

SENATE BILL REPORT

ESHB 1510

As Reported by Senate Committee On:
Local Government, Land Use & Tribal Affairs, February 20, 2024
Ways & Means, February 26, 2024

Title: An act relating to establishing permanent funding for community preservation and development authorities approved through RCW 43.167.060.

Brief Description: Establishing permanent funding for community preservation and development authorities approved through RCW 43.167.060.

Sponsors: House Committee on Finance (originally sponsored by Representatives Santos, Chopp, Fitzgibbon and Pollet).

Brief History: Passed House: 2/7/24, 94-1.

Committee Activity: Local Government, Land Use & Tribal Affairs: 2/15/24, 2/20/24 [DP-WM, w/oRec].

Ways & Means: 2/23/24, 2/26/24 [DPA, DNP, w/oRec].

Brief Summary of Amended Bill

- Requires 30 percent of the state sales tax revenue at qualified facilities to be deposited into the Community Preservation and Development Authority (CPDA) Account until January 1, 2036.
- Requires a Joint Legislative Audit and Review Committee review of CPDA funding by December 1, 2033.
- Requires each CPDA to submit a biennial report to the Legislature on funding and strategic planning.

SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

Majority Report: Do pass and be referred to Committee on Ways & Means.

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.

Signed by Senators Lovelett, Chair; Salomon, Vice Chair; Short.

Minority Report: That it be referred without recommendation.

Signed by Senator Torres, Ranking Member.

Staff: Karen Epps (786-7424)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Robinson, Chair; Nguyen, Vice Chair, Operating; Billig, Conway, Dhingra, Hasegawa, Hunt, Keiser, Pedersen, Randall, Saldaña, Van De Wege and Wellman.

Minority Report: Do not pass.

Signed by Senators Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Mullet, Vice Chair, Capital; Boehnke, Braun and Muzzall.

Staff: Tianyi Lan (786-7432)

Background: Community Preservation and Development Authorities. Community Preservation and Development Authorities (CPDAs) are entities formed to restore or enhance the health, safety, and economic wellbeing of communities adversely impacted by the construction of, or ongoing operation of, multiple major public facilities, public works, and capital projects with significant public funding or other land use decisions.

A CPDA is formed by residents, property owners, employees, or business owners of an impacted community by presenting a proposal in writing to the appropriate legislative committees in the state House of Representatives and Senate. The proposal must include proposed boundaries and provisions. Formation of the CPDA is subject to legislative authorization by statute.

A CPDA must have at least one of the following purposes:

- revitalize, enhance, and preserve the unique character of impacted communities;
- mitigate the adverse effects of multiple major public facilities projects, public works projects, or capital projects with significant public funding;
- a secure community transition facility—or other land use decisions;
- restore a local area's sense of community;
- reduce the displacement of community members and businesses;
- stimulate the community's economic vitality;
- enhance public service provisions;
- improve the standard of living of community members; or

- preserve historic buildings or areas by returning them to economically productive uses that are compatible with or enhance their historic character.

The CPDA Account exists in the State Treasury and is composed of two subaccounts, one for operating purposes and one for capital purposes.

There are currently two approved CPDAs, both in Seattle: Pioneer Square-International District Community Preservation and Development Authority and Central District Community Preservation and Development Authority.

Lumen Field. The 325,000 square-foot Seahawks Stadium was established in 2002 with a seating capacity of 68,740 with 5000 additional seats available for special events. In 2004, Seahawks Stadium was renamed Qwest Field, later renamed CenturyLink Field, and in 2020, renamed Lumen Field. Lumen Field has a roof covering 70 percent of the seating area.

T-Mobile Park. In 1999, the 88,000 square-foot Safeco Field was established with a seating capacity of 47,000 and a retractable roof. In 2018, Safeco Field was renamed T-Mobile Park.

Joint Legislative Audit and Review Committee. The Joint Legislative Audit and Review Committee (JLARC) is a statutorily created body consisting of eight members from the Senate and eight members from the House of Representatives, with not more than four members from each house from the same political party. The nonpartisan staff of JLARC conduct performance audits, program evaluations, tax performance reviews, sunset reviews, and other analyses assigned by the Legislature and JLARC itself.

Summary of Amended Bill: Beginning January 1, 2025, through January 1, 2036, 30 percent of the state sales tax revenue from qualified facilities must be deposited into the CPDA account. The revenue must be split equally between the operating subaccount and the capital subaccount. The Department of Revenue (DOR) must determine the amount to be deposited by November 1st and May 1st of each year. DOR must notify the state treasurer of the amount to be deposited and the state treasurer must deposit those funds into the CPDA account by December 31st and June 30th each year.

A qualified facility is a facility located in a county in which a CPDA is established that:

- has a seating capacity of at least 68,000 fixed seats in an open-air stadium and has related event space of at least 300,000 square feet; or
- has a seating capacity of at least 47,000 seats for its main use and a retractable roof.

JLARC must conduct a review of CPDA funding and provide its findings to the Legislature by December 1, 2033. The Legislature states its intent to extend the expiration of funding for CPDAs if the JLARC review finds the CPDA:

- increases the economic vitality of the area, increases the safety of residents, and

- promotes the conversion of unused or underutilized properties;
- enhances the livability of the community; and
- addresses housing needs, including funding new low-income and workforce housing units.

By November 1st of each odd-numbered year, each CPDA must submit a biennial report to the Legislature on the CPDA's strategic plan, use of funding, and impacts on the community.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Provides that only state sales tax revenues made in qualified facilities would be deposited into the Community Preservation and Development Authority account.

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 Engrossed Substitute House Bill (Local Government, Land Use & Tribal Affairs): PRO: The concept of CPDAs have been around since 2006 and was conceived as an antidisplacement approach. There was a plan to provide ongoing funding, but the recession occurred and funding was not provided. This bill will provide long-term permanent funding for CPDAs by carving off a percentage of the state portion of the retail sales tax in two facilities, Lumen Field, and T-Mobile Park. Both these CPDAs have been under incredible development pressure from outside development that was not respecting or understanding the communities as they currently exist.

Seattle Chinatown International District Preservation and Development Authority (SCIDPDA) works to revitalize and preserve Chinatown International District with affordable housing, commercial property management, real estate development, and community development. This bill would fund the work of SCIDPDA. This bill is needed to restore the economic vitality and much-needed housing in these districts. This bill will not raise taxes but will divert 30 percent of existing sales taxes at the stadiums to CPDAs.

The International District landmarks suffer hate crimes and businesses are vandalized. When the All-Star Baseball game happened last year, the organizers put the map together for visitors that completely ignored the International District. With World Cup coming to Seattle, these funds will be used for public safety so that the streets and the communities are welcome and safe places for everyone visiting for World Cup and everyone who lives and works in those communities.

Persons Testifying (Local Government, Land Use & Tribal Affairs): PRO: Representative Sharon Tomiko Santos, Prime Sponsor; Kathleen Barry Johnson, Historic South Downtown; An Huynh.

Persons Signed In To Testify But Not Testifying (Local Government, Land Use & Tribal Affairs): No one.

Staff Summary of Public Testimony on Engrossed Substitute House Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: Historic South Downtown, as the state first Community Preservation and Development Authority, helps mitigate ongoing negative impacts of public work projects in Seattle's Pioneer Square and Chinatown International District. One issue to flag is that the fiscal note identified local sales tax as part of the revenue which is not the initial intent by the stakeholders. With an amendment to address that, the bill would help small businesses do better as there is funding for homeless on the street, new housing and cultural activities. The bill ensures everyone shares the potential benefits of the World Cup as a statewide event.

Community partners with Historic South Downtown save meaningful places, foster lively communities, and invest much needed funding resources to promote health and wellness, safety, livability and economic wellbeing. Support for this bill ensures that the organization remain a strong community to advocate and partner into the future.

The bill supports community-driven solutions to repair the damages neighborhoods and forge a future where prosperity is within reach for all. The resources are instrumental in preserving small businesses, supporting diverse residents, safeguarding historic buildings and ensuing that neighborhood remains the vibrant cultural and historical heart of the city.

Persons Testifying (Ways & Means): PRO: Kathleen Barry Johnson, Historic South Downtown; Kji Kelly, Historic Seattle; Liz Jarrard, Compass Housing Alliance; Tanya Woo, Seattle City Councilmember.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.