

SSB 5253 - S AMD 33
By Senator White

ADOPTED 03/01/2011

1 Strike everything after the enacting clause and insert the
2 following:

3 "PART I
4 FINDINGS

5 NEW SECTION. **Sec. 101.** FINDINGS. (1) Recognizing that
6 uncoordinated and poorly planned growth poses a threat to the
7 environment, sustainable economic development, and the health, safety,
8 and high quality of life enjoyed by residents of this state, the
9 legislature passed the growth management act, chapter 36.70A RCW. The
10 planning goals adopted through the growth management act encourage
11 development in urban areas where public facilities and services exist
12 or can be provided efficiently, conservation of productive forest and
13 agricultural lands, and a reduction of sprawl.

14 (2) Under RCW 36.70A.090 and 43.362.005 the legislature has
15 encouraged:

16 (a) The use of innovative land use management techniques, including
17 the transfer of development rights, to meet growth management goals;
18 and

19 (b) The creation of a regional transfer of development rights
20 marketplace in the central Puget Sound to assist in conserving
21 agricultural and forest land, as well as other lands of state or
22 regional priority.

23 (3) The legislature finds that:

24 (a) Local governments are in need of additional resources to
25 provide public infrastructure to meet the needs of a growing
26 population, and that public infrastructure is fundamental to community
27 health, safety, and economic vitality. Investment in public
28 infrastructure in growing urban areas supports growth management goals,
29 encourages the redevelopment of underutilized or blighted urban areas,

1 stimulates business activity and helps create jobs, lowers the cost of
2 housing, promotes efficient land use, and improves residents' quality
3 of life;

4 (b) Transferring development rights from agricultural and forest
5 lands to urban areas where public facilities and services exist or can
6 be provided efficiently and cost-effectively will ensure vibrant,
7 economically viable communities. Directing growth to communities where
8 people can live close to where they work or have access to
9 transportation choices will also advance state goals regarding climate
10 change by reducing vehicle miles traveled and by reducing fuel
11 consumption and emissions that contribute to climate change. Directing
12 growth to these communities will further help avoid the impacts of
13 storm water runoff to Puget Sound by avoiding impervious surfaces
14 associated with development in watershed uplands;

15 (c) A transfer of development rights marketplace is particularly
16 appropriate for conserving agricultural and forest land of long-term
17 commercial significance. Transferring the development rights from
18 these lands of statewide importance to cities will help achieve a
19 specific goal of the growth management act by keeping them in farming
20 and forestry, thereby helping ensure these remain viable industries in
21 counties experiencing population growth. Transferring growth from
22 agricultural and forest land of long-term commercial significance will
23 also reduce costs to the counties that otherwise would be responsible
24 for the provision of infrastructure and services for development on
25 these lands, which are generally further from existing infrastructure
26 and services; and

27 (d) The state and its residents benefit from investment in public
28 infrastructure that is associated with urban growth facilitated by the
29 transfer of development from agricultural and forest lands of long-term
30 commercial significance. These activities advance multiple state
31 growth management goals and benefit the state and local economies. It
32 is in the public interest to enable local governments to finance such
33 infrastructure investments and to incentivize development right
34 transfers in the central Puget Sound through this chapter.

35 **PART II**
36 **DEFINITIONS**

1 NEW SECTION. **Sec. 201.** DEFINITIONS. The definitions in this
2 section apply throughout this chapter unless the context clearly
3 requires otherwise.

4 (1) "Assessed value" means the valuation of taxable real property
5 as placed on the last completed assessment roll.

6 (2) "Eligible county" means any county that borders Puget Sound,
7 that has a population of six hundred thousand or more, and that has an
8 established program for transfer of development rights.

9 (3) "Employment" means total employment in a county or city, as
10 applicable, estimated by the office of financial management.

11 (4) "Exchange rate" means an increment of development beyond what
12 base zoning allows that is assigned to a development right by a
13 sponsoring city for use in a receiving area.

14 (5) "Local infrastructure project area" means the geographic area
15 identified by a sponsoring city under section 601 of this act.

16 (6) "Local infrastructure project financing" means the use of local
17 property tax allocation revenue distributed to the sponsoring city to
18 pay or finance public improvement costs within the local infrastructure
19 project area in accordance with section 701 of this act.

20 (7) "Local property tax allocation revenue" means those tax
21 revenues derived from the receipt of regular property taxes levied on
22 the property tax allocation revenue value and used for local
23 infrastructure project financing.

24 (8) "Participating taxing district" means a taxing district that:

25 (a) Has a local infrastructure project area wholly or partially
26 within the taxing district's geographic boundaries; and

27 (b) Levies, or has levied on behalf of the taxing district, regular
28 property taxes as defined in this section.

29 (9) "Population" means the population of a city or county, as
30 applicable, estimated by the office of financial management.

31 (10) "Property tax allocation revenue base value" means the
32 assessed value of real property located within a local infrastructure
33 project area, less the property tax allocation revenue value.

34 (11)(a)(i) "Property tax allocation revenue value" means an amount
35 equal to the sponsoring city ratio multiplied by seventy-five percent
36 of any increase in the assessed value of real property in a local
37 infrastructure project area resulting from:

1 (A) The placement of new construction, improvements to property, or
2 both, on the assessment roll, where the new construction and
3 improvements are initiated after the local infrastructure project area
4 is created by the sponsoring city;

5 (B) The cost of new housing construction, conversion, and
6 rehabilitation improvements, when the cost is treated as new
7 construction for purposes of chapter 84.55 RCW as provided in RCW
8 84.14.020, and the new housing construction, conversion, and
9 rehabilitation improvements are initiated after the local
10 infrastructure project area is created by the sponsoring city;

11 (C) The cost of rehabilitation of historic property, when the cost
12 is treated as new construction for purposes of chapter 84.55 RCW as
13 provided in RCW 84.26.070, and the rehabilitation is initiated after
14 the local infrastructure project area is created by the sponsoring
15 city.

16 (ii) Increases in the assessed value of real property resulting
17 from (a)(i)(A) through (C) of this subsection are included in the
18 property tax allocation revenue value in the initial year. These same
19 amounts are also included in the property tax allocation revenue value
20 in subsequent years unless the property becomes exempt from property
21 taxation.

22 (b) "Property tax allocation revenue value" includes an amount
23 equal to the sponsoring city ratio multiplied by seventy-five percent
24 of any increase in the assessed value of new construction consisting of
25 an entire building in the years following the initial year, unless the
26 building becomes exempt from property taxation.

27 (c) Except as provided in (b) of this subsection, "property tax
28 allocation revenue value" does not include any increase in the assessed
29 value of real property after the initial year.

30 (d) There is no property tax allocation revenue value if the
31 assessed value of real property in a local infrastructure project area
32 has not increased as a result of any of the reasons specified in
33 (a)(i)(A) through (C) of this subsection.

34 (e) For purposes of this subsection, "initial year" means:

35 (i) For new construction and improvements to property added to the
36 assessment roll, the year during which the new construction and
37 improvements are initially placed on the assessment roll;

1 (ii) For the cost of new housing construction, conversion, and
2 rehabilitation improvements, when the cost is treated as new
3 construction for purposes of chapter 84.55 RCW, the year when the cost
4 is treated as new construction for purposes of levying taxes for
5 collection in the following year; and

6 (iii) For the cost of rehabilitation of historic property, when the
7 cost is treated as new construction for purposes of chapter 84.55 RCW,
8 the year when such cost is treated as new construction for purposes of
9 levying taxes for collection in the following year.

10 (12)(a) "Public improvements" means:

11 (i) Infrastructure improvements within the local infrastructure
12 project area that include:

13 (A) Street, road, bridge, and rail construction and maintenance;

14 (B) Water and sewer system construction and improvements;

15 (C) Sidewalks, streetlights, landscaping, and streetscaping;

16 (D) Parking, terminal, and dock facilities;

17 (E) Park and ride facilities of a transit authority and other
18 facilities that support transit-oriented development;

19 (F) Park facilities, recreational areas, bicycle paths, and
20 environmental remediation;

21 (G) Storm water and drainage management systems;

22 (H) Electric, gas, fiber, and other utility infrastructures; and

23 (ii) Expenditures for facilities and improvements that support
24 affordable housing as defined in RCW 43.185A.010;

25 (iii) Providing maintenance and security for common or public areas
26 in the local infrastructure project area; or

27 (iv) Historic preservation activities authorized under RCW
28 35.21.395.

29 (b) Public improvements do not include the acquisition by a
30 sponsoring city of transferable development rights.

31 (13) "Real property" has the same meaning as in RCW 84.04.090 and
32 also includes any privately owned improvements located on publicly
33 owned land that are subject to property taxation.

34 (14)(a) "Regular property taxes" means regular property taxes as
35 defined in RCW 84.04.140, except: (i) Regular property taxes levied by
36 public utility districts specifically for the purpose of making
37 required payments of principal and interest on general indebtedness;

1 (ii) regular property taxes levied by the state for the support of
2 common schools under RCW 84.52.065; and (iii) regular property taxes
3 authorized by RCW 84.55.050 that are limited to a specific purpose.

4 (b) "Regular property taxes" do not include excess property tax
5 levies that are exempt from the aggregate limits for junior and senior
6 taxing districts as provided in RCW 84.52.043.

7 (15) "Receiving areas," for purposes of this chapter, are those
8 designated lands within local infrastructure project areas in which
9 transferable development rights from sending areas may be used.

10 (16) "Receiving city" means any incorporated city with population
11 plus employment equal to twenty-two thousand five hundred or greater
12 within an eligible county.

13 (17) "Receiving city allocated share" means the total number of
14 transferable development rights from agricultural and forest land of
15 long-term commercial significance and rural zoned lands designated
16 under section 303 of this act within the eligible counties allocated to
17 a receiving city under section 305 (1) and (2) of this act.

18 (18) "Sending areas" means those lands within an eligible county
19 that meet conservation criteria as described in sections 301 and 303 of
20 this act.

21 (19) "Sponsoring city" means a receiving city that accepts all or
22 a portion of its receiving city allocated share, adopts a plan for
23 development of infrastructure within one or more proposed local
24 infrastructure project areas in accordance with section 401 of this
25 act, and creates one or more local infrastructure project areas, as
26 specified in section 305(4) of this act.

27 (20) "Sponsoring city allocated share" means the total number of
28 transferable development rights a sponsoring city agrees to accept,
29 under section 305(4) of this act, from agricultural and forest land of
30 long-term commercial significance and rural zoned lands designated
31 under section 303 of this act within the eligible counties, plus the
32 total number of transferable development rights transferred to the
33 sponsoring city from another receiving city under section 305(5) of
34 this act.

35 (21) "Sponsoring city ratio" means the ratio of the sponsoring city
36 specified portion to the sponsoring city allocated share.

37 (22) "Sponsoring city specified portion" means the portion of a
38 sponsoring city allocated share which may be used within one or more

1 local infrastructure project areas, as set forth in the sponsoring
2 city's plan for development of infrastructure under section 401 of this
3 act.

4 (23) "Taxing district" means a city or county that levies, or has
5 levied on behalf of the city or county, regular property taxes upon
6 real property located within a local infrastructure project area.

7 (24) "Transfer of development rights" includes methods for
8 protecting land from development by voluntarily removing the
9 development rights from a sending area and transferring them to one or
10 more receiving areas for the purpose of increasing development density
11 or intensity.

12 (25) "Transferable development rights" means a right to develop one
13 or more residential units in a sending area that can be sold and
14 transferred.

15 **PART III**
16 **SENDING AREAS**

17 NEW SECTION. **Sec. 301.** DESIGNATION OF SENDING AREAS--INCLUSION OF
18 AGRICULTURAL AND FOREST LAND OF LONG-TERM COMMERCIAL SIGNIFICANCE. An
19 eligible county must designate all agricultural and forest land of
20 long-term commercial significance within its jurisdiction as sending
21 areas for conservation under the eligible county's program for transfer
22 of development rights. The development rights from all such
23 agricultural and forest land of long-term commercial significance
24 within the eligible counties must be available for transfer to
25 receiving cities under this chapter.

26 NEW SECTION. **Sec. 302.** DEVELOPMENT RIGHTS FROM AGRICULTURAL AND
27 FOREST LAND OF LONG-TERM COMMERCIAL SIGNIFICANCE. (1) An eligible
28 county must calculate the number of development rights from
29 agricultural and forest land of long-term commercial significance that
30 are eligible for transfer to receiving areas. An eligible county must
31 determine transferable development rights for allocation purposes in
32 this program by:

- 33 (a) Base zoning in effect as of January 1, 2011; or
34 (b) An allocation other than base zoning as reflected by an

1 eligible county's transfer of development rights program or an
2 interlocal agreement with a receiving city in effect as of January 1,
3 2011.

4 (2) The number of transferable development rights includes the
5 development rights from agricultural and forest lands of long-term
6 commercial significance that have been previously issued under the
7 eligible county's program for transfer of development rights, but that
8 have not as yet been utilized to increase density or intensity in a
9 development as of January 1, 2011.

10 (3) The number of transferable development rights does not include
11 development rights from agricultural and forest lands of long-term
12 commercial significance that have previously been removed or
13 extinguished, such as through an existing conservation easement, except
14 when consistent with subsection (2) of this section.

15 NEW SECTION. **Sec. 303.** DESIGNATION OF SENDING AREAS--INCLUSION OF
16 RURAL ZONED LANDS UNDER CERTAIN CIRCUMSTANCES. (1) Subject to the
17 requirements of this section, an eligible county may designate a
18 portion of its rural zoned lands as sending areas for conservation
19 under the eligible county's program for transfer of development rights
20 available for transfer to receiving cities under this chapter.

21 (2) An eligible county may designate rural zoned lands as available
22 for transfer to receiving cities under this chapter only if, and at
23 such time as, fifty percent or more of the total acreage of land
24 classified as agricultural and forest land of long-term commercial
25 significance in the county, as of January 1, 2011, has been protected
26 through either a permanent conservation easement, ownership in fee by
27 the county for land protection or conservation purposes, or ownership
28 in fee by a nongovernmental land conservation organization.

29 (3) To be designated as available for transfer to receiving cities
30 under this chapter, rural zoned lands must either:

31 (a) Be identified by the county as top conservation priorities
32 because they:

33 (i) Provide ecological effectiveness in achieving water resource
34 inventory area goals;

35 (ii) Provide contiguous habitat protection, are adjacent to already
36 protected habitat areas, or improve ecological function;

1 (iii) Are of sufficient size and location in the landscape to yield
2 strategic growth management benefits;

3 (iv) Provide improved access for regional recreational opportunity;

4 (v) Prevent forest fragmentation or are appropriate for forest
5 management;

6 (vi) Provide flood protection or reduce flood risk; or

7 (vii) Have other attributes that meet natural resource preservation
8 program priorities; or

9 (b) Be identified by the state or in regional conservation plans as
10 highly important to the water quality of Puget Sound.

11 (4) The portion of rural zoned lands in an eligible county
12 designated as sending areas for conservation under the eligible
13 county's program for transfer of development rights available for
14 transfer to receiving cities under this chapter must not exceed one
15 thousand five hundred development rights.

16 NEW SECTION. **Sec. 304.** DETERMINATION OF TOTAL NUMBER OF
17 TRANSFERABLE DEVELOPMENT RIGHTS FOR AGRICULTURAL AND FOREST LAND OF
18 LONG-TERM COMMERCIAL SIGNIFICANCE AND DESIGNATED RURAL ZONED LANDS. On
19 or before September 1, 2011, each eligible county must report to the
20 Puget Sound regional council the total number of transferable
21 development rights from agricultural and forest land of long-term
22 commercial significance and designated rural zoned lands within the
23 eligible county that may be available for allocation to receiving
24 cities under this chapter, as determined under sections 302 and 303 of
25 this act.

26 NEW SECTION. **Sec. 305.** ALLOCATION AMONG LOCAL GOVERNMENTS OF
27 TRANSFERABLE DEVELOPMENT RIGHTS FROM AGRICULTURAL AND FOREST LAND OF
28 LONG-TERM COMMERCIAL SIGNIFICANCE AND DESIGNATED RURAL ZONED LANDS.

29 (1) The Puget Sound regional council must allocate among receiving
30 cities the total number of development rights reported by eligible
31 counties under section 304 of this act. Each receiving city allocated
32 share must be determined by the Puget Sound regional council, in
33 consultation with eligible counties and receiving cities, based on
34 growth targets, determined by established growth management processes,
35 and other relevant factors as determined by the Puget Sound regional
36 council in conjunction with the counties and receiving cities.

1 (2) The Puget Sound regional council must report to each receiving
2 city its receiving city allocated share on or before March 1, 2012.

3 (3) The Puget Sound regional council must report each receiving
4 city allocated share to the department of commerce on or before March
5 1, 2012.

6 (4) A receiving city may become a sponsoring city by accepting all
7 or a portion of its receiving city allocated share, adopting a plan in
8 accordance with section 401 of this act, and creating one or more local
9 infrastructure project areas to pay or finance costs of public
10 improvements.

11 (5) A receiving city may, by interlocal agreement, transfer all or
12 a portion of its receiving city allocated share to another sponsoring
13 city. The transferred portion of the receiving city allocated share
14 must be included in the other sponsoring city allocated share.

15 **PART IV**
16 **RECEIVING AREAS**

17 NEW SECTION. **Sec. 401.** DEVELOPMENT PLAN FOR INFRASTRUCTURE. (1)
18 Before adopting an ordinance or resolution creating one or more local
19 infrastructure project areas, a sponsoring city must adopt a plan for
20 development of public infrastructure within one or more proposed local
21 infrastructure project areas sufficient to utilize, on an aggregate
22 basis, a sponsoring city specified portion that is equal to or greater
23 than twenty percent of the sponsoring city allocated share.

24 (2) The plan must be developed in consultation with the county
25 where the local infrastructure project area to be created is located,
26 be consistent with any transfer of development rights policies or
27 development regulations adopted by the sponsoring city under section
28 402 of this act, specify the public improvements to be financed using
29 local infrastructure project financing under section 601 of this act,
30 estimate the number of any transferable development rights that will be
31 used within the local infrastructure project area or areas and estimate
32 the cost of the public improvements.

33 (3) A plan adopted under this section may be revised from time to
34 time by the sponsoring city, in consultation with the county where the
35 local infrastructure project area or areas are located, to increase the
36 sponsoring city specified portion.

1 NEW SECTION. Sec. 402. PROGRAM FOR TRANSFER OF DEVELOPMENT RIGHTS
2 INTO RECEIVING AREAS--REQUIREMENTS. (1) Before adopting an ordinance
3 or resolution creating one or more local infrastructure project areas,
4 a sponsoring city must:

5 (a) Adopt transfer of development rights policies or implement
6 development regulations as required by subsection (2) of this section;
7 or

8 (b) Make a finding that the sponsoring city will:

9 (i) Receive its sponsoring city specified portion within one or
10 more local infrastructure project areas; or

11 (ii) Purchase its sponsoring city specified portion should the
12 sponsoring city not be able to receive its sponsoring city specified
13 portion within one or more local infrastructure project areas such that
14 purchased development rights can be held in reserve by the sponsoring
15 city and used in future development.

16 (2) Any adoption of transfer of development rights policies or
17 implementation of development regulations must:

18 (a) Comply with chapter 36.70A RCW;

19 (b) Designate a receiving area or areas;

20 (c) Adopt incentives consistent with subsection (4) of this section
21 for developers purchasing transferable development rights;

22 (d) Establish an exchange rate consistent with subsection (5) of
23 this section; and

24 (e) Require that the sale of a transferable development right from
25 agricultural or forest land of long-term commercial significance or
26 designated rural zoned lands under section 303 of this act be evidenced
27 by its permanent removal from the sending site, such as through a
28 conservation easement on the sending site.

29 (3) Any adoption of transfer of development rights policies or
30 implementation of development regulations must not be based upon a
31 downzone within one or more receiving areas solely to create a market
32 for the transferable development rights.

33 (4) Developer incentives should be designed to:

34 (a) Achieve the densities or intensities reasonably likely to
35 result from absorption of the sponsoring city specified portion
36 identified in the plan under section 401 of this act;

37 (b) Include streamlined permitting strategies such as by-right
38 permitting; and

1 (c) Include streamlined environmental review strategies such as
2 development and substantial environmental review of a subarea plan for
3 a receiving area that benefits projects that use transferable
4 development rights, with adoption as appropriate under RCW 43.21C.420
5 of optional elements of their comprehensive plan and optional
6 development regulations that apply within the receiving area, adoption
7 as appropriate of a categorical exemption for infill under RCW
8 43.21C.229 for a receiving area, and adoption as appropriate of a
9 planned action under RCW 43.21C.031 for the receiving area.

10 (5) Each sponsoring city may determine, at its option, what
11 developer incentives to adopt within its jurisdiction.

12 (6) Exchange rates should be designed to:

13 (a) Create a marketplace in which transferable development rights
14 are priced at a level at which sending site landowners are willing to
15 sell and developers are willing to buy transferable development rights;

16 (b) Achieve the densities or intensities anticipated by the plan
17 adopted under section 401 of this act;

18 (c) Provide for translation to commodities in addition to
19 residential density, such as building height, commercial floor area,
20 parking ratio, impervious surface, parkland and open space, setbacks,
21 and floor area ratio; and

22 (d) Allow for appropriate exemptions from other land use or
23 building requirements.

24 (7) A sponsoring city must designate all agricultural and forest
25 land of long-term commercial significance and designated rural zoned
26 lands under section 303 of this act within the eligible counties as
27 available sending areas.

28 (8) A sponsoring city, in accordance with its existing
29 comprehensive planning and development regulation authority under
30 chapter 36.70A RCW, and in accordance with RCW 36.70A.080, may elect to
31 adopt an optional comprehensive plan element and optional development
32 regulations that apply within one or more local infrastructure project
33 areas under this chapter.

34 NEW SECTION. **Sec. 403.** DEVELOPMENT RIGHTS AVAILABLE FOR TRANSFER
35 TO RECEIVING CITIES. Only development rights from agricultural and
36 forest land of long-term commercial significance within the eligible
37 counties as determined under section 302 of this act, and rural-zoned

1 lands with the eligible counties designated under section 303 of this
2 act, may be available for transfer to receiving cities in accordance
3 with this chapter.

4 **PART V**

5 **QUANTITATIVE AND QUALITATIVE PERFORMANCE MEASURES**

6 NEW SECTION. **Sec. 501.** QUANTITATIVE AND QUALITATIVE PERFORMANCE
7 MEASURES--REPORTING. The eligible counties, in collaboration with
8 sponsoring cities, must provide a report to the department of commerce
9 by March 1st of every other year. The report must contain the
10 following information:

11 (1) The number of sponsoring cities that have adopted transfer of
12 development rights policies and regulations incorporating transfer of
13 development rights under this chapter, and have an interlocal agreement
14 or have adopted the department of commerce transfer of development
15 rights interlocal terms and conditions rule;

16 (2) The number of transfer of development rights transactions under
17 this chapter using different types of transfer of development rights
18 mechanisms;

19 (3) The number of acres under conservation easement under this
20 chapter, broken out by agricultural land, forest land, and rural lands;

21 (4) The number of transferable development rights transferred from
22 sending areas under this chapter;

23 (5) The number of transferable development rights transferred from
24 a county into a sponsoring city under this chapter;

25 (6) Sponsoring city development under this chapter using
26 transferable development rights, including:

27 (a) The number of total new residential units;

28 (b) The number of residential units created in receiving areas
29 using transferable development rights transferred from sending areas;

30 (c) The amount of additional commercial floor area;

31 (d) The amount of additional building height;

32 (e) The number of required structured parking spaces reduced, if
33 transferable development rights are specifically converted into reduced
34 structured parking space requirements;

35 (f) The number of additional parking spaces allowed, if

1 transferable development rights are specifically converted into
2 additional receiving area parking spaces; and

3 (g) The amount of additional impervious surface allowed, if
4 transferable development rights are specifically converted into
5 receiving area impervious surfaces;

6 (7) The amount of the local property tax allocation revenues, if
7 any, received in the preceding calendar year by the sponsoring city;

8 (8) A list of public improvements paid or financed with local
9 infrastructure project financing;

10 (9) The names of any businesses locating within local
11 infrastructure project areas as a result of the public improvements
12 undertaken by the sponsoring local government and paid or financed in
13 whole or in part with local infrastructure project financing;

14 (10) The total number of permanent jobs created in the local
15 infrastructure project area as a result of the public improvements
16 undertaken by the sponsoring local government and paid or financed in
17 whole or in part with local infrastructure project financing;

18 (11) The average wages and benefits received by all employees of
19 businesses locating within the local infrastructure project area as a
20 result of the public improvements undertaken by the sponsoring local
21 government and paid or financed in whole or in part with local
22 infrastructure project financing; and

23 (12) The date when any indebtedness issued for local infrastructure
24 project financing is expected to be retired.

25 **PART VI**

26 **ESTABLISHMENT OF LOCAL INFRASTRUCTURE PROJECT AREAS**

27 NEW SECTION. **Sec. 601.** CREATING A LOCAL INFRASTRUCTURE PROJECT
28 AREA. (1) Before adopting an ordinance or resolution creating one or
29 more local infrastructure project areas, a sponsoring city must:

30 (a) Provide notice to the county assessor, county treasurer, and
31 county executive within the proposed local infrastructure project area
32 of the sponsoring city's intent to create one or more local
33 infrastructure project areas. This notice must be provided at least
34 one hundred eighty days in advance of the public hearing as required by
35 (b) of this subsection;

1 (b) Hold a public hearing on the proposed formation of the local
2 infrastructure project area.

3 (2) A sponsoring city may create one or more local infrastructure
4 project areas by ordinance or resolution that:

5 (a) Describes the proposed public improvements, identified in the
6 plan under section 401 of this act, to be financed in each local
7 infrastructure project area;

8 (b) Describes the boundaries of each local infrastructure project
9 area, subject to the limitations in section 602 of this act; and

10 (c) Provides the date when the use of local property tax allocation
11 revenues will commence and a list of the participating taxing
12 districts.

13 (3) The sponsoring city must deliver a certified copy of the
14 adopted ordinance or resolution to the county assessor, county
15 treasurer, and each other participating taxing district within which
16 the local infrastructure project area is located.

17 NEW SECTION. **Sec. 602.** LIMITATIONS ON LOCAL INFRASTRUCTURE
18 PROJECT AREAS. The designation of any local infrastructure project
19 area is subject to the following limitations:

20 (1) A local infrastructure project area is limited to contiguous
21 tracts, lots, pieces, or parcels of land without the creation of
22 islands of territory not included in the local infrastructure project
23 area;

24 (2) The public improvements to be financed with local
25 infrastructure project financing must be located in the local
26 infrastructure project area and must, in the determination of the
27 sponsoring city, further the intent of this chapter;

28 (3) Local infrastructure project areas created by a sponsoring city
29 may not comprise an area containing more than twenty-five percent of
30 the total assessed value of taxable property within the sponsoring city
31 at the time the local infrastructure project areas are created;

32 (4) The boundaries of each local infrastructure project area may
33 not overlap and may not be changed during the time period that local
34 infrastructure project financing is used within the local
35 infrastructure project area, as provided under this chapter; and

36 (5) All local infrastructure project areas created by the
37 sponsoring city must comprise, in the aggregate, an area that the

1 sponsoring city determines (a) is sufficient to use the sponsoring city
2 specified portion, unless the sponsoring city satisfies its sponsoring
3 city allocated share under section 402(1)(b)(ii) of this act, and (b)
4 is no larger than reasonably necessary to use the sponsoring city
5 specified portion in projected future developments.

6 **PART VII**
7 **LOCAL INFRASTRUCTURE PROJECT FINANCING**
8 **USE OF PROPERTY TAX REVENUES TO PAY OR FINANCE**
9 **COSTS OF PUBLIC IMPROVEMENTS**

10 NEW SECTION. **Sec. 701.** ALLOCATION OF PROPERTY TAX REVENUES. (1)
11 Commencing in the second calendar year following the creation of a
12 local infrastructure project area by a sponsoring city, the county
13 treasurer must distribute receipts from regular taxes imposed on real
14 property located in the local infrastructure project area as follows:

15 (a) Each participating taxing district and the sponsoring city must
16 receive that portion of its regular property taxes produced by the rate
17 of tax levied by or for the taxing district on the property tax
18 allocation revenue base value for that local infrastructure project
19 area in the taxing district; and

20 (b) The sponsoring city must receive an additional portion of the
21 regular property taxes levied by it and by or for each participating
22 taxing district upon the property tax allocation revenue value within
23 the local infrastructure project area. However, if there is no
24 property tax allocation revenue value, the sponsoring city may not
25 receive any additional regular property taxes under this subsection
26 (1)(b). The sponsoring city may agree to receive less than the full
27 amount of the additional portion of regular property taxes under this
28 subsection (1)(b) as long as bond debt service, reserve, and other bond
29 covenant requirements are satisfied, in which case the balance of these
30 tax receipts must be allocated to the participating taxing districts
31 that levied regular property taxes, or have regular property taxes
32 levied for them, in the local infrastructure project area for
33 collection that year in proportion to their regular tax levy rates for
34 collection that year. The sponsoring city may request that the
35 treasurer transfer this additional portion of the property taxes to its
36 designated agent.

1 (2)(a) The portion of the tax receipts distributed to the
2 sponsoring city or its agent under subsection (1)(b) of this section
3 may only be expended to pay or finance public improvement costs within
4 the local infrastructure project area, except as provided in (b) of
5 this subsection (2).

6 (b) A city may also expend such receipts to pay or finance costs of
7 affordable housing as defined in RCW 43.185A.010, or facilities and
8 improvements that support affordable housing, and at least five percent
9 of the tax receipts distributed to the sponsoring city or its agent
10 under subsection (1)(b) of this section must be set aside and reserved
11 or expended within the local infrastructure project area for such
12 affordable housing purposes.

13 (3) The county assessor must determine the property tax allocation
14 revenue value and property tax allocation revenue base value. This
15 section does not authorize revaluations of real property by the
16 assessor for property taxation that are not made in accordance with the
17 assessor's revaluation plan under chapter 84.41 RCW or under other
18 authorized revaluation procedures.

19 (4)(a) The distribution of local property tax allocation revenue to
20 the sponsoring city must cease on the date that is the earlier of:

21 (i) The date when local property tax allocation revenues are no
22 longer used or obligated to pay the costs of the public improvements;
23 or

24 (ii) The final termination date as determined under (b) of this
25 subsection (4).

26 (b) The final termination date is determined as follows:

27 (i) Except as provided otherwise in (b) of this subsection (4), if
28 the sponsoring city certifies to the county treasurer that the local
29 property tax threshold level 1 is met, the final termination date is
30 ten years after the date of the first distribution of local property
31 tax allocation revenues under subsection (1) of this section;

32 (ii) If the sponsoring city certifies to the county treasurer that
33 the local property tax threshold level 2 is met at least six months
34 prior to the final termination date under (b)(i) of this subsection
35 (4), the final termination date is fifteen years after the date of the
36 first distribution of local property tax allocation revenues under
37 subsection (1) of this section;

1 (iii) If the sponsoring city certifies to the county treasurer that
2 the local property tax threshold level 3 is met at least six months
3 prior to the final termination date under (b)(ii) of this subsection
4 (4), the final termination date is twenty years after the date of the
5 first distribution of local property tax allocation revenues under
6 subsection (1) of this section;

7 (iv) If the sponsoring city certifies to the county treasurer that
8 the local property tax threshold level 4 is met at least six months
9 prior to the final termination date under (b)(iii) of this subsection
10 (4), the final termination date is twenty-five years after the date of
11 the first distribution of local property tax allocation revenues under
12 subsection (1) of this section.

13 (5) For purposes of this section:

14 (a) The "local property tax threshold level 1" is met when the
15 sponsoring city has either:

16 (i) Issued building permits for development within the local
17 infrastructure project area that, on an aggregate basis, uses at least
18 twenty-five percent of the sponsoring city specified portion; or

19 (ii) Acquired transferable development rights equal to at least
20 twenty-five percent of the sponsoring city specified portion for use in
21 the local infrastructure project area or for extinguishment.

22 (b) The "local property tax threshold level 2" is met when the
23 sponsoring city has either:

24 (i) Issued building permits for development within the local
25 infrastructure project area that, on an aggregate basis, uses at least
26 fifty percent of the sponsoring city specified portion; or

27 (ii) Acquired transferable development rights equal to at least
28 fifty percent of the sponsoring city specified portion for use in the
29 local infrastructure project area or for extinguishment.

30 (c) The "local property tax threshold level 3" is met when the
31 sponsoring city has either:

32 (i) Issued building permits for development within the local
33 infrastructure project area that, on an aggregate basis, uses at least
34 seventy-five percent of the sponsoring city specified portion; or

35 (ii) Acquired transferable development rights equal to at least
36 seventy-five percent of the sponsoring city specified portion for use
37 in the local infrastructure project area or for extinguishment.

1 (d) The "local property tax threshold level 4" is met when the
2 sponsoring city has either:

3 (i) Issued building permits for development within the local
4 infrastructure project area that, on an aggregate basis, uses at least
5 one hundred percent of the sponsoring city specified portion; or

6 (ii) Acquired transferable development rights equal to at least one
7 hundred percent of the sponsoring city specified portion for use in the
8 local infrastructure project area or for extinguishment.

9 (6) Any excess local property tax allocation revenues, and earnings
10 on the revenues, remaining at the time the distribution of local
11 property tax allocation revenue terminates must be returned to the
12 county treasurer and distributed to the participating taxing districts
13 that imposed regular property taxes, or had regular property taxes
14 imposed for it, in the local infrastructure project area for collection
15 that year, in proportion to the rates of their regular property tax
16 levies for collection that year.

17 (7) The allocation and expenditure of local property tax allocation
18 revenues as provided in this chapter of that portion of the sponsoring
19 city's and each participating taxing district's regular property taxes
20 levied upon the property tax allocation revenue value within that local
21 infrastructure project area is declared to be a public purpose of and
22 benefit to the sponsoring city and each participating taxing district.

23 (8) The distribution of local property tax allocation revenues
24 under this section may not affect or be deemed to affect the rate of
25 taxes levied by or within any sponsoring city and participating taxing
26 district or the consistency of any such levies with the uniformity
27 requirement of Article VII, section 1 of the state Constitution.

28 **PART VIII**

29 **GROWTH MANAGEMENT ACT**

30 **COMPREHENSIVE PLAN OPTIONAL ELEMENTS**

31 **Sec. 801.** RCW 36.70A.080 and 1990 1st ex.s. c 17 s 8 are each
32 amended to read as follows:

33 (1) A comprehensive plan may include additional elements, items, or
34 studies dealing with other subjects relating to the physical
35 development within its jurisdiction, including, but not limited to:

36 (a) Conservation;

1 (b) Solar energy; and

2 (c) Recreation.

3 (2) A comprehensive plan may include, where appropriate, subarea
4 plans, each of which is consistent with the comprehensive plan.

5 (3)(a) Cities that qualify as a receiving city may adopt a
6 comprehensive plan element and associated development regulations that
7 apply within receiving areas under chapter 39.--- RCW (the new chapter
8 created in section 903 of this act).

9 (b) For purposes of this subsection, the terms "receiving city" and
10 "receiving area" have the same meanings as provided in section 201 of
11 this act.

12 **PART IX**
13 **MISCELLANEOUS**

14 NEW SECTION. Sec. 901. ADMINISTRATION BY THE DEPARTMENT OF
15 COMMERCE. The department of commerce may adopt any rules under chapter
16 34.05 RCW it considers necessary for the administration of this
17 chapter.

18 NEW SECTION. Sec. 902. If any provision of this act or its
19 application to any person or circumstance is held invalid, the
20 remainder of the act or the application of the provision to other
21 persons or circumstances is not affected.

22 NEW SECTION. Sec. 903. Sections 101 through 701 of this act
23 constitute a new chapter in Title 39 RCW."

SSB 5253 - S AMD
By Senator White

ADOPTED 03/01/2011

24 On page 1, line 2 of the title, after "infrastructure;" strike the
25 remainder of the title and insert "amending RCW 36.70A.080; adding a
26 new chapter to Title 39 RCW; and creating a new section."

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