

HOUSE BILL REPORT

SB 5324

As Reported by House Committee On:

Innovation, Community & Economic Development, & Veterans
Capital Budget

Title: An act relating to the defense community compatibility account.

Brief Description: Concerning the defense community compatibility account.

Sponsors: Senators Conway, Nobles, Lovick, Fortunato, Hunt, Wagoner, Randall and Wilson, C.; by request of Department of Commerce.

Brief History:

Committee Activity:

Innovation, Community & Economic Development, & Veterans: 3/10/23, 3/15/23 [DP];
Capital Budget: 3/21/23, 3/31/23 [DPA].

**Brief Summary of Bill
(As Amended By Committee)**

- Moves the deadline for the Department of Commerce (Commerce) to submit the Defense Community Compatibility Account (DCCA) report to November 1 of each even-numbered year.
- Authorizes Commerce to provide grants using DCCA funds to federally recognized Indian tribes.
- Allows the use of nonstate funds, instead of federal funds, to meet matching fund requirements for DCCA grants.
- Add prioritization criteria to the ranking of projects.

**HOUSE COMMITTEE ON INNOVATION, COMMUNITY & ECONOMIC
DEVELOPMENT, & VETERANS**

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: Do pass. Signed by 14 members: Representatives Ryu, Chair; Donaghy, Vice Chair; Rule, Vice Chair; Volz, Ranking Minority Member; Barnard, Assistant Ranking Minority Member; Chambers, Christian, Corry, Cortes, Senn, Shavers, Street, Waters and Ybarra.

Staff: Cassie Jones (786-7303).

Background:

In 2019 the Legislature created the Defense Community Compatibility Account (DCCA). The Department of Commerce (Commerce) may make expenditures from the DCCA only for grants to local governments or other entities in an agreement with a military installation under the United States Department of Defense (DOD) Readiness and Environmental Protection Integration Program. Grants may be made for projects to address incompatible development connected to military installations, including:

- acquiring real property or real property interests to eliminate an existing incompatible use;
- projects to jointly assist in recovering or protecting endangered species dependent on military installation property for habitat;
- projects or programs to increase the availability of affordable housing to enlisted military personnel and nonmilitary residents;
- projects to retrofit existing uses to increase their compatibility with military operations;
- projects to enable communities heavily dependent on a military installation to diversify the local economy;
- projects that aid communities to replace jobs lost in the event of a reduction of the military presence;
- local infrastructure or facilities necessary to help a community accommodate an expanded military presence in their community; and
- projects that improve or enhance aspects of the local economy, environment, or quality of life impacted by the presence of military activities.

Grant applicants must demonstrate that both federal funds and funds from the applicant are committed to the same project for which state grant funding is sought.

Commerce must produce a report with a prioritized list of projects to address incompatible developments near military installations by January 1, 2020, and every two years thereafter.

Projects on the list must be prioritized with consideration for:

- recommendations of the DOD base realignment and closures processes, joint land use studies, or other federally initiated land use processes; and
- whether a branch of the United States Armed Forces has identified the project as increasing the viability of military installations.

Summary of Bill:

The deadline for Commerce to submit the DCCA report is moved to November 1 of each even-numbered year. Federally recognized Indian tribes are eligible for grants from the DCCA. Commerce may award DCCA funds to grantees with a nonstate, rather than federal, funding source. The DCCA grants may only be awarded to capital projects.

Appropriation: None.

Fiscal Note: Available.

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 bill creating the DCCA passed in 2019. The DCCA allows the state to identify, prioritize, and fund projects that support communities around military installations. This bill is a technical bill that aligns the project list with the capital budget. The bill also allows tribes to apply for grants. Finally, the bill aligns the state funding with the DOD to leverage federal dollars. It is at the request of the Department of Commerce. Military installations are huge drivers of the local economies. The small but important changes to the DCCA program in the bill will help Commerce support defense communities in Washington. The DCCA creates a formal, predicable process for communities to obtain matching funds for compatibility-enhancing investments. This bill implements lessons learned from operating the DCCA program. Moving the reporting deadline allows Commerce to produce the report in line with the biennial capital budget. It is appreciated that under this bill, match requirements can be from any nonstate source. This will help cities become more competitive for the DCCA funds in the next grant cycle. The DCCA is a vital tool for communities to build upon the work of partnering with military installations. The DCCA provides the necessary match to ensure that federal money is not left on the table.

(Opposed) None.

Persons Testifying: Senator Steve Conway, prime sponsor; Dave Andersen, Washington Department of Commerce; Holly Cocci, City of Airway Heights; and Bill Adamson, South Sound Military and Communities Partnership.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended. Signed by 28 members: Representatives Tharinger, Chair; Callan, Vice Chair; Hackney, Vice Chair; Steele, Ranking Minority Member; Abbarno, Assistant Ranking Minority Member; Sandlin, Assistant Ranking Minority Member; Alvarado, Bateman, Cheney, Christian, Couture, Dye, Eslick, Farivar, Fosse, Kloba, Leavitt, Maycumber, McClintock, Morgan, Mosbrucker, Orwall, Peterson, Reed, Rule, Shavers, Stearns and Waters.

Staff: Kelci Karl-Robinson (786-7116).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Innovation, Community & Economic Development, & Veterans:

The Capital Budget Committee moves the prioritization language to the subsection related to evaluating and ranking applications and adds that priority must be given to grant applications that have secured federal or other nonstate funding, leveraged a higher proportion of federal or other nonstate funding, and in which the federal grant requires state match in a timely manner.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: 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 capital account addresses issues of compatibility between military bases and their community. This is a technical bill to correct flaws in the original bill. The bill aligns dates with the capital biennial budget, adds tribes as applicants, and aligns with the federal process better. Adding clarity that match can be achieved with any nonstate source will allow for more competitiveness. The account identifies, prioritizes, and funds projects that support Washington's military communities living outside military installations. There are multiple federal sources for these projects, but they all require match. The DCCA program creates a predictable process for communities to acquire match to fund compatibility enhancements. The types of projects funded include acquiring land to eliminate existing encroachment, making infrastructure investments, and protecting and recovering endangered species. Tribal communities live around the military installations and should have the opportunity to apply. Thirty seven million dollars in state funds can leverage over \$125 million in federal funds. The Oak Harbor school district received 80 percent of the funding from the DOD to replace two elementary schools. State match is needed quickly in order to access the federal funding. Military children require better schools. The mental health of students was improved after the remodel of the high school.

(Opposed) None.

Persons Testifying: Senator Steve Conway, prime sponsor; Holly Cocci, City of Airway Heights; Shelly Helder, South Sound Military and Communities Partnership; Michelle Kuss-Cybula and Dwight Lundstrom, Oak Harbor Public Schools; and Dave Pringle, Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.