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HOUSE BILL 1306

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State of Washington

63rd Legislature

2013 Regular Session

By Representatives Wylie, Moeller, Harris, Pike, Johnson, Chandler, Sells, Pollet, Upthegrove, and Moscoso

Read first time 01/23/13. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to extending the expiration dates of the local  
2 infrastructure financing tool program; amending RCW 39.102.904 and  
3 82.14.475; and providing an expiration date.

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

5 **Sec. 1.** RCW 39.102.904 and 2006 c 181 s 707 are each amended to  
6 read as follows:

7 This act expires June 30, (~~(2039)~~) 2049.

8 **Sec. 2.** RCW 82.14.475 and 2010 c 164 s 12 are each amended to read  
9 as follows:

10 (1) A sponsoring local government, and any cosponsoring local  
11 government, that has been approved by the board to use local  
12 infrastructure financing may impose a sales and use tax in accordance  
13 with the terms of this chapter and subject to the criteria set forth in  
14 this section. Except as provided in this section, the tax is in  
15 addition to other taxes authorized by law and is collected from those  
16 persons who are taxable by the state under chapters 82.08 and 82.12 RCW  
17 upon the occurrence of any taxable event within the taxing jurisdiction  
18 of the sponsoring local government or cosponsoring local government.

1 (2) The tax authorized under subsection (1) of this section is  
2 credited against the state taxes imposed under RCW 82.08.020(1) and  
3 82.12.020 at the rate provided in RCW 82.08.020(1). The department  
4 must perform the collection of such taxes on behalf of the sponsoring  
5 local government or cosponsoring local government at no cost to the  
6 sponsoring local government or cosponsoring local government and must  
7 remit the taxes as provided in RCW 82.14.060.

8 (3) The aggregate rate of tax imposed by the sponsoring local  
9 government, and any cosponsoring local government, must not exceed the  
10 lesser of:

11 (a) The rate provided in RCW 82.08.020(1) less:

12 (i) The aggregate rates of all other local sales and use taxes  
13 imposed by any taxing authority on the same taxable events;

14 (ii) The aggregate rates of all taxes under RCW 82.14.465 and this  
15 section that are authorized to be imposed on the same taxable events  
16 but have not yet been imposed by a sponsoring local government or  
17 cosponsoring local government that has been approved by the department  
18 or the community economic revitalization board to receive a state  
19 contribution under chapter 39.100 or 39.102 RCW; and

20 (iii) The percentage amount of distributions required under RCW  
21 82.08.020(5) multiplied by the rate of state taxes imposed under RCW  
22 82.08.020(1); and

23 (b) The rate, as determined by the sponsoring local government, and  
24 any cosponsoring local government, in consultation with the department,  
25 reasonably necessary to receive the state contribution over ten months.

26 (4) Sponsoring local governments that have been approved before  
27 October 1, 2008, by the community economic revitalization board for a  
28 state contribution must select the rate of tax under this section no  
29 later than September 1, 2009.

30 (5) The department, upon request, must assist a sponsoring local  
31 government and cosponsoring local government in establishing their tax  
32 rate in accordance with subsection (3) of this section. Once the rate  
33 of tax is selected, it may not be increased.

34 (6)(a) No tax may be imposed under the authority of this section:

35 (i) Before July 1st of the second calendar year following the year  
36 approval by the board under RCW 39.102.040 was made; and

37 (ii) Until a sponsoring local government reports to the board and

1 the department as required by RCW 39.102.140 that the state has  
2 benefited through the receipt of state excise tax allocation revenues  
3 or state property tax allocation revenues, or both.

4 (b) The tax imposed under this section expires when all  
5 indebtedness issued under the authority of RCW 39.102.150 is retired  
6 and all other contractual obligations relating to the financing of  
7 public improvements under chapter 39.102 RCW are satisfied, but not  
8 more than twenty-five years after the tax is first imposed.

9 (7) An ordinance adopted by the legislative authority of a  
10 sponsoring local government or cosponsoring local government imposing  
11 a tax under this section must provide that:

12 (a) The tax is first imposed on the first day of a fiscal year;

13 (b) The cumulative amount of tax received by the sponsoring local  
14 government, and any cosponsoring local government, in any fiscal year  
15 may not exceed the amount of the state contribution;

16 (c) The tax will cease to be distributed for the remainder of any  
17 fiscal year in which either:

18 (i) The amount of tax received by the sponsoring local government,  
19 and any cosponsoring local government, equals the amount of the state  
20 contribution;

21 (ii) The amount of revenue from taxes imposed under this section by  
22 all sponsoring and cosponsoring local governments equals the annual  
23 state contribution limit; or

24 (iii) The amount of tax received by the sponsoring local government  
25 equals the amount of project award granted in the approval notice  
26 described in RCW 39.102.040;

27 (d) Neither the local excise tax allocation revenues nor the local  
28 property tax allocation revenues may constitute more than eighty  
29 percent of the total local funds as described in RCW 39.102.020(28)(b).  
30 This requirement applies beginning January 1st of the fifth calendar  
31 year after the calendar year in which the sponsoring local government  
32 begins allocating local excise tax allocation revenues under RCW  
33 39.102.110;

34 (e) The tax must be distributed again, should it cease to be  
35 distributed for any of the reasons provided in (c) of this subsection,  
36 at the beginning of the next fiscal year, subject to the restrictions  
37 in this section; and

1 (f) Any revenue generated by the tax in excess of the amounts  
2 specified in (c) of this subsection belongs to the state of Washington.

3 (8) If a county and city cosponsor a revenue development area, the  
4 combined amount of distributions received by both the city and county  
5 may not exceed the state contribution.

6 (9) The department must determine the amount of tax receipts  
7 distributed to each sponsoring local government, and any cosponsoring  
8 local government, imposing sales and use tax under this section and  
9 shall advise a sponsoring or cosponsoring local government when tax  
10 distributions for the fiscal year equal the amount of state  
11 contribution for that fiscal year as provided in subsection (11) of  
12 this section. Determinations by the department of the amount of tax  
13 distributions attributable to each sponsoring or cosponsoring local  
14 government are final and may not be used to challenge the validity of  
15 any tax imposed under this section. The department must remit any tax  
16 receipts in excess of the amounts specified in subsection (7)(c) of  
17 this section to the state treasurer who must deposit the money in the  
18 general fund.

19 (10) If a sponsoring or cosponsoring local government fails to  
20 comply with RCW 39.102.140, no tax may be distributed in the subsequent  
21 fiscal year until such time as the sponsoring or cosponsoring local  
22 government complies and the department calculates the state  
23 contribution amount for such fiscal year.

24 (11) Each year, the amount of taxes approved by the department for  
25 distribution to a sponsoring or cosponsoring local government in the  
26 next fiscal year must be equal to the state contribution and may be no  
27 more than the total local funds as described in RCW 39.102.020(28)(b).  
28 The department must consider information from reports described in RCW  
29 39.102.140 when determining the amount of state contributions for each  
30 fiscal year. A sponsoring or cosponsoring local government may not  
31 receive, in any fiscal year, more revenues from taxes imposed under the  
32 authority of this section than the amount approved annually by the  
33 department. The department may not approve the receipt of more  
34 distributions of sales and use tax under this section to a sponsoring  
35 or cosponsoring local government than is authorized under subsection  
36 (7) of this section.

37 (12) The amount of tax distributions received from taxes imposed

1 under the authority of this section by all sponsoring and cosponsoring  
2 local governments is limited annually to not more than seven million  
3 five hundred thousand dollars.

4 (13) The definitions in RCW 39.102.020 apply to this section unless  
5 the context clearly requires otherwise.

6 (14) If a sponsoring local government is a federally recognized  
7 Indian tribe, the distribution of the sales and use tax authorized  
8 under this section must be authorized through an interlocal agreement  
9 pursuant to chapter 39.34 RCW.

10 (15) Subject to RCW 39.102.195, the tax imposed under the authority  
11 of this section may be applied either to provide for the payment of  
12 debt service on bonds issued under RCW 39.102.150 by the sponsoring  
13 local government or to pay public improvement costs on a pay-as-you-go  
14 basis, or both.

15 (16) The tax imposed under the authority of this section must cease  
16 to be imposed if the sponsoring local government or cosponsoring local  
17 government fails to issue indebtedness under the authority of RCW  
18 39.102.150, and fails to commence construction on public improvements,  
19 by June 30th of the (~~five~~) seventh fiscal year in which the local  
20 tax authorized under this section is imposed.

21 (17) For purposes of this section, the following definitions apply:

22 (a) "Local sales and use taxes" means sales and use taxes imposed  
23 by cities, counties, public facilities districts, and other local  
24 governments under the authority of this chapter, chapter 67.28 or 67.40  
25 RCW, or any other chapter, and that are credited against the state  
26 sales and use taxes.

27 (b) "State sales and use taxes" means the tax imposed in RCW  
28 82.08.020(1) and the tax imposed in RCW 82.12.020 at the rate provided  
29 in RCW 82.08.020(1).

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