
HOUSE BILL 2036

State of Washington 61st Legislature 2009 Regular Session

By Representatives Ericksen, Roach, Kristiansen, Newhouse, Kretz, and Angel

Read first time 02/06/09. Referred to Committee on Transportation.

1 AN ACT Relating to financing the state contribution to replacement
2 of a viaduct through the creation of a transportation infrastructure
3 improvement zone; adding a new section to chapter 82.32 RCW; and adding
4 a new chapter to Title 39 RCW.

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

6 NEW SECTION. **Sec. 1.** The definitions in this section apply
7 throughout this chapter unless the context clearly requires otherwise.

8 (1) "Transportation infrastructure improvement zone" or
9 "improvement zone" means the geographic zone from which taxes are to be
10 appropriated to finance public improvements authorized under this
11 chapter.

12 (2) "Department" means the department of revenue.

13 (3) "City" means a city with a population of more than five hundred
14 fifty thousand persons.

15 (4) "Ordinance" means any appropriate method of taking legislative
16 action by a city.

17 (5) "Public improvements" means infrastructure improvements that
18 relate to the removal of a viaduct damaged by an earthquake and the

1 construction of a new tunnel as its replacement. Public improvements
2 also include:

- 3 (a) Water and sewer system improvements; and
- 4 (b) Storm water and drainage management systems.

5 (6) "Public improvement costs" means the costs of: (a) Design,
6 planning, acquisition including land acquisition, site preparation
7 including land clearing, construction, reconstruction, rehabilitation,
8 improvement, and installation of public improvements; (b) demolishing,
9 relocating, maintaining, and operating property pending construction of
10 public improvements; (c) relocating utilities as a result of public
11 improvements; and (d) financing public improvements, including interest
12 during construction, legal and other professional services, taxes,
13 insurance, principal and interest costs on indebtedness issued to
14 finance public improvements, and any necessary reserves for
15 indebtedness.

16 (7) "State equivalency payments" means the equivalent amount of
17 state property taxes derived within the improvement zone.

18 (8) "Tax allocation revenues" means all tax revenues derived from
19 state and local sales taxes, state and local business and occupation
20 taxes, state and local public utility taxes, local regular property
21 taxes, state and local real estate excise taxes, and state and local
22 leasehold excise taxes within the improvement zone from all taxing
23 districts included within the improvement zone. "Tax allocation
24 revenues" also includes state equivalency payments and state and local
25 sales taxes from the initial construction of any new development in the
26 improvement zone.

27 NEW SECTION. **Sec. 2.** A city must finance public improvements
28 using transportation infrastructure improvement zone financing subject
29 to the following conditions:

30 (1) The city adopts an ordinance designating an improvement zone
31 within its boundaries and specifying the public improvements proposed
32 to be financed in whole or in part with the use of transportation tax
33 allocation revenues.

34 (2) The boundaries of an improvement zone may not change once the
35 improvement zone is established by ordinance.

36 (3) The ordinance must specify the initial date tax allocation

1 revenues will be distributed to the city to fund public improvement
2 costs.

3 (4) Tax allocation revenues distributed to the city to fund public
4 improvement costs must cease twenty-five years from the date described
5 in subsection (3) of this section.

6 (5) The boundaries of the improvement zone may only include
7 territory around the location where a viaduct damaged by earthquake is
8 razed. As part of this determination, the city may include an estimate
9 of the increase in tax allocation revenues upon completion of the
10 construction of the public improvements and any associated private
11 development.

12 NEW SECTION. **Sec. 3.** (1) Before adopting an ordinance creating
13 the improvement zone, a city must hold a public hearing on the proposed
14 financing of the public improvement in whole or in part with
15 improvement zone financing.

16 (a) Notice of the public hearing must be published in a legal
17 newspaper of general circulation within the proposed improvement zone
18 at least ten days before the public hearing and posted in at least six
19 conspicuous public places located in the proposed improvement zone.

20 (b) Notices must describe the contemplated public improvements,
21 estimate the costs of the public improvements, describe the portion of
22 the costs of the public improvements to be borne by tax allocation
23 revenues, describe any other sources of revenue to finance the public
24 improvements, describe the boundaries of the proposed improvement zone,
25 and estimate the period during which the improvement zone financing is
26 contemplated to be used. The public hearing may be held by either the
27 governing body of the city, or a committee of the governing body that
28 includes at least a majority of the whole governing body.

29 (2) In order to create an improvement zone, a city must adopt an
30 ordinance establishing the improvement zone that:

31 (a) Describes the public improvements;

32 (b) Describes the boundaries of the improvement zone;

33 (c) Estimates the cost of the public improvements and the portion
34 of these costs to be financed by transportation tax allocation
35 revenues;

36 (d) Estimates the time during which tax allocation revenues are to

1 be used to finance public improvement costs associated with the public
2 improvements financed in whole or in part by improvement zone
3 financing;

4 (e) Provides the date when the use of improvement zone tax
5 allocation revenues will commence; and

6 (f) Provides a schedule for when development rights above the
7 location where a viaduct damaged by earthquake is razed will be
8 available for purchase.

9 NEW SECTION. **Sec. 4.** (1) A city that adopts an ordinance creating
10 an improvement zone under this chapter must, within ninety days of
11 adopting the ordinance:

12 (a) Publish notice in a legal newspaper of general circulation
13 within the improvement zone that describes the public improvement,
14 describes the boundaries of the improvement zone, and identifies the
15 location and times where the ordinance and other public information
16 concerning the public improvement may be inspected; and

17 (b) Deliver a certified copy of the ordinance to the county
18 treasurer, the county assessor, the department of revenue, and the
19 governing body of each taxing authority within which the improvement
20 zone is located.

21 (2) Any challenge to the formation must be brought within sixty
22 days of the later of the date of its formation or July 1, 2008.

23 NEW SECTION. **Sec. 5.** A city that adopts an ordinance creating an
24 improvement zone under this chapter must sell development rights in the
25 area where a viaduct damaged by earthquake is razed. All proceeds from
26 the sale of development rights shall be deposited in the special fund
27 or funds described under section 7 of this act and must be used to
28 defease bonds for public improvements.

29 NEW SECTION. **Sec. 6.** The city must use all tax allocation
30 revenues for the razing of a viaduct damaged by an earthquake and the
31 construction of a new tunnel as its replacement and related public
32 improvements. Tax allocation revenues shall be deposited in a special
33 fund or funds described under section 7 of this act or other segregated
34 account of the city to be used exclusively for the funding of public
35 improvements. By December 31st of each year, the state treasurer must

1 transfer from the state general fund to the city the amount of the
2 state equivalency payment for that year. By December 31st of each
3 year, the county treasurer must transfer to the appropriate fund or
4 funds of the city the amount of any local property taxes levied for
5 collection in that year within the improvement zone. On a quarterly
6 basis, the state treasurer must transfer tax allocation revenues
7 derived from state and local sales taxes, state business and occupation
8 taxes, state and local real estate excise taxes, and state and local
9 leasehold excise taxes to the city.

10 NEW SECTION. **Sec. 7.** (1) A city must issue revenue bonds to fund
11 public improvements, or portions of public improvements, that are
12 located within an improvement zone and that it is authorized to provide
13 or operate. Whenever revenue bonds are to be issued, the legislative
14 authority of the city must create or have created a special fund or
15 funds from which, along with any reserves created pursuant to RCW
16 39.44.140, the principal and interest on these revenue bonds must
17 exclusively be payable. The legislative authority of the city may
18 obligate the city to set aside and pay into the special fund or funds
19 a fixed proportion or a fixed amount of the tax allocation revenues
20 obtained within the improvement zone. This amount or proportion is a
21 lien and charge against these revenues, subject only to operating and
22 maintenance expenses. The city must have due regard for the cost of
23 operation and maintenance of the public improvements that are funded by
24 the revenue bonds, and shall not set aside into the special fund or
25 funds a greater amount or proportion of the revenues that in its
26 judgment will be available over and above the cost of maintenance and
27 operation and the amount or proportion, if any, of the revenue
28 previously pledged. The city may also provide that revenue bonds
29 payable out of the same source or sources of revenue may later be
30 issued on a parity with any revenue bonds being issued and sold.

31 (2) Revenue bonds issued pursuant to this section are not an
32 indebtedness of the city issuing the bonds, and the interest and
33 principal on the bonds must only be payable from the revenues lawfully
34 pledged to meet the principal and interest requirements and any
35 reserves created pursuant to RCW 39.44.140. The owner or bearer of a
36 revenue bond or any interest coupon issued pursuant to this section
37 shall not have any claim against the city arising from the bond or

1 coupon except for payment from the revenues lawfully pledged to meet
2 the principal and interest requirements and any reserves created
3 pursuant to RCW 39.44.140. The substance of the limitations included
4 in this subsection must be plainly printed, written, or engraved on
5 each bond issued pursuant to this section.

6 (3) Revenue bonds with a maturity in excess of twenty-five years
7 may not be issued. The legislative authority of the city must by
8 resolution determine for each revenue bond issue the amount, date,
9 form, terms, conditions, denominations, maximum fixed or variable
10 interest rate or rates, maturity or maturities, redemption rights,
11 registration privileges, manner of execution, manner of sale, callable
12 provisions, if any, and covenants including the refunding of existing
13 revenue bonds. Facsimile signatures may be used on the bonds and any
14 coupons. Refunding revenue bonds may be issued in the same manner as
15 revenue bonds are issued.

16 NEW SECTION. **Sec. 8.** The tax allocation revenues and state
17 equivalency payments constitute part of the state contribution to the
18 replacement of a viaduct damaged by earthquake. The state contribution
19 to this project must not exceed two billion four hundred million
20 dollars.

21 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.32 RCW
22 to read as follows:

23 The tax imposed and collected under chapters 82.08 and 82.12 RCW on
24 the construction of a tunnel must be transferred to a city that creates
25 a transportation infrastructure improvement zone. The city must
26 deposit any revenues received under this section into the special fund
27 or funds described in section 7 of this act and must be used to reduce
28 project costs

29 NEW SECTION. **Sec. 10.** Sections 1 through 8 of this act constitute
30 a new chapter in Title 39 RCW.

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