

**RCW 39.114.050 Apportionment of taxes.** Apportionment of taxes shall be as follows:

(1) Commencing in the calendar year immediately following the calendar year in which the increment area takes effect in accordance with RCW 39.114.020, the county treasurer shall distribute receipts from regular property taxes imposed on real property located in the increment area as follows:

(a) Each taxing district shall receive that portion of its regular property taxes produced by the rate of tax levied by or for the taxing district on the tax allocation base value for that increment area;

(b) The local government that designated the increment area shall be entitled to receive an additional amount equal to the amount derived from the regular property taxes levied by or for each taxing district upon the increment value within the increment area. The local government that designated the increment area shall receive no more than is needed to pay or repay costs directly associated with the public improvements identified in the approved ordinance and may agree to receive less than the full amount of this portion, as long as bond debt service, reserve, and other bond covenant requirements are satisfied, in which case the balance of these tax receipts shall be allocated to the taxing districts that imposed regular property taxes, or have regular property taxes imposed for them, in the increment area for collection that year in proportion to their regular tax levy rates for collection that year. The local government may request that the treasurer transfer this additional portion of the property taxes to its designated agent. The portion of the tax receipts distributed to the local government or its agent under this subsection (1)(b) may only be expended to finance public improvement costs associated with the public improvements financed in whole or in part by tax increment financing; and

(c) This section shall not apply to any receipts from the regular property taxes levied by:

(i) The state for the support of the common schools under RCW 84.52.065;

(ii) Local school district excess levies; and

(iii) Port districts or public utility districts specifically for the purpose of making required payments of principal and interest or general indebtedness.

(2) The apportionment of tax allocation revenues must cease when the taxing district certifies to the county assessor in writing that tax allocation revenues are no longer necessary or obligated to pay public improvement costs, but in no event shall the apportionment of tax allocation revenues continue beyond the sunset date established pursuant to RCW 39.114.020(1)(e). Any excess tax allocation revenues and earnings on the tax allocation revenues remaining at the time the apportionment of tax receipts terminates must be returned to the county treasurer and distributed to the taxing districts that imposed regular property taxes, or had regular property taxes imposed for it, in the increment area for collection that year, in proportion to the rates of their regular property tax levies for collection that year.

(3) The apportionment and distribution of portions of the regular property taxes levied by or for each taxing district upon the increment value within the increment area pursuant to and subject to the requirements of this chapter is declared to be a public purpose of and benefit each such taxing district.

(4) The apportionment and distribution of portions of the regular property taxes levied by or for each taxing district upon the increment value within the increment area pursuant to this section shall not affect or be deemed to affect the rate of taxes levied by or within any such taxing district or the consistency of any such levies with the uniformity requirement of Article VII, section 1 of the state Constitution.

(5) (a) For a local government having a designated increment area under this chapter as of May 9, 2023, the county assessor must adjust the tax allocation base value for that increment area to include the assessed value of any privately owned improvements located on publicly owned land for taxes imposed in the year in which the increment area was first designated. However, no adjustment is required if the increment area does not include any privately owned improvements located on publicly owned land subject to property taxation as of the date the increment area became effective.

(b) The adjusted tax allocation base value under this subsection (5) does not impact any apportionment and distribution under this section occurring in calendar years before calendar year 2024. [2023 c 354 s 4; 2021 c 207 s 5.]

**Effective date—2023 c 354:** See note following RCW 39.114.010.