Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology, Economic Development, & Veterans Committee

SB 5649

Brief Description: Creating a Washington state supply chain competitiveness infrastructure program.

Sponsors: Senators Liias, King, Chapman, Torres, Wilson, J., Boehnke, Hasegawa, Shewmake and Short.

Brief Summary of Bill

- Creates the Supply Chain Competitiveness Infrastructure Program (Program) to provide grants and loans to ensure successful and efficient operation of the supply chain to and from public and tribal ports.
- Requires the Department of Transportation to set Program priorities, determine eligibility, and develop criteria to prioritize projects through collaboration with critical supply chain stakeholders.

Hearing Date: 3/19/25

Staff: Martha Wehling (786-7067).

Background:

Port Districts.
Port districts are authorized for the purpose of acquisition, construction, maintenance, operation, development, and regulation within the district of harbor improvements, rail or motor vehicle transfer and terminal facilities, water and air transfer and terminal facilities, or any combination of these facilities. There are 75 port districts in the state. A port district may also, through its commission, spend money and conduct promotions of resources and facilities within the district

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or general area through advertising, publicizing, or marketing.

Any port district may adopt or amend a freight development plan as an amendment to the port's comprehensive scheme of harbor improvements. The freight development plan is submitted to several entities, including the Department of Transportation, to coordinate the development and funding of freight mobility projects. After a port adopts or approves a harbor improvement plan, any improvements must be in accordance with the plan until the plan is amended.

The Washington Constitution, Article VIII, section 8, states that the use of public funds by port districts for industrial development or trade promotion is deemed a public use for a public purpose.

State Accounts.
In addition to the State General Fund, which may be expended for any lawful purpose, the state maintains several hundred accounts that are dedicated to particular statutory purposes. These accounts generally fall into one of three categories: (1) accounts located in the State Treasury, which always require appropriation by the Legislature; (2) accounts held in the custody of the State Treasurer, which may or may not require legislative appropriation; and (3) accounts located in state agencies and institutions of higher education, known as local accounts.

Summary of Bill:

The Department of Transportation (Transportation) is required to set priorities for efficient operation of a Supply Chain Competitiveness Infrastructure Program (Program). The Program will provide grants and loans to public ports and federally recognized tribal governments with public port operations. Transportation may adopt rules under the Administrative Procedures Act to implement the Program. "Public ports" are the ports authorized through the statutory process.

To set the Program priorities, Transportation will collaborate with critical supply chain stakeholders to develop performance metrics designed to strengthen the criteria used to prioritize projects for funding. The parties to the collaborative process will also develop a list of project types eligible for the Program. The stakeholders include, but are not limited to:

- the Department of Commerce;
- the Freight Mobility Strategic Investment Board;
- the Washington Public Ports Association;
- federally recognized tribal governments with port operations;
- trucking representation;
- rail representation;
- marine representation;
- warehouse representation;
- agricultural representation;
- manufacturing representation; and
- clean energy representation.

Eligible projects for the Program are required to align with six goals addressing: operation of the supply chain to and from public and tribal ports, advantages of efficient freight movement, sustenance of the international trade economy, access to market transportation for agricultural and industrial products, integration and cooperation of freight distribution systems, and mitigation of the impacts of increased freight traffic on communities. The projects must be included in a port's freight development plan.

The Supply Chain Competitiveness Infrastructure Program Account (Account) is created as an account in the State Treasury. Receipts from the Legislature, proceeds of bonds, and principal and interest payments from Account loans are deposited in the Account. Money from federal, state, local, and private sources may be deposited in the Account by public and private entities. Use of the Account is limited to projects that focus on enhancing supply chain competitiveness for public and tribal ports and the capacity of ground and maritime transportation and facilities. Transportation will receive grant funds through appropriation using existing accounts.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.