



# Washington Competitiveness Council

## 2002 Session Accomplishments April 5, 2002

The Washington Competitiveness Council issued a final report in January 2002 containing ninety-nine separate recommendations for improving the business climate in Washington State. Some of these recommendations can be implemented by executive order; others require legislation or changes in agency rules. Governor Gary Locke has initiated a long-term agenda to implement many of these recommendations. The table below summarizes the 2002 legislative changes prompted by the recommendations of the Washington Competitiveness Council and signed into law by Governor Locke.

### 1.0 Taxes and Fees

Recommendation	Legislation Enacted	Date Signed	Summary
Enact legislation to clarify investment income.	HB 2641	March 26	Clarifies the kinds of investment income that are deductible from business and occupation (B&O) taxation, including: investment income from lending and accounts receivable, amounts received by banking, lending, or security businesses, dividends and distributions mutual funds, family trusts, and collective investment vehicles and dividends from capital accounts by a parent holding company from its subsidiary entities. Provides greater predictability and encourages investment in Washington.
Explore the use of tax increment financing.	SHB 2437 SHB 2592	March 21 March 12	SHB 2437 allows cities with populations of greater than 100,000 to engage in sales tax increment financing using only the city or town's portion of the sales tax.  SHB 2592 clarifies the use of property tax increment financing, specifies that non-recourse revenue bonds may be used to finance projects or parts of projects within the tax increment financing area; and repeals the expiration date of July 1, 2010.
Avoid general tax increases and protect existing exemptions.	ESSB 6387	April 5	Supplemental budget includes no general tax increase and preserves major business tax exemptions.
Improve the equity of the unemployment insurance system	EHB 2901	March 26	<ul style="list-style-type: none"><li>• Freezes maximum weekly benefit at \$496 for two years; thereafter caps growth rate in the maximum weekly benefit at 4 percent for six years.</li><li>• Eliminates socialization of training benefits.</li><li>• Caps the 2004 rate schedule at no higher than Schedule C.</li><li>• Implements rate changes that improve system equity.</li></ul>

## 2.0 Regulatory and Permitting Issues

Recommendation	Legislation Enacted	Date Signed	Summary
Create an executive director for coordination of multiple agency permits.	E2HB 2671	March 26	Creates the Permit Assistance Center within the Office of Financial Management, to be administered by the Governor’s office. PAC duties include providing information, facilitation, coordinating permit processes and cost reimbursement processes, developing permit assistance options, reviewing initiatives, dispute resolution, customer surveys, and performance reports. PAC must operate under the assumption that permit applicants should receive timely information about permit timelines, the information required to receive a permit decision, and the cost required to obtain a permit decision.
Search for and support a remedy to legal issues facing condominium developers.	SSB 6409	April 2	Requires a claimant in a construction defect suit to provide written notice to the construction professional 45 days before the suit is filed. The construction professional must respond within 21 days of the notice to remedy the defect, compromise by payment, or dispute the claim. If a suit is filed, the claimant must, within 30 days, list the defects alleged and the professional allegedly responsible. Newly discovered defects may be added to an existing lawsuit if the builder is given 21 days to respond. A condominium or homeowners association filing a defect suit must notify all owners of the action and the expected expenses and fees.
Continue making progress on reform of water law	EHB 2993	April 3	Allows for reuse of industrial water, simplifies permitting of water storage, makes it easier for water right holders to put water back into the river--either for fish or for future use--and lays out a compliance strategy for the Department of Ecology that stresses education and technical assistance before penalties are assessed.

## 2.0 Regulatory and Permitting Issues (continued)

Recommendation	Legislation Enacted	Date Signed	Summary
<p>Include an economic development element in the GMA</p>	<p>2SHB 2697</p>	<p>March 26</p>	<p>Adds economic development as a required element in the comprehensive plan for counties planning under GMA, except for residential communities. Park and recreation facilities are added as a required part of the capital facilities plan and a separate park and recreation and recreation element consistent with the capital facilities plan is required. The new required elements need not be adopted until the scheduled update, and only after the legislature has provided funding.</p>
<p>Consolidate and coordinate permitting processes</p>	<p>ESHB 2866</p>	<p>April 5</p>	<p>Addresses the overlap between Hydraulic Project Approval (HPA) requirements regulated by the Washington Department of Fish and Wildlife (WDFW) and storm water requirements regulated under the National Pollution Discharge Elimination System (NPDES) by the Department of Ecology. Requires that when an outflow pipe is constructed in an area covered by an NPDES permit, WDFW may not condition the HPA on water quality or quantity. In areas not covered by NPDES, WDFW may consider the effect of the water discharge on scouring or erosion.</p>

### 3.0 Physical Infrastructure

Recommendation	Legislation Enacted	Date Signed	Summary
Pass a long-term comprehensive transportation solution that includes regional funding and accountability.	ESHB 2304	Jan 30	<ul style="list-style-type: none"> <li>Establishes reform, efficiency, and greater accountability measures.</li> </ul>
	ESSB 6140	March 21	<ul style="list-style-type: none"> <li>Regional funding measure allows local voters to approve new regional resources to accelerate locally important project.</li> </ul>
	ESHB 2451	April 3	
	SSB 6347	March 27	<ul style="list-style-type: none"> <li>Makes 7.7 billion in state transportation improvements funded with a 9-cent gas tax increase subject to a public vote.</li> </ul>
Secure long-term predictable funding for CERB.	HB 2425	March 28	<p>Provides \$2.27 million in funding for CERB in FY 2003; \$4.16 million per year for FY 2004 through FY 2007. Money from loan repayments from Timber and Rural Natural Resources program. CERB allowed to keep the interest in its account beginning in FY 2005. At least ten percent must be provided as loans.</p> <p>CERB also receives \$2 million in FY 03 and \$30 million over 10 years to distribute as grants for road projects in conjunction with DOT.</p>
Establish processes for handling request for placement of energy and telecommunication facilities on public lands.	SHB 1005	March 26	<p>Specifies a three-tiered schedule of easements on state-owned aquatic lands for public utility lines. The charges are \$5,000 for easements up to one mile in length; \$12,500 for easements greater than one and less than five miles; \$20,000 for five miles or more. The charges will be adjusted annually for inflation.</p>

## 4.0 Human Capital and Innovation

Recommendation	Legislation Enacted	Date Signed	Summary
Provide universities with greater flexibility in setting tuition.	Flexibility enacted in the operating budget (ESSB 6387)	April 5	Operating budget removes tuition caps for nonresident undergraduates and graduate and professional programs. It also provides the following caps for increasing resident undergraduate tuition: <ul style="list-style-type: none"> <li>• 16 percent for the research universities;</li> <li>• 14 percent for the regional and Evergreen State College;</li> <li>• 12 percent for the Community and Technical Colleges.</li> </ul>
Authorize universities to finance research facilities with revenue bonds.	SHB 2736	March 26	Allows the UW and WSU to own and finance research facilities and related equipment supported by revenue generated by research. Allows the universities finance these facilities using revenue bonds. State funds cannot be used for operation and maintenance of these facilities. Allows them lease facilities to non-university persons.
Authorize purchase of land by universities through real estate contracts.	SHB 2736	March 26	See above.
Expand the Worker Retraining Program.	Fund additional community college FTEs in the supplemental operating budget (ESSB 6387)	April 5	Final budget contained 1,320 of the 1,500 additional slots requested by the Governor.