
ENGROSSED SUBSTITUTE SENATE BILL 5253

State of Washington

62nd Legislature

2011 Regular Session

By Senate Government Operations, Tribal Relations & Elections
(originally sponsored by Senators White, Swecker, Nelson, Litzow, and
Harper)

READ FIRST TIME 02/17/11.

1 AN ACT Relating to tax increment financing for landscape
2 conservation and local infrastructure; amending RCW 36.70A.080; adding
3 a new chapter to Title 39 RCW; and creating a new section.

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

5 **PART I**
6 **FINDINGS**

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

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

1 (a) The use of innovative land use management techniques, including
2 the transfer of development rights, to meet growth management goals;
3 and

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

8 (3) The legislature finds that:

9 (a) Local governments are in need of additional resources to
10 provide public infrastructure to meet the needs of a growing
11 population, and that public infrastructure is fundamental to community
12 health, safety, and economic vitality. Investment in public
13 infrastructure in growing urban areas supports growth management goals,
14 encourages the redevelopment of underutilized or blighted urban areas,
15 stimulates business activity and helps create jobs, lowers the cost of
16 housing, promotes efficient land use, and improves residents' quality
17 of life;

18 (b) Transferring development rights from agricultural and forest
19 lands to urban areas where public facilities and services exist or can
20 be provided efficiently and cost-effectively will ensure vibrant,
21 economically viable communities. Directing growth to communities where
22 people can live close to where they work or have access to
23 transportation choices will also advance state goals regarding climate
24 change by reducing vehicle miles traveled and by reducing fuel
25 consumption and emissions that contribute to climate change. Directing
26 growth to these communities will further help avoid the impacts of
27 storm water runoff to Puget Sound by avoiding impervious surfaces
28 associated with development in watershed uplands;

29 (c) A transfer of development rights marketplace is particularly
30 appropriate for conserving agricultural and forest land of long-term
31 commercial significance. Transferring the development rights from
32 these lands of statewide importance to cities will help achieve a
33 specific goal of the growth management act by keeping them in farming
34 and forestry, thereby helping ensure these remain viable industries in
35 counties experiencing population growth. Transferring growth from
36 agricultural and forest land of long-term commercial significance will
37 also reduce costs to the counties that otherwise would be responsible

1 for the provision of infrastructure and services for development on
2 these lands, which are generally further from existing infrastructure
3 and services; and

4 (d) The state and its residents benefit from investment in public
5 infrastructure that is associated with urban growth facilitated by the
6 transfer of development from agricultural and forest lands of long-term
7 commercial significance. These activities advance multiple state
8 growth management goals and benefit the state and local economies. It
9 is in the public interest to enable local governments to finance such
10 infrastructure investments and to incentivize development right
11 transfers in the central Puget Sound through this chapter.

12 **PART II**
13 **DEFINITIONS**

14 NEW SECTION. **Sec. 201.** DEFINITIONS. The definitions in this
15 section apply throughout this chapter unless the context clearly
16 requires otherwise.

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

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

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

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

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

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

33 (7) "Local property tax allocation revenue" means those tax
34 revenues derived from the receipt of regular property taxes levied on
35 the property tax allocation revenue value and used for local
36 infrastructure project financing.

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

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

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

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

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

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

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

19 (B) The cost of new housing construction, conversion, and
20 rehabilitation improvements, when the cost is treated as new
21 construction for purposes of chapter 84.55 RCW as provided in RCW
22 84.14.020, and the new housing construction, conversion, and
23 rehabilitation improvements are initiated after the local
24 infrastructure project area is created by the sponsoring city;

25 (C) The cost of rehabilitation of historic property, when the cost
26 is treated as new construction for purposes of chapter 84.55 RCW as
27 provided in RCW 84.26.070, and the rehabilitation is initiated after
28 the local infrastructure project area is created by the sponsoring
29 city.

30 (ii) Increases in the assessed value of real property resulting
31 from (a)(i)(A) through (C) of this subsection are included in the
32 property tax allocation revenue value in the initial year. These same
33 amounts are also included in the property tax allocation revenue value
34 in subsequent years unless the property becomes exempt from property
35 taxation.

36 (b) "Property tax allocation revenue value" includes an amount
37 equal to the sponsoring city ratio multiplied by seventy-five percent

1 of any increase in the assessed value of new construction consisting of
2 an entire building in the years following the initial year, unless the
3 building becomes exempt from property taxation.

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

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

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

12 (i) For new construction and improvements to property added to the
13 assessment roll, the year during which the new construction and
14 improvements are initially placed on the assessment roll;

15 (ii) For the cost of new housing construction, conversion, and
16 rehabilitation improvements, when the cost is treated as new
17 construction for purposes of chapter 84.55 RCW, the year when the cost
18 is treated as new construction for purposes of levying taxes for
19 collection in the following year; and

20 (iii) For the cost of rehabilitation of historic property, when the
21 cost is treated as new construction for purposes of chapter 84.55 RCW,
22 the year when such cost is treated as new construction for purposes of
23 levying taxes for collection in the following year.

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

25 (i) Infrastructure improvements within the local infrastructure
26 project area that include:

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

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

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

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

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

33 (F) Park facilities, recreational areas, bicycle paths, and
34 environmental remediation;

35 (G) Storm water and drainage management systems;

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

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

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

3 (iv) Historic preservation activities authorized under RCW
4 35.21.395.

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

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

10 (14)(a) "Regular property taxes" means regular property taxes as
11 defined in RCW 84.04.140, except: (i) Regular property taxes levied by
12 public utility districts specifically for the purpose of making
13 required payments of principal and interest on general indebtedness;
14 (ii) regular property taxes levied by the state for the support of
15 common schools under RCW 84.52.065; and (iii) regular property taxes
16 authorized by RCW 84.55.050 that are limited to a specific purpose.

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

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

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

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

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

34 (19) "Sponsoring city" means a receiving city that accepts all or
35 a portion of its receiving city allocated share, adopts a plan for
36 development of infrastructure within one or more proposed local
37 infrastructure project areas in accordance with section 401 of this

1 act, and creates one or more local infrastructure project areas, as
2 specified in section 305(4) of this act.

3 (20) "Sponsoring city allocated share" means the total number of
4 transferable development rights a sponsoring city agrees to accept,
5 under section 305(4) of this act, from agricultural and forest land of
6 long-term commercial significance and rural zoned lands designated
7 under section 303 of this act within the eligible counties, plus the
8 total number of transferable development rights transferred to the
9 sponsoring city from another receiving city under section 305(5) of
10 this act.

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

13 (22) "Sponsoring city specified portion" means the portion of a
14 sponsoring city allocated share which may be used within one or more
15 local infrastructure project areas, as set forth in the sponsoring
16 city's plan for development of infrastructure under section 401 of this
17 act.

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

21 (24) "Transfer of development rights" includes methods for
22 protecting land from development by voluntarily removing the
23 development rights from a sending area and transferring them to one or
24 more receiving areas for the purpose of increasing development density
25 or intensity.

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

29 **PART III**
30 **SENDING AREAS**

31 NEW SECTION. **Sec. 301.** DESIGNATION OF SENDING AREAS--INCLUSION OF
32 AGRICULTURAL AND FOREST LAND OF LONG-TERM COMMERCIAL SIGNIFICANCE. An
33 eligible county must designate all agricultural and forest land of
34 long-term commercial significance within its jurisdiction as sending
35 areas for conservation under the eligible county's program for transfer
36 of development rights. The development rights from all such

1 agricultural and forest land of long-term commercial significance
2 within the eligible counties must be available for transfer to
3 receiving cities under this chapter.

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

11 (a) Base zoning in effect as of January 1, 2011; or

12 (b) An allocation other than base zoning as reflected by an
13 eligible county's transfer of development rights program or an
14 interlocal agreement with a receiving city in effect as of January 1,
15 2011.

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

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

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

33 (2) An eligible county may designate rural zoned lands as available
34 for transfer to receiving cities under this chapter only if, and at
35 such time as, fifty percent or more of the total acreage of land
36 classified as agricultural and forest land of long-term commercial

1 significance in the county, as of January 1, 2011, has been protected
2 through either a permanent conservation easement, ownership in fee by
3 the county for land protection or conservation purposes, or ownership
4 in fee by a nongovernmental land conservation organization.

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

7 (a) Be identified by the county as top conservation priorities
8 because they:

9 (i) Provide ecological effectiveness in achieving water resource
10 inventory area goals;

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

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

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

16 (v) Prevent forest fragmentation or are appropriate for forest
17 management;

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

19 (vii) Have other attributes that meet natural resource preservation
20 program priorities; or

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

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

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

1 be consistent with any transfer of development rights policies or
2 development regulations adopted by the sponsoring city under section
3 402 of this act, specify the public improvements to be financed using
4 local infrastructure project financing under section 601 of this act,
5 estimate the number of any transferable development rights that will be
6 used within the local infrastructure project area or areas and estimate
7 the cost of the public improvements.

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

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

16 (a) Adopt transfer of development rights policies or implement
17 development regulations as required by subsection (2) of this section;
18 or

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

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

22 (ii) Purchase its sponsoring city specified portion should the
23 sponsoring city not be able to receive its sponsoring city specified
24 portion within one or more local infrastructure project areas such that
25 purchased development rights can be held in reserve by the sponsoring
26 city and used in future development.

27 (2) Any adoption of transfer of development rights policies or
28 implementation of development regulations must:

29 (a) Comply with chapter 36.70A RCW;

30 (b) Designate a receiving area or areas;

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

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

35 (e) Require that the sale of a transferable development right from
36 agricultural or forest land of long-term commercial significance or

1 designated rural zoned lands under section 303 of this act be evidenced
2 by its permanent removal from the sending site, such as through a
3 conservation easement on the sending site.

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

8 (4) Developer incentives should be designed to:

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

12 (b) Include streamlined permitting strategies such as by-right
13 permitting; and

14 (c) Include streamlined environmental review strategies such as
15 development and substantial environmental review of a subarea plan for
16 a receiving area that benefits projects that use transferable
17 development rights, with adoption as appropriate under RCW 43.21C.420
18 of optional elements of their comprehensive plan and optional
19 development regulations that apply within the receiving area, adoption
20 as appropriate of a categorical exemption for infill under RCW
21 43.21C.229 for a receiving area, and adoption as appropriate of a
22 planned action under RCW 43.21C.031 for the receiving area.

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

25 (6) Exchange rates should be designed to:

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

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

31 (c) Provide for translation to commodities in addition to
32 residential density, such as building height, commercial floor area,
33 parking ratio, impervious surface, parkland and open space, setbacks,
34 and floor area ratio; and

35 (d) Allow for appropriate exemptions from other land use or
36 building requirements.

37 (7) A sponsoring city must designate all agricultural and forest

1 land of long-term commercial significance and designated rural zoned
2 lands under section 303 of this act within the eligible counties as
3 available sending areas.

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

10 NEW SECTION. **Sec. 403.** DEVELOPMENT RIGHTS AVAILABLE FOR TRANSFER
11 TO RECEIVING CITIES. Only development rights from agricultural and
12 forest land of long-term commercial significance within the eligible
13 counties as determined under section 302 of this act, and rural-zoned
14 lands with the eligible counties designated under section 303 of this
15 act, may be available for transfer to receiving cities in accordance
16 with this chapter.

17 **PART V**
18 **QUANTITATIVE AND QUALITATIVE PERFORMANCE MEASURES**

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

24 (1) The number of sponsoring cities that have adopted transfer of
25 development rights policies and regulations incorporating transfer of
26 development rights under this chapter, and have an interlocal agreement
27 or have adopted the department of commerce transfer of development
28 rights interlocal terms and conditions rule;

29 (2) The number of transfer of development rights transactions under
30 this chapter using different types of transfer of development rights
31 mechanisms;

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

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

- 1 (5) The number of transferable development rights transferred from
2 a county into a sponsoring city under this chapter;
- 3 (6) Sponsoring city development under this chapter using
4 transferable development rights, including:
- 5 (a) The number of total new residential units;
- 6 (b) The number of residential units created in receiving areas
7 using transferable development rights transferred from sending areas;
- 8 (c) The amount of additional commercial floor area;
- 9 (d) The amount of additional building height;
- 10 (e) The number of required structured parking spaces reduced, if
11 transferable development rights are specifically converted into reduced
12 structured parking space requirements;
- 13 (f) The number of additional parking spaces allowed, if
14 transferable development rights are specifically converted into
15 additional receiving area parking spaces; and
- 16 (g) The amount of additional impervious surface allowed, if
17 transferable development rights are specifically converted into
18 receiving area impervious surfaces;
- 19 (7) The amount of the local property tax allocation revenues, if
20 any, received in the preceding calendar year by the sponsoring city;
- 21 (8) A list of public improvements paid or financed with local
22 infrastructure project financing;
- 23 (9) The names of any businesses locating within local
24 infrastructure project areas as a result of the public improvements
25 undertaken by the sponsoring local government and paid or financed in
26 whole or in part with local infrastructure project financing;
- 27 (10) The total number of permanent jobs created in the local
28 infrastructure project area as a result of the public improvements
29 undertaken by the sponsoring local government and paid or financed in
30 whole or in part with local infrastructure project financing;
- 31 (11) The average wages and benefits received by all employees of
32 businesses locating within the local infrastructure project area as a
33 result of the public improvements undertaken by the sponsoring local
34 government and paid or financed in whole or in part with local
35 infrastructure project financing; and
- 36 (12) The date when any indebtedness issued for local infrastructure
37 project financing is expected to be retired.

1 infrastructure project area and must, in the determination of the
2 sponsoring city, further the intent of this chapter;

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

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

11 (5) All local infrastructure project areas created by the
12 sponsoring city must comprise, in the aggregate, an area that the
13 sponsoring city determines (a) is sufficient to use the sponsoring city
14 specified portion, unless the sponsoring city satisfies its sponsoring
15 city allocated share under section 402(1)(b)(ii) of this act, and (b)
16 is no larger than reasonably necessary to use the sponsoring city
17 specified portion in projected future developments.

18 **PART VII**

19 **LOCAL INFRASTRUCTURE PROJECT FINANCING**

20 **USE OF PROPERTY TAX REVENUES TO PAY OR FINANCE**

21 **COSTS OF PUBLIC IMPROVEMENTS**

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

27 (a) Each participating taxing district and the sponsoring city must
28 receive that portion of its regular property taxes produced by the rate
29 of tax levied by or for the taxing district on the property tax
30 allocation revenue base value for that local infrastructure project
31 area in the taxing district; and

32 (b) The sponsoring city must receive an additional portion of the
33 regular property taxes levied by it and by or for each participating
34 taxing district upon the property tax allocation revenue value within
35 the local infrastructure project area. However, if there is no
36 property tax allocation revenue value, the sponsoring city may not

1 receive any additional regular property taxes under this subsection
2 (1)(b). The sponsoring city may agree to receive less than the full
3 amount of the additional portion of regular property taxes under this
4 subsection (1)(b) as long as bond debt service, reserve, and other bond
5 covenant requirements are satisfied, in which case the balance of these
6 tax receipts must be allocated to the participating taxing districts
7 that levied regular property taxes, or have regular property taxes
8 levied for them, in the local infrastructure project area for
9 collection that year in proportion to their regular tax levy rates for
10 collection that year. The sponsoring city may request that the
11 treasurer transfer this additional portion of the property taxes to its
12 designated agent.

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

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

25 (3) The county assessor must determine the property tax allocation
26 revenue value and property tax allocation revenue base value. This
27 section does not authorize revaluations of real property by the
28 assessor for property taxation that are not made in accordance with the
29 assessor's revaluation plan under chapter 84.41 RCW or under other
30 authorized revaluation procedures.

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

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

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

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

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

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

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

18 (iv) If the sponsoring city certifies to the county treasurer that
19 the local property tax threshold level 4 is met at least six months
20 prior to the final termination date under (b)(iii) of this subsection
21 (4), the final termination date is twenty-five years after the date of
22 the first distribution of local property tax allocation revenues under
23 subsection (1) of this section.

24 (5) For purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

20 (6) Any excess local property tax allocation revenues, and earnings
21 on the revenues, remaining at the time the distribution of local
22 property tax allocation revenue terminates must be returned to the
23 county treasurer and distributed to the participating taxing districts
24 that imposed regular property taxes, or had regular property taxes
25 imposed for it, in the local infrastructure project area for collection
26 that year, in proportion to the rates of their regular property tax
27 levies for collection that year.

28 (7) The allocation and expenditure of local property tax allocation
29 revenues as provided in this chapter of that portion of the sponsoring
30 city's and each participating taxing district's regular property taxes
31 levied upon the property tax allocation revenue value within that local
32 infrastructure project area is declared to be a public purpose of and
33 benefit to the sponsoring city and each participating taxing district.

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

