

FINAL BILL REPORT

HB 2858

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Synopsis as Enacted

Brief Description: Allowing excess local infrastructure financing revenues to be carried forward.

Sponsors: Representatives Johnson, Chandler, Appleton, McCabe and Haler.

House Committee on Technology & Economic Development
House Committee on Finance

Background:

The Local Infrastructure Financing Tool (LIFT) program is available to certain local governments for financing local public improvement projects intended to encourage economic development or redevelopment. As part of the LIFT program, a sponsoring local government (a city, town, county, port district, or federally recognized Indian tribe) creates a "revenue development area" from which annual increases in revenues from local sales and use taxes and local property taxes are measured. These increases in revenues and any additional revenues from other local public sources are then used to pay for public improvements in the revenue development area and are also used to match a state contribution.

State funding for the LIFT program is provided through a credit against the state sales and use tax. The sponsoring local government is allowed to retain a certain amount of state sales and use tax revenue that would otherwise be deposited in the State General Fund. The maximum state contribution that a sponsoring local government may receive each year is the lesser of:

- \$1 million;
- the amount of local matching funds (local excise tax allocation revenues, local property tax allocation revenues, and other revenues from local public sources) dedicated to the payment of the public improvements or bonds in the previous calendar year;
- the amount of the project award granted; or
- the highest amount of state retail sales and use tax revenues and state property tax revenues for any one calendar year.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The local funds and state contribution are used for the payment of bonds issued for financing local public improvements within the revenue development area. The public improvements may be financed on a pay-as-you-go basis.

The maximum statewide contribution for all of the LIFT projects is capped at \$7.5 million per year. Nine projects have been awarded state contributions under the LIFT program. The projects are located in Bellingham, Bothell, Everett, Federal Way, Mount Vernon, Puyallup, Vancouver, Yakima, and Spokane County.

The application process for the LIFT program is closed. The expiration date for the LIFT program is June 30, 2044.

Summary:

Under the LIFT program, the sponsoring local government may carry forward revenues from local public sources dedicated to the payment of the public improvements or bonds in the previous calendar year that are in excess of the project award. These excess revenues may be used in later years for the purpose of calculating the state's contribution.

Votes on Final Passage:

House	96	2
Senate	48	0

Effective: June 7, 2018