 only within the boundaries of the Interbay property.

12 (4) The Ballard-Interbay state lands development authority does  
13 not have site control or access until after the national guard  
14 relocation and may not sell the Interbay property or portions of the  
15 Interbay property to another entity.

16 (5) The affairs of the Ballard-Interbay state lands development  
17 authority shall be managed by a board of directors, consisting of the  
18 following members:

19 (a) One member with experience developing workforce or affordable  
20 housing;

21 (b) One member with knowledge of project financing options for  
22 public-private partnerships related to housing;

23 (c) Two members with architectural design and development  
24 experience related to industrial and mixed-use zoning;

25 (d) One member representing the port of Seattle;

26 (e) One member representing the governor's office;

27 (f) One member representing the King county council;

28 (g) One member representing the city of Seattle mayor's office;

29 (h) One member representing the Seattle city council; and

30 (i) The director of the department of commerce or the director's  
31 designee as an ex officio, nonvoting member.

32 (6) No member of the board of directors may hold office for more  
33 than four years. Board positions must be numbered one through 11 and  
34 the terms staggered as follows:

35 (a) Board members appointed to positions one through five shall  
36 serve two-year terms, and if reappointed, may serve no more than one  
37 additional two-year term.

38 (b) Board members initially appointed to positions six through 11  
39 shall serve a three-year term only.

1 (c) Board members appointed to positions six through 11 after the  
2 initial three-year term shall serve two-year terms, and if  
3 reappointed, may serve no more than one additional two-year term.

4 (7) The initial board of directors of the Ballard-Interbay state  
5 lands development authority must be appointed by the governor upon  
6 recommendation from the legislative delegation from the district in  
7 which the boundaries of the authority are contained, as required by  
8 section 2(2) of this act. With respect to the appointment of  
9 subsequent boards of directors, the existing board members must  
10 develop a list of candidates for each position and deliver the  
11 recommendations to the members of the legislative delegation for the  
12 district in which the authority is located. The legislative  
13 delegation must present the list of candidates for recommendation to  
14 the governor for appointment to the board of directors. In developing  
15 the list of candidates, the board of directors must consider racial,  
16 gender, and geographic diversity so that the board may reflect the  
17 diversity of the community.

18 (8) In addition to other applicable provisions of law pertaining  
19 to conflicts of interest of public officials, no Ballard-Interbay  
20 state lands development authority board member, appointive or  
21 otherwise, may participate in any decision on any board contract in  
22 which the board member has any interests, direct or indirect, with  
23 any firm, partnership, corporation, or association that would be the  
24 recipient of any gain or benefit resulting from transactions with the  
25 state lands development authority. In any instance where the  
26 participation occurs, the board shall void the transaction, and the  
27 involved member must be subject to whatever sanctions may be provided  
28 by law. The board shall frame and adopt a code of ethics for its  
29 members, which must be designed to protect the state and its citizens  
30 from any unethical conduct by the board.

31 (9) For purposes of this section, "Interbay property" means a  
32 state-owned property with deed limitations indicating it may be used  
33 for national guard purposes only located at 1601 West Armory Way,  
34 consisting of approximately 25 acres of land within Seattle's  
35 Ballard-Interbay northend manufacturing industrial center and  
36 Interbay neighborhood.

37 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act  
38 constitute a new chapter in Title 43 RCW."

**ADOPTED 03/04/2022**

1        On page 1, line 1 of the title, after "authorities;" strike the  
2 remainder of the title and insert "and adding a new chapter to Title  
3 43 RCW."

EFFECT: (1) Clarifies that the State Lands Development Authorities, including the Ballard-Interbay State Lands Development Authority, are a public body corporate and politic and instrumentality of the State of Washington.

(2) Changes the membership of the Board of Directors for the Ballard-Interbay State Lands Development Authority by removing the two members from the 36th Legislative District and adding the Director of the Department of Commerce or the Director's designee as an ex officio, nonvoting member.

(3) Adds conflict of interest language that prohibits any board member from participating in any decision on any board contract in which the board member has any interests, direct or indirect, with any firm, partnership, corporation, or association which would be the recipient of any gain or benefit resulting from transactions with the State Lands Development Authority.

(4) Changes the State Lands Development Account from a single account with two subaccounts to two separate accounts: State Lands Development Authority Operating Account and State Lands Development Authority Capital Account. Both accounts are appropriated in the state treasury.

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