

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 1173

Chapter 259, Laws of 2022

67th Legislature
2022 Regular Session

STATE LANDS DEVELOPMENT AUTHORITIES—INTERBAY PROPERTY

EFFECTIVE DATE: June 9, 2022

Passed by the House March 7, 2022
Yeas 85 Nays 13

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 4, 2022
Yeas 46 Nays 1

DENNY HECK

President of the Senate

Approved March 31, 2022 4:26 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1173** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

April 1, 2022

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 1173

AS AMENDED BY THE SENATE

Passed Legislature - 2022 Regular Session

State of Washington 67th Legislature 2021 Regular Session

By House Capital Budget (originally sponsored by Representatives Berry, Frame, Dolan, and Lekanoff)

READ FIRST TIME 02/22/21.

1 AN ACT Relating to state lands development authorities; and
2 adding a new chapter to Title 43 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

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

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

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

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

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

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

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

9 (v) The formation of a state lands development authority to
10 oversee and manage the development or redevelopment of the state-
11 owned land will be useful and beneficial to the community within and
12 adjacent to the boundaries of the state lands development authority.

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

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

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

20 NEW SECTION. **Sec. 2.** (1) The affairs of a state lands
21 development authority shall be managed by a board of directors.

22 (2) The initial board of directors of a state lands development
23 authority must be appointed by the governor upon recommendation from
24 the state legislative delegation from the district in which the
25 boundaries of the state lands development authority are contained.

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

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

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

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

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

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

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

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

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

6 (5) In addition to other applicable provisions of law pertaining
7 to conflicts of interest of public officials, no state lands
8 development authority board member, appointed or otherwise, may
9 participate in any decision on any board contract in which the board
10 member has any interests, direct or indirect, with any firm,
11 partnership, corporation, or association that would be the recipient
12 of any gain or benefit resulting from transactions with the state
13 lands development authority. In any instance where the participation
14 occurs, the board shall void the transaction, and the involved member
15 shall be subject to whatever sanctions may be provided by law. The
16 board shall frame and adopt a code of ethics for its members, which
17 must be designed to protect the state and its citizens from any
18 unethical conduct by the board.

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

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

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

25 (c) Contract and enter into partnerships with individuals,
26 associations, corporations, and local, state, and federal
27 governments;

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

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

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

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

34 (h) Incur debt in furtherance of its mission: Provided, however,
35 that state lands development authorities are expressly prohibited
36 from incurring debt on behalf of the state of Washington as defined
37 in Article VIII, section 1 of the state Constitution. A state lands
38 development authority obligation to repay borrowed money does not
39 constitute an obligation, either general, special, or moral, of the

1 state of Washington. State lands development authorities are
2 expressly prohibited from using, either directly or indirectly,
3 "general state revenues" as defined in Article VIII, section 1 of the
4 state Constitution to satisfy any state lands development authority
5 obligation to repay borrowed money;

6 (i) Lend or grant its funds for any lawful purposes. For purposes
7 of this section, "lawful purposes" includes without limitation, any
8 use of funds, including loans thereof to public or private parties,
9 authorized by agreements with the United States or any department or
10 agency thereof under which federal or private funds are obtained, or
11 authorized under federal laws and regulations pertinent to such
12 agreements; and

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

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

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

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

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

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

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

26 (2) Establish specific geographic boundaries for the authority
27 with its bylaws based on the general geographic boundaries
28 established in the proposal approved by the legislature;

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

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

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

37 (b) An examination of options for development or redevelopment
38 that include industrial uses only, mixed-use commercial and
39 residential development, and mixed-use light industrial and

1 residential development, as well as the incorporation of community-
2 oriented facilities, and an evaluation of which options would achieve
3 maximum public benefit;

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

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

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

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

17 NEW SECTION. **Sec. 5.** The state lands development authority
18 operating account is hereby created in the state treasury. Moneys in
19 the account may be spent only after appropriation. Expenditures from
20 the account may be used only for operating expenses under this
21 chapter.

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

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

27 (a) The state of Washington owns a property of approximately 25
28 acres in size located at 1601 West Armory Way within Seattle's
29 Ballard-Interbay northend manufacturing industrial center and
30 Interbay neighborhood, known as the Interbay property. The Interbay
31 property was transferred to the state of Washington in 1971 with deed
32 limitations which limit use of the property for national guard
33 purposes only. The national guard currently uses the Interbay
34 property for the Seattle readiness center, built in 1974. The
35 national guard has determined that it must relocate from the Interbay
36 property to another site, and an assessment has been completed
37 pursuant to section 1(2)(b) of this act. Once the national guard

1 facilities are funded and constructed and the national guard is
2 relocated in a new, fully operational readiness center, and the
3 department of defense has released its use restrictions on the
4 property, the Interbay property will be available for redevelopment.

5 (b) The formation of a state lands development authority to
6 oversee and manage the redevelopment of the Interbay property will be
7 useful and beneficial to the community within and adjacent to the
8 Interbay neighborhood in the city of Seattle. The legislature intends
9 that the authority be appropriately funded and staffed.

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

13 (b) The Ballard-Interbay state lands development authority is a
14 public body corporate and politic and instrumentality of the state of
15 Washington.

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

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

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

26 (a) One member with experience developing workforce or affordable
27 housing;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (9) For purposes of this section, "Interbay property" means a
40 state-owned property with deed limitations indicating it may be used

1 for national guard purposes only located at 1601 West Armory Way,
2 consisting of approximately 25 acres of land within Seattle's
3 Ballard-Interbay northend manufacturing industrial center and
4 Interbay neighborhood.

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

Passed by the House March 7, 2022.

Passed by the Senate March 4, 2022.

Approved by the Governor March 31, 2022.

Filed in Office of Secretary of State April 1, 2022.

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