
HOUSE BILL 2687

State of Washington

56th Legislature

2000 Regular Session

By Representatives Reardon, Pennington, Gombosky, Mielke, McMorris, Cox, Wood, Conway, Cooper, Ogden and Radcliff

Read first time . Referred to Committee on .

1 AN ACT Relating to community revitalization financing; amending RCW
2 84.52.043, 84.52.065, 84.52.067, 36.33.220, 36.79.140, 36.82.040,
3 46.68.124, 82.03.130, 35.87A.010, 82.14.050, and 35.80.030; adding a
4 new section to chapter 82.14 RCW; adding a new section to chapter 27.12
5 RCW; adding a new section to chapter 35.61 RCW; adding a new section to
6 chapter 36.32 RCW; adding a new section to chapter 36.68 RCW; adding a
7 new section to chapter 36.69 RCW; adding a new section to chapter 36.75
8 RCW; adding a new section to chapter 52.12 RCW; adding a new section to
9 chapter 53.08 RCW; adding a new section to chapter 54.16 RCW; adding a
10 new section to chapter 67.38 RCW; adding a new section to chapter 68.52
11 RCW; adding a new section to chapter 70.44 RCW; adding a new section to
12 chapter 86.15 RCW; adding a new section to chapter 84.55 RCW; adding a
13 new section to chapter 35.80 RCW; adding a new chapter to Title 82 RCW;
14 adding a new chapter to Title 39 RCW; creating a new section; and
15 providing an expiration date.

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

17 NEW SECTION. **Sec. 1.** (1) It is declared to be the public policy
18 of the state of Washington to promote and facilitate the orderly
19 development and economic stability of its communities. The provision

1 of adequate government services and the creation or retention of
2 employment opportunities for all citizens depends upon the economic
3 growth and strength of the tax base.

4 (2) In many areas of the state the lack of necessary
5 infrastructure, deteriorated buildings, and vacant brownfield infill
6 sites act as an impediment to economic growth.

7 (3) The construction of necessary public improvements in accordance
8 with local economic development plans will encourage investment in job-
9 producing private development and will expand the public tax base.

10 NEW SECTION. **Sec. 2.** It is the purpose of this chapter to provide
11 financial resources for a limited time to assist local governments in
12 the financing of public improvements which are needed to encourage
13 private development of selected areas; to prevent or arrest the decay
14 of selected areas due to the inability of existing financial methods to
15 provide needed public improvements; and to encourage private investment
16 designed to promote and facilitate the orderly redevelopment of
17 selected areas. It is the further purpose of this chapter to
18 strengthen existing law to remedy problems arising from substandard and
19 deteriorating buildings.

20 **PART I--COMMUNITY REVITALIZATION FINANCING**

21 NEW SECTION. **Sec. 3.** The definitions in this section apply
22 throughout this chapter unless the context clearly requires otherwise.

23 (1) "Apportionment district" means the geographic area from which
24 taxes are to be appropriated to finance a community revitalization
25 project.

26 (2) "Taxes" means either excise taxes or property taxes.

27 (3) "Excise taxes" means:

28 (a) Retail sales tax levied under chapter 82.08 RCW;

29 (b) Use tax levied under chapter 82.12 RCW; or

30 (c) Local retail sales and use taxes levied under RCW 82.14.030.

31 "Excise taxes do not include sales and use taxes levied under RCW
32 82.14.340 and 82.14.350.

33 (4) "Property taxes" means regular property taxes as defined in RCW
34 84.04.140, including property taxes imposed by a port district or
35 public utility district.

1 (5) "Local government" means any city or town located in a county
2 with population densities greater than one hundred and one persons per
3 square mile as determined by the office financial management and
4 published each year by the department of revenue for the period July
5 1st to June 30th.

6 (6) "Ordinance" means any appropriate method of taking legislative
7 action by a local government.

8 (7) "Project agreement" means an agreement between an owner and a
9 municipality authorized under this chapter.

10 (8) "Sponsor" means a local government initiating and undertaking
11 a community revitalization project.

12 (9) "Tax allocation revenues" means those tax revenues allocated to
13 a sponsor under this chapter.

14 (10) "Taxing district" means a governmental entity that levies a
15 tax that is collected within a proposed or approved apportionment
16 district.

17 (11) "Community revitalization project" means:

18 (a) Infrastructure improvements within the apportionment district
19 that include, but are not limited to:

20 (i) Street and road construction and maintenance;

21 (ii) Water and sewer system construction and improvements;

22 (iii) Sidewalks and streetlights;

23 (iv) Parking, terminal, and dock facilities;

24 (v) Public transportation facilities; and

25 (vi) Park facilities and recreational areas;

26 (b) Health and safety improvements authorized to be publicly
27 financed under chapter 35.80 or 35.81 RCW;

28 (c) Publicly owned or leased facilities within the jurisdiction of
29 a local government which the sponsor has authority to provide; and

30 (d) Expenditure for any of the following purposes:

31 (i) Providing environmental analysis, professional management,
32 planning, and promotion within the apportionment district, including
33 the management and promotion of retail trade activities in the
34 apportionment district;

35 (ii) Providing maintenance and security for common or public areas
36 in the apportionment district; or

37 (iii) Historic preservation activities authorized under RCW
38 35.21.395.

1 (12) "Community revitalization project costs" means: The costs of
2 land use planning and associated environmental analysis, project design
3 and planning, acquisition, site preparation, construction,
4 reconstruction, rehabilitation, improvement, operation, and
5 installation of the community revitalization project; the costs of
6 relocation, maintenance, and operation of property pending construction
7 of the community revitalization project; the costs of financing,
8 including interest during construction, legal and other professional
9 services, taxes, and insurance; the costs of apportioning the taxes and
10 complying with this chapter and other applicable law; and the
11 administrative costs reasonably necessary and related to these costs.

12 (13) "Community revitalization project ordinance" means the
13 ordinance passed under section 6 of this act.

14 NEW SECTION. **Sec. 4.** The use of tax revenues to finance community
15 revitalization projects is subject to the following limitations:

16 (1) Regardless of the total number of community revitalization
17 projects approved by a local government, the aggregate total of revenue
18 available from the state for apportionment as the state's contribution
19 to an individual local government must not exceed five million dollars
20 annually. All revenue in excess of five million dollars in any given
21 year must be distributed to the appropriate taxing district as though
22 an apportionment district had not been created;

23 (2) Regardless of the number of community revitalization projects
24 approved by local governments, the aggregate total of revenue available
25 from the state for apportionment as the state's contribution is
26 annually limited to two-tenths of one percent of the state general fund
27 annual budget;

28 (3) An apportionment district may not be established that includes
29 a geographic area included within a previously established
30 apportionment district that has outstanding bonds payable in whole or
31 in part from tax revenues under this chapter, or section 13 of this
32 act, or chapter 39.-- RCW (sections 14 through 24 of this act); and

33 (4) Only one of the following taxes may be appropriated under this
34 chapter:

35 (a) The local retail sales and use tax offset imposed under section
36 13 of this act; or

37 (b) The incremental increase in excise taxes in an apportionment
38 district approved under this chapter; or

1 (c) The incremental increase in property taxes in an apportionment
2 district approved under chapter 39.-- RCW (sections 14 through 24 of
3 this act).

4 NEW SECTION. **Sec. 5.** (1)(a) A community revitalization project
5 may be undertaken and coordinated with other programs or efforts
6 undertaken by the sponsor or others and may be funded in whole or in
7 part from sources other than those provided by this chapter.

8 (b) The sponsor shall assume all risk if sources authorized by this
9 chapter are not adequate to fund the community revitalization project.

10 (2) A sponsor may contract with a nonprofit business association
11 operating within the boundaries of the apportionment district or a
12 parking and business improvement area, created under chapter 35.87A
13 RCW, to administer the community revitalization project. The
14 administration of the community revitalization project must comply with
15 all applicable provisions of federal, state, or local law.

16 NEW SECTION. **Sec. 6.** In order to establish an apportionment
17 district and secure an allocation of excise taxes to finance a
18 community revitalization project:

19 (1) A sponsor shall propose by ordinance a plan for the community
20 revitalization project that includes a description of the contemplated
21 community revitalization project, the estimated cost of the community
22 revitalization project, the boundaries of the apportionment district,
23 the estimated period during which tax revenue apportionment is
24 contemplated, and ways in which the sponsor plans to use tax allocation
25 revenues to finance the community revitalization project.

26 (2)(a) At least sixty days in advance of a public hearing at which
27 the ordinance creating the apportionment district is first considered,
28 the local government shall deliver notice of the hearing and the
29 information required in subsection (1) of this section to the
30 department of community, trade, and economic development and the
31 department of revenue. The department of revenue shall review the
32 information and determine whether there is sufficient revenue under the
33 revenue apportionment cap in section 4 of this act to accommodate the
34 proposed community revitalization project.

35 (b) No tax revenue generated from an apportionment district created
36 under this chapter, section 13 of this act, or chapter 39.-- RCW
37 (sections 14 through 24 of this act) may be used to finance a community

1 revitalization project until the department of community, trade, and
2 economic development, or a successor department, has reviewed and
3 approved a feasibility study paid for and submitted to the department
4 by the sponsor. The department's review process shall include the
5 following criteria:

6 (i) The community revitalization project meets the requirements of
7 this chapter or chapter 39.-- RCW (sections 14 through 24 of this act);
8 and

9 (ii) The feasibility study demonstrates that:

10 (A) There is a reasonable likelihood that the present value return
11 to the various taxing districts is in excess of forgone tax revenue as
12 a result of the community revitalization project, using a discounted
13 rate equal to the then current state borrowing rate;

14 (B) The community revitalization project is not feasible without
15 the tax revenue generated from the apportionment district;

16 (C) The expected tax revenue generated from the apportionment
17 district is likely to be sufficient to finance that portion of the
18 public sources necessary to finance the community revitalization
19 project;

20 (D) The community revitalization project will reasonably be
21 expected to cause private investment within the apportionment district
22 that probably would not have occurred without financing of the
23 community revitalization project;

24 (E) The community revitalization project will result in a net
25 increase in employment within the apportionment district; and

26 (F) There is sufficient management capacity and expertise of the
27 organization responsible for the management of the community
28 revitalization project; and

29 (iii) Other factors the department deems necessary to safeguard the
30 state's contribution of tax revenue into the community revitalization
31 project.

32 (3) The department of revenue and the department of community,
33 trade, and economic development shall notify the sponsoring local
34 government, and either the county legislative authority or, in a
35 charter county, the county executive, of the results of the evaluation
36 of the project at least fifteen days in advance of the public hearing
37 required in subsection (1) of this section.

38 (4) If there are more projects proposed than apportioned revenue is
39 available in a given year under the limit in section 4 of this act, the

1 department of community, trade, and economic development shall
2 establish rules to determine how the available revenue will be
3 allocated among qualified projects.

4 (5) At the time and place fixed for the hearing under subsection
5 (2) of this section, and at such times the hearing may be adjourned, a
6 sponsor shall receive and consider all statements and materials as
7 might be submitted, and objections and letters filed before and within
8 ten days after the hearing. Any time during the process leading to the
9 establishment of the apportionment district, the county legislative
10 authority may notify the sponsor that it does not wish to participate
11 in the district, and upon such notification all taxes due the county
12 from the apportionment district shall remain the county's and may not
13 be used for the community revitalization project without separate
14 county approval.

15 (6) Within one hundred twenty days after completion of the public
16 hearing, a sponsor shall pass an ordinance establishing the
17 apportionment district and authorizing the proposed community
18 revitalization project, including any modifications that in the
19 sponsor's opinion the hearing indicated should be made, that includes
20 the boundaries of the apportionment district, a description of the
21 community revitalization project, the estimated cost of the community
22 revitalization project, the method used to finance the state's portion
23 of the community revitalization project under section 4 of this act,
24 the portion of the estimated cost of the community revitalization
25 project to be paid from tax allocation revenues, the estimated time
26 during which the taxes are to be apportioned, the date when the
27 apportionment of taxes is to commence, and a finding that the community
28 revitalization project meets the conditions in section 4 of this act
29 and this section.

30 NEW SECTION. **Sec. 7.** (1) Except as provided in subsection (5) of
31 this section, upon the date established in the community revitalization
32 project ordinance, but not sooner than the first day of the calendar
33 year following the passage of the ordinance, the department shall
34 allocate and pay to the sponsor, or the sponsor's designated agent,
35 until all community revitalization project costs to be paid from the
36 tax allocation revenues have been paid, the following amounts:

37 (a) That portion of the tax levied in each year under chapter 82.08
38 or 82.12 RCW upon any retail sale or any use of an article of tangible

1 personal property within an apportionment district that is in excess of
2 the tax imposed under chapter 82.08 or 82.12 RCW on sales or uses
3 within the apportionment district in the year preceding the formation
4 of the apportionment district;

5 (b) That portion of the tax levied in each year under RCW 82.14.030
6 upon any retail sale or any use of an article of tangible personal
7 property within an apportionment district that is in excess of the tax
8 imposed under RCW 82.14.030 on sales or uses within the apportionment
9 district in the year preceding the formation of the apportionment
10 district, less any amounts that the department is entitled to retain as
11 provided in RCW 82.14.050 for administration and collection expenses
12 incurred by the department.

13 (2) The date upon which the apportionment district was established
14 is considered the date that the community revitalization project
15 ordinance was enacted by the sponsor.

16 (3) The apportionment of taxes under this section must cease when
17 the tax allocation revenues are no longer necessary or obligated to pay
18 community revitalization project costs or to pay principal and interest
19 on bonds issued to finance community revitalization project costs to
20 which tax allocation revenues are pledged. At the time of termination
21 of the apportionment, any excess money and any earnings held by the
22 sponsor must be distributed to the taxing districts that were subject
23 to the allocation in proportion to their tax receipts due for the year
24 in which the funds are returned.

25 (4) The amount of taxes determined to be collected in the year
26 preceding the formation of the apportionment district shall be adjusted
27 upward or downward to reflect increases or decreases in the rate of
28 taxation to determine the amount of excess taxes to be apportioned in
29 accordance with subsection (1)(b) of this section.

30 (5) The sponsor may agree to receive less than the full amount
31 provided in subsection (1) of this section, in which case the
32 department shall distribute the balance to the respective taxing
33 districts in accordance with law in the same manner as if this section
34 did not exist.

35 NEW SECTION. **Sec. 8.** (1) Tax allocation revenues may be applied
36 as follows:

37 (a) To pay community revitalization costs;

1 (b) To pay into bond redemption funds established to pay the
2 principal and interest on general obligation or revenue bonds issued to
3 finance a community revitalization project that is specified in the
4 community revitalization project ordinance and constructed following
5 the establishment of the apportionment district; or

6 (c) To pay any combination of (a) and (b) of this subsection.

7 (2) Tax allocation revenues may be pledged to the payment of bonds
8 issued to finance a community revitalization project.

9 (3) No city may lower their tax rates after the creation of an
10 apportionment district and using tax allocation revenues to finance a
11 community revitalization project.

12 NEW SECTION. **Sec. 9.** The department of community, trade, and
13 economic development, in consultation with the department of revenue,
14 shall submit an annual report to appropriate legislative committees on
15 the amount of tax revenue allocated to local governments under the
16 community revitalization financing program created in this act. The
17 report shall also contain information on: (1) The number, description,
18 and location of requests for community revitalization projects, (2) the
19 number of community revitalization projects approved by the department,
20 and (3) an evaluation of how the community revitalization project is
21 meeting criteria of the feasibility study required in section 6 of this
22 act.

23 NEW SECTION. **Sec. 10.** This chapter supplements and neither
24 restricts nor limits any powers that the state or any municipal
25 corporation might otherwise have under laws of this state.

26 NEW SECTION. **Sec. 11.** The authority to establish an apportionment
27 district under this chapter expires July 1, 2007.

28 NEW SECTION. **Sec. 12.** This chapter may be known and cited as the
29 community revitalization financing act.

30 **PART II--SALES AND USE TAX OFFSET FOR**
31 **COMMUNITY REVITALIZATION PROJECTS**

32 NEW SECTION. **Sec. 13.** A new section is added to chapter 82.14 RCW
33 to read as follows:

1 (1)(a) The legislative authority of a city located in a county with
2 population densities between one hundred and one and three hundred and
3 ninety-nine may impose a sales and use tax in accordance with terms of
4 this chapter. The tax is in addition to other taxes authorized by law
5 and shall be collected from those persons who are taxable by the state
6 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
7 event within the city. The rate of tax shall not exceed 0.033 percent
8 of the selling price in the case of a sales tax or value of the article
9 used in the case of a use tax.

10 (b) The legislative authority of a city located in a county with
11 population densities between four hundred and six hundred and ninety-
12 nine may impose a sales and use tax in accordance with the terms of
13 this chapter. The tax is in addition to other taxes authorized by law
14 and shall be collected from those persons who are taxable by the state
15 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
16 event within the city. The rate of tax shall not exceed 0.025 percent
17 of the selling price in the case of a sales tax or value of the article
18 used in the case of a use tax.

19 (c) The legislative authority of a city located in a county with
20 population densities greater than seven hundred may impose a sales and
21 use tax in accordance with the terms of this chapter. The tax is in
22 addition to other taxes authorized by law and shall be collected from
23 those persons who are taxable by the state under chapters 82.08 and
24 82.12 RCW upon the occurrence of any taxable event within the city.
25 The rate of tax shall not exceed 0.017 percent of the selling price in
26 the case of a sales tax or value of the article used in the case of a
27 use tax.

28 (2) The tax imposed under subsection (1) of this section shall be
29 deducted from the amount of tax otherwise required to be collected or
30 paid over to the department of revenue under chapter 82.08 or 82.12
31 RCW. The department of revenue shall perform the collection of the
32 taxes on behalf of the county at no cost to the county.

33 (3) Moneys collected under this section shall only be used as the
34 state's contribution toward the financing of a community revitalization
35 project under chapter 82.-- RCW (sections 1 through 12 of this act).
36 Only those community revitalization projects approved under section 6
37 of this act may be financed with moneys collected under this section.

38 (4) No tax may be collected under this section before July 1, 2001.
39 No tax may be collected under this section by a city more than twenty-

1 five years after the date that a tax is first imposed under this
2 section.

3 (5) For purposes of this section, "population density" means the
4 number of persons per square mile as determined by the office of
5 financial management and published each year by the department of
6 community, trade, and economic development for the period July 1st to
7 June 30th.

8 **PART III--PROPERTY TAX INCREMENT FINANCING**

9 **SUBPART A-PROPERTY TAX INCREMENT FINANCING AUTHORIZED**

10 NEW SECTION. **Sec. 14.** The definitions in this section apply
11 throughout this chapter unless the context clearly requires otherwise.

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

14 (2) "Local government" has the same meaning as in section 3 of this
15 act.

16 (3) "Ordinance" has the same meaning as in section 3 of this act.

17 (4) "Public improvements" has the same meaning as "community
18 revitalization project" in section 3 of this act.

19 (5) "Public improvement costs" means the costs of: (a) Design,
20 planning, acquisition, site preparation, construction, reconstruction,
21 rehabilitation, improvement, and installation of the public
22 improvements; (b) relocating, maintaining, and operating property
23 pending construction of the public improvements; (c) relocating
24 utilities as a result of the public improvements; (d) financing the
25 public improvements, including interest during construction, legal and
26 other professional services, taxes, insurance, principal and interest
27 costs on general indebtedness issued to finance the public
28 improvements, and any necessary reserves for such general indebtedness;
29 (e) the assessor that are incurred in revaluing real property for the
30 purpose of determining the tax allocation base value that are in excess
31 of costs incurred by the assessor in accordance with the revaluation
32 plan under chapter 84.41 RCW, and the costs of apportioning the taxes
33 and complying with this chapter and other applicable law; and (f)
34 administrative costs and feasibility studies reasonably necessary and
35 related to these costs, including such related costs that may have been
36 incurred before adoption of the ordinance authorizing the public

1 improvements and the use of tax increment financing to fund the costs
2 of the public improvements.

3 (6) "Regular property taxes" means regular property taxes as now or
4 hereafter defined in RCW 84.04.140, except: (a) Regular property taxes
5 levied by port districts or public utility districts specifically for
6 the purpose of making required payments of principal and interest on
7 general indebtedness; and (b) regular property taxes levied by the
8 state for the support of the common schools under RCW 84.52.065.

9 (7) "Tax allocation base value" means the true and fair value of
10 real property located within a tax increment area for taxes imposed in
11 the year in which the tax increment area is created, plus fifty percent
12 of any increase in the true and fair value of real property located
13 within a tax increment area that is placed on the assessment rolls
14 after the tax increment area is created.

15 (8) "Tax allocation revenues" means those tax revenues derived from
16 the imposition of regular property taxes on the tax increment value and
17 distributed to finance public improvements.

18 (9) "Tax increment area" has the same meaning as "apportionment
19 district" in section 3 of this act.

20 (10) "Tax increment value" means fifty percent of any increase in
21 the true and fair value of real property in a tax increment area that
22 is placed on the tax rolls after the tax increment area is created.

23 (11) "Taxing districts" means a governmental entity that levies or
24 has levied for it regular property taxes upon real property located
25 within a proposed or approved tax increment area.

26 (12) "Value of taxable property" means value of the taxable
27 property as defined in RCW 39.36.015.

28 NEW SECTION. **Sec. 15.** A local government may finance public
29 improvements using tax increment financing subject to the following
30 conditions:

31 (1) The local government adopts an ordinance designating a tax
32 increment area within its boundaries and specifying the public
33 improvements proposed to be financed in whole or in part with the use
34 of tax increment financing;

35 (2) The public improvements proposed to be financed in whole or in
36 part using tax increment financing are expected to encourage private
37 development within the tax increment area and increasing the fair
38 market value of real property within the tax increment area;

1 (3) Private development that is anticipated to occur within the tax
2 increment area, as a result of the public improvements, will be
3 consistent with the county-wide planning policy adopted by the county
4 under RCW 36.70A.210 and the local government's comprehensive plan and
5 development regulations adopted under chapter 36.70A RCW;

6 (4) Every taxing district within which the tax increment area is
7 located approves the tax increment financing of the project under
8 section 17(1) of this act; and

9 (5) The combined amount of tax increment value in this tax
10 increment area, and all other tax increment areas located in the same
11 local government, constitute less than two percent of the assessed
12 value of any taxing district within which the tax increment area is
13 located.

14 NEW SECTION. **Sec. 16.** Public improvements that are financed with
15 tax increment financing may be undertaken and coordinated with other
16 programs or efforts undertaken by the local government and other taxing
17 districts and may be funded in part from revenue sources other than tax
18 increment financing.

19 NEW SECTION. **Sec. 17.** Before adopting an ordinance creating the
20 tax increment area, a local government must:

21 (1) Obtain written agreement for the use of tax increment financing
22 to finance all or a portion of the costs of the designated public
23 improvements from each taxing district within which the tax increment
24 area is located. Signing a written agreement constitutes concurrence
25 in the public improvement and participation in the public improvement
26 to the extent of providing limited funding under tax increment
27 financing authorized under this chapter. The agreement must be
28 authorized by the governing body of each taxing district and by the
29 director of the office of financial management for the state;

30 (2) Hold a public hearing on the proposed financing of the public
31 improvement in whole or in part with tax increment financing. Notice
32 of the public hearing must be published in the official local
33 government newspaper at least ten days before the public hearing and
34 posted in at least six conspicuous public places located in the
35 proposed tax increment area. Notices must describe the contemplated
36 public improvements, estimate the costs of the public improvements,
37 describe the portion of the costs of the public improvements to be

1 borne by tax increment financing, describe any other sources of revenue
2 to finance the public improvements, describe the boundaries of the
3 proposed tax increment area, and estimate the period during which tax
4 increment financing is contemplated to be used. The public hearing may
5 be held by either the governing body of the local government, or a
6 committee of the governing body that includes at least a majority of
7 the whole governing body; and

8 (3) Adopt an ordinance establishing the tax increment area that
9 describes the public improvements, describes the boundaries of the tax
10 increment area, estimates the cost of the public improvements and the
11 portion of these costs to be financed by tax increment financing,
12 estimates the time during which regular property taxes are to be
13 apportioned, provides the date when the apportionment of the regular
14 property taxes will commence, and finds that the conditions of section
15 15 of this act are met.

16 NEW SECTION. **Sec. 18.** Within fifteen days after a local
17 government adopts an ordinance creating the tax increment area and
18 authorizing tax increment financing, the local government shall:

19 (1) Publish notice in a legal newspaper circulated within the tax
20 increment area that describes the public improvement, describes the
21 boundaries of the tax increment area, and identifies the location and
22 times where the ordinance and other public information concerning the
23 public improvement may be inspected; and

24 (2) Deliver a certified copy of the ordinance to the county
25 treasurer, the county assessor, and the governing body of each taxing
26 district within which the tax increment area is located.

27 NEW SECTION. **Sec. 19.** (1) Commencing on the later of either the
28 date established in the ordinance creating the tax increment area, or
29 the first day of the calendar year following the passage of the
30 ordinance, the county treasurer shall distribute receipts from regular
31 taxes imposed on real property located in the tax increment area as
32 follows:

33 (a) Each taxing district shall receive that portion of its regular
34 property taxes produced by the rate of tax levied by or for the taxing
35 district on the tax allocation base value for that tax increment
36 financing project in the taxing district, or upon the total assessed

1 value of real property in the taxing district, whichever is smaller;
2 and

3 (b) The local government that created the tax increment area shall
4 receive an additional portion of the regular property taxes levied by
5 or for each taxing district upon the tax increment value within the tax
6 increment area. However, the local government that created the tax
7 increment area may agree to receive less than the full amount of this
8 portion as long as bond debt service, reserve, and other bond covenant
9 requirements are satisfied, in which case the balance of these tax
10 receipts shall be allocated to the taxing districts that imposed
11 regular property taxes, or have regular property taxes imposed for
12 them, in the tax increment area for collection that year in proportion
13 to their regular tax levy rates for collection that year. The local
14 government may request that the treasurer transfer this additional
15 portion of the property taxes to its designated agent. The portion of
16 the tax receipts distributed to the local government or its agent under
17 this subsection (1)(b) may only be expended to finance public
18 improvement costs associated with the public improvements financed in
19 whole or in part by tax increment financing.

20 (2) The county assessor shall allocate fifty percent of any
21 increased real property value occurring in the tax increment area to
22 the tax allocation base value and the other fifty percent to the tax
23 increment value. This section does not authorize revaluations of real
24 property by the assessor for property taxation that are not made in
25 accordance with the assessor's revaluation plan under chapter 84.41 RCW
26 or under other authorized revaluation procedures.

27 (3) The apportionment of increases in assessed valuation in a tax
28 increment area, and the associated distribution to the local government
29 of receipts from regular property taxes that are imposed on the tax
30 increment value, must cease when tax allocation revenues are no longer
31 necessary or obligated to pay the costs of the public improvements.
32 Any excess tax allocation revenues and earnings on the tax allocation
33 revenues remaining at the time the apportionment of tax receipts
34 terminates must be returned to the county treasurer and distributed to
35 the taxing districts that imposed regular property taxes, or had
36 regular property taxes imposed for it, in the tax increment area for
37 collection that year, in proportion to the rates of their regular
38 property tax levies for collection that year.

1 NEW SECTION. **Sec. 20.** (1) A local government designating a tax
2 increment area and authorizing the use of tax increment financing may
3 incur general indebtedness, and issue general obligation bonds, to
4 finance the public improvements and retire the indebtedness in whole or
5 in part from tax allocation revenues it receives, subject to the
6 following requirements:

7 (a) The ordinance adopted by the local government creating the tax
8 increment area and authorizing the use of tax increment financing
9 indicates an intent to incur this indebtedness and the maximum amount
10 of this indebtedness that is contemplated; and

11 (b) The local government includes this statement of the intent in
12 all notices required by section 17 of this act.

13 (2) The general indebtedness incurred under subsection (1) of this
14 section may be payable from other tax revenues, the full faith and
15 credit of the local government, and nontax income, revenues, fees, and
16 rents from the public improvements, as well as contributions, grants,
17 and nontax money available to the local government for payment of costs
18 of the public improvements or associated debt service on the general
19 indebtedness.

20 (3) The ordinance creating the tax increment area and authorizing
21 the use of tax increment financing is subject to potential referendum
22 action by the voters of the local government if the ordinance
23 authorizes the local government to incur non-voter-approved general
24 indebtedness payable from tax increment receipts. If the voters of the
25 local government otherwise possess the general power of referendum on
26 local government matters, the ordinance is subject to that procedure.
27 If the voters of the local government do not otherwise possess the
28 general power of referendum on local government matters, the referendum
29 shall conform to the requirements and procedures for referendum
30 petitions provided for code cities in RCW 35A.11.100.

31 NEW SECTION. **Sec. 21.** A direct or collateral attack on a public
32 improvement, public improvement ordinance, or tax increment area
33 purported to be authorized or created in conformance with applicable
34 legal requirements, including this chapter, may not be commenced more
35 than thirty days after publication of notice as required by section 18
36 of this act.

1 the public improvements by agreeing to the tax increment financing as
2 provided under section 17 of this act.

3 This section does not limit the authority of a rural county library
4 district or intercounty rural library district to otherwise participate
5 in the public improvements if that authority exists elsewhere.

6 NEW SECTION. **Sec. 27.** A new section is added to chapter 35.61 RCW
7 to read as follows:

8 In addition to other authority that a metropolitan park district
9 possesses, a metropolitan park district may provide any public
10 improvement as defined under section 14 of this act, but this
11 additional authority is limited to participating in the financing of
12 the public improvements by agreeing to the tax increment financing as
13 provided under section 17 of this act.

14 This section does not limit the authority of a metropolitan park
15 district to otherwise participate in the public improvements if that
16 authority exists elsewhere.

17 NEW SECTION. **Sec. 28.** A new section is added to chapter 36.32 RCW
18 to read as follows:

19 In addition to other authority that a county possesses, a county
20 may provide any public improvement as defined under section 14 of this
21 act, but this additional authority is limited to participating in the
22 financing of the public improvements by agreeing to the tax increment
23 financing as provided under section 17 of this act.

24 This section does not limit the authority of a county to otherwise
25 participate in the public improvements if that authority exists
26 elsewhere.

27 NEW SECTION. **Sec. 29.** A new section is added to chapter 36.68 RCW
28 to read as follows:

29 In addition to other authority that a park and recreation service
30 area possesses, a park and recreation service area may provide any
31 public improvement as defined under section 14 of this act, but this
32 additional authority is limited to participating in the financing of
33 the public improvements by agreeing to the tax increment financing as
34 provided under section 17 of this act.

1 This section does not limit the authority of a park and recreation
2 service area to otherwise participate in the public improvements if
3 that authority exists elsewhere.

4 NEW SECTION. Sec. 30. A new section is added to chapter 36.69 RCW
5 to read as follows:

6 In addition to other authority that a park and recreation district
7 possesses, a park and recreation district may provide any public
8 improvement as defined under section 14 of this act, but this
9 additional authority is limited to participating in the financing of
10 the public improvements by agreeing to the tax increment financing as
11 provided under section 17 of this act.

12 This section does not limit the authority of a park and recreation
13 district to otherwise participate in the public improvements if that
14 authority exists elsewhere.

15 NEW SECTION. Sec. 31. A new section is added to chapter 36.75 RCW
16 to read as follows:

17 In addition to other authority that a road district possesses, a
18 road district may provide any public improvement as defined under
19 section 14 of this act, but this additional authority is limited to
20 participating in the financing of the public improvements by agreeing
21 to the tax increment financing as provided under section 17 of this
22 act.

23 This section does not limit the authority of a road district to
24 otherwise participate in the public improvements if that authority
25 exists elsewhere.

26 NEW SECTION. Sec. 32. A new section is added to chapter 52.12 RCW
27 to read as follows:

28 In addition to other authority that a fire protection district
29 possesses, a fire protection district may provide any public
30 improvement as defined under section 14 of this act, but this
31 additional authority is limited to participating in the financing of
32 the public improvements by agreeing to the tax increment financing as
33 provided under section 17 of this act.

34 This section does not limit the authority of a fire protection
35 district to otherwise participate in the public improvements if that
36 authority exists elsewhere.

1 NEW SECTION. **Sec. 33.** A new section is added to chapter 53.08 RCW
2 to read as follows:

3 In addition to other authority that a port district possesses, a
4 port district may provide any public improvement as defined under
5 section 14 of this act, but this additional authority is limited to
6 participating in the financing of the public improvements by agreeing
7 to the tax increment financing as provided under section 17 of this
8 act.

9 This section does not limit the authority of a port district to
10 otherwise participate in the public improvements if that authority
11 exists elsewhere.

12 NEW SECTION. **Sec. 34.** A new section is added to chapter 54.16 RCW
13 to read as follows:

14 In addition to other authority that a public utility district
15 possesses, a public utility district may provide any public improvement
16 as defined under section 14 of this act, but this additional authority
17 is limited to participating in the financing of the public improvements
18 by agreeing to the tax increment financing as provided under section 17
19 of this act.

20 This section does not limit the authority of a public utility
21 district to otherwise participate in the public improvements if that
22 authority exists elsewhere.

23 NEW SECTION. **Sec. 35.** A new section is added to chapter 67.38 RCW
24 to read as follows:

25 In addition to other authority that a cultural arts, stadium, and
26 convention center district possesses, a cultural arts, stadium, and
27 convention center district may provide any public improvement as
28 defined under section 14 of this act, but this additional authority is
29 limited to participating in the financing of the public improvements by
30 agreeing to the tax increment financing as provided under section 17 of
31 this act.

32 This section does not limit the authority of a cultural arts,
33 stadium, and convention center district to otherwise participate in the
34 public improvements if that authority exists elsewhere.

35 NEW SECTION. **Sec. 36.** A new section is added to chapter 68.52 RCW
36 to read as follows:

1 In addition to other authority that a cemetery district possesses,
2 a cemetery district may provide any public improvement as defined under
3 section 14 of this act, but this additional authority is limited to
4 participating in the financing of the public improvements by agreeing
5 to the tax increment financing as provided under section 17 of this
6 act.

7 This section does not limit the authority of a cemetery district to
8 otherwise participate in the public improvements if that authority
9 exists elsewhere.

10 NEW SECTION. Sec. 37. A new section is added to chapter 70.44 RCW
11 to read as follows:

12 In addition to other authority that a public hospital district
13 possesses, a public hospital district may provide any public
14 improvement as defined under section 14 of this act, but this
15 additional authority is limited to participating in the financing of
16 the public improvements by agreeing to the tax increment financing as
17 provided under section 17 of this act.

18 This section does not limit the authority of a public hospital
19 district to otherwise participate in the public improvements if that
20 authority exists elsewhere.

21 NEW SECTION. Sec. 38. A new section is added to chapter 86.15 RCW
22 to read as follows:

23 In addition to other authority that a flood control zone district
24 possesses, a flood control zone district may provide any public
25 improvement as defined under section 14 of this act, but this
26 additional authority is limited to participating in the financing of
27 the public improvements by agreeing to the tax increment financing as
28 provided under section 17 of this act.

29 This section does not limit the authority of a flood control zone
30 district to otherwise participate in the public improvements if that
31 authority exists elsewhere.

32 **SUBPART C-PROPERTY TAX INCREMENT FINANCING TECHNICAL PROVISIONS**

33 NEW SECTION. Sec. 39. A new section is added to chapter 84.55 RCW
34 to read as follows:

1 Limitations on regular property taxes that are provided in this
2 chapter shall continue in a taxing district whether or not a tax
3 increment area exists within the taxing district as provided under
4 chapter 39.-- RCW (sections 14 through 24 of this act).

5 **Sec. 40.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read
6 as follows:

7 Within and subject to the limitations imposed by RCW 84.52.050 as
8 amended, the regular ad valorem tax levies upon real and personal
9 property by the taxing districts hereafter named shall be as follows:

10 (1) Levies of the senior taxing districts shall be as follows: (a)
11 The levy by the state shall not exceed three dollars and sixty cents
12 per thousand dollars of assessed value adjusted to the state equalized
13 value in accordance with the indicated ratio fixed by the state
14 department of revenue to be used exclusively for the support of the
15 common schools, except that a portion of this levy may be used as
16 provided in chapter 39.-- RCW (sections 14 through 24 of this act); (b)
17 the levy by any county shall not exceed one dollar and eighty cents per
18 thousand dollars of assessed value; (c) the levy by any road district
19 shall not exceed two dollars and twenty-five cents per thousand dollars
20 of assessed value; and (d) the levy by any city or town shall not
21 exceed three dollars and thirty-seven and one-half cents per thousand
22 dollars of assessed value. However any county is hereby authorized to
23 increase its levy from one dollar and eighty cents to a rate not to
24 exceed two dollars and forty-seven and one-half cents per thousand
25 dollars of assessed value for general county purposes if the total
26 levies for both the county and any road district within the county do
27 not exceed four dollars and five cents per thousand dollars of assessed
28 value, and no other taxing district has its levy reduced as a result of
29 the increased county levy.

30 (2) The aggregate levies of junior taxing districts and senior
31 taxing districts, other than the state, shall not exceed five dollars
32 and ninety cents per thousand dollars of assessed valuation. The term
33 "junior taxing districts" includes all taxing districts other than the
34 state, counties, road districts, cities, towns, port districts, and
35 public utility districts. The limitations provided in this subsection
36 shall not apply to: (a) Levies at the rates provided by existing law
37 by or for any port or public utility district; (b) excess property tax
38 levies authorized in Article VII, section 2 of the state Constitution;

1 (c) levies for acquiring conservation futures as authorized under RCW
2 84.34.230; (d) levies for emergency medical care or emergency medical
3 services imposed under RCW 84.52.069; (e) levies to finance affordable
4 housing for very low-income housing imposed under RCW 84.52.105; and
5 (f) the portions of levies by metropolitan park districts that are
6 protected under RCW 84.52.120.

7 **Sec. 41.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each amended
8 to read as follows:

9 Subject to the limitations in RCW 84.55.010, in each year the state
10 shall levy for collection in the following year for the support of
11 common schools of the state a tax of three dollars and sixty cents per
12 thousand dollars of assessed value upon the assessed valuation of all
13 taxable property within the state adjusted to the state equalized value
14 in accordance with the indicated ratio fixed by the state department of
15 revenue, except that a portion of this levy may be used as provided in
16 chapter 39.-- RCW (sections 14 through 24 of this act).

17 As used in this section, "the support of common schools" includes
18 the payment of the principal and interest on bonds issued for capital
19 construction projects for the common schools.

20 **Sec. 42.** RCW 84.52.067 and 1967 ex.s. c 133 s 2 are each amended
21 to read as follows:

22 All property taxes levied by the state for the support of common
23 schools, that are not diverted under chapter 39.-- RCW (sections 14
24 through 24 of this act), shall be paid into the general fund of the
25 state treasury as provided in RCW 84.56.280.

26 **Sec. 43.** RCW 36.33.220 and 1973 1st ex.s. c 195 s 142 are each
27 amended to read as follows:

28 The legislative authority of any county may budget, in accordance
29 with the provisions of chapter 36.40 RCW, and expend any portion of the
30 county road property tax revenues for any service to be provided in the
31 unincorporated area of the county notwithstanding any other provision
32 of law, including chapter 36.82 RCW and RCW 84.52.050 and 84.52.043.
33 County road property tax revenues that are diverted under chapter 39.--
34 RCW (sections 14 through 24 of this act) may be expended as provided
35 under chapter 39.-- RCW (sections 14 through 24 of this act).

1 **Sec. 44.** RCW 36.79.140 and 1997 c 81 s 6 are each amended to read
2 as follows:

3 At the time the board reviews the six-year program of each county
4 each even-numbered year, it shall consider and shall approve for
5 inclusion in its recommended budget, as required by RCW 36.79.130, the
6 portion of the rural arterial construction program scheduled to be
7 performed during the biennial period beginning the following July 1st.
8 Subject to the appropriations actually approved by the legislature, the
9 board shall as soon as feasible approve rural arterial trust account
10 funds to be spent during the ensuing biennium for preliminary proposals
11 in priority sequence as established pursuant to RCW 36.79.090. Only
12 those counties that during the preceding twelve months have spent all
13 revenues collected for road purposes only for such purposes, including
14 traffic law enforcement, as are allowed to the state by Article II,
15 section 40 of the state Constitution are eligible to receive funds from
16 the rural arterial trust account(~~(: PROVIDED HOWEVER)~~), except that:
17 (1) Counties with a population of less than eight thousand are exempt
18 from this eligibility restriction(~~(: AND PROVIDED FURTHER, That)~~); (2)
19 counties expending revenues collected for road purposes only on other
20 governmental services after authorization from the voters of that
21 county under RCW 84.55.050 are also exempt from this eligibility
22 restriction; and (3) this restriction shall not apply to any moneys
23 diverted from the road district levy under chapter 39.-- RCW (sections
24 14 through 24 of this act). The board shall authorize rural arterial
25 trust account funds for the construction project portion of a project
26 previously authorized for a preliminary proposal in the sequence in
27 which the preliminary proposal has been completed and the construction
28 project is to be placed under contract. At such time the board may
29 reserve rural arterial trust account funds for expenditure in future
30 years as may be necessary for completion of preliminary proposals and
31 construction projects to be commenced in the ensuing biennium.

32 The board may, within the constraints of available rural arterial
33 trust funds, consider additional projects for authorization upon a
34 clear and conclusive showing by the submitting county that the proposed
35 project is of an emergent nature and that its need was unable to be
36 anticipated at the time the six-year program of the county was
37 developed. The proposed projects shall be evaluated on the basis of
38 the priority rating factors specified in RCW 36.79.080.

1 **Sec. 45.** RCW 36.82.040 and 1973 1st ex.s. c 195 s 41 are each
2 amended to read as follows:

3 For the purpose of raising revenue for establishing, laying out,
4 constructing, altering, repairing, improving, and maintaining county
5 roads, bridges, and wharves necessary for vehicle ferriage and for
6 other proper county purposes, the board shall annually at the time of
7 making the levy for general purposes make a uniform tax levy throughout
8 the county, or any road district thereof, of not to exceed two dollars
9 and twenty-five cents per thousand dollars of assessed value of the
10 last assessed valuation of the taxable property in the county, or road
11 district thereof, unless other law of the state requires a lower
12 maximum levy, in which event such lower maximum levy shall control.
13 All funds accruing from such levy shall be credited to and deposited in
14 the county road fund except that revenue diverted under RCW 36.33.220
15 shall be placed in a separate and identifiable account within the
16 county current expense fund and except that revenue diverted under
17 chapter 39.-- RCW (sections 14 through 24 of this act) shall be
18 expended as provided under chapter 39.-- RCW (sections 14 through 24 of
19 this act).

20 **Sec. 46.** RCW 46.68.124 and 1990 c 33 s 586 are each amended to
21 read as follows:

22 (1) The equivalent population for each county shall be computed as
23 the sum of the population residing in the county's unincorporated area
24 plus twenty-five percent of the population residing in the county's
25 incorporated area. Population figures required for the computations in
26 this subsection shall be certified by the director of the office of
27 financial management on or before July 1st of each odd-numbered year.

28 (2) The total annual road cost for each county shall be computed as
29 the sum of one twenty-fifth of the total estimated county road
30 replacement cost, plus the total estimated annual maintenance cost.
31 Appropriate costs for bridges and ferries shall be included. The
32 county road administration board shall be responsible for establishing
33 a uniform system of roadway categories for both maintenance and
34 construction and also for establishing a single state-wide cost per
35 mile rate for each roadway category. The total annual cost for each
36 county will be based on the established state-wide cost per mile and
37 associated mileage for each category. The mileage to be used for these
38 computations shall be as shown in the county road log as maintained by

1 the county road administration board as of July 1, 1985, and each two
2 years thereafter. Each county shall be responsible for submitting
3 changes, corrections, and deletions as regards the county road log to
4 the county road administration board. Such changes, corrections, and
5 deletions shall be subject to verification and approval by the county
6 road administration board prior to inclusion in the county road log.

7 (3) The money need factor for each county shall be the county's
8 total annual road cost less the following four amounts:

9 (a) One-half the sum of the actual county road tax levied upon the
10 valuation of all taxable property within the county road districts
11 pursuant to RCW 36.82.040, including any amount of such tax diverted
12 under chapter 39.-- RCW (sections 14 through 24 of this act), for the
13 two calendar years next preceding the year of computation of the
14 allocation amounts as certified by the department of revenue;

15 (b) One-half the sum of all funds received by the county road fund
16 from the federal forest reserve fund pursuant to RCW 28A.520.010 and
17 28A.520.020 during the two calendar years next preceding the year of
18 computation of the allocation amounts as certified by the state
19 treasurer;

20 (c) One-half the sum of timber excise taxes received by the county
21 road fund pursuant to chapter 84.33 RCW in the two calendar years next
22 preceding the year of computation of the allocation amounts as
23 certified by the state treasurer;

24 (d) One-half the sum of motor vehicle license fees and motor
25 vehicle and special fuel taxes refunded to the county, pursuant to RCW
26 46.68.080 during the two calendar years next preceding the year of
27 computation of the allocation amounts as certified by the state
28 treasurer.

29 (4) The state treasurer and the department of revenue shall furnish
30 to the county road administration board the information required by
31 subsection (3) of this section on or before July 1st of each odd-
32 numbered year.

33 (5) The county road administration board, shall compute and provide
34 to the counties the allocation factors of the several counties on or
35 before September 1st of each year based solely upon the sources of
36 information herein before required: PROVIDED, That the allocation
37 factor shall be held to a level not more than five percent above or
38 five percent below the allocation factor in use during the previous
39 calendar year. Upon computation of the actual allocation factors of

1 the several counties, the county road administration board shall
2 provide such factors to the state treasurer to be used in the
3 computation of the counties' fuel tax allocation for the succeeding
4 calendar year. The state treasurer shall adjust the fuel tax
5 allocation of each county on January 1st of every year based solely
6 upon the information provided by the county road administration board.

7 **Sec. 47.** RCW 82.03.130 and 1998 c 54 s 1 are each amended to read
8 as follows:

9 (1) The board shall have jurisdiction to decide the following types
10 of appeals:

11 (a) Appeals taken pursuant to RCW 82.03.190.

12 (b) Appeals from a county board of equalization pursuant to RCW
13 84.08.130.

14 (c) Appeals by an assessor or landowner from an order of the
15 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if
16 filed with the board of tax appeals within thirty days after the
17 mailing of the order, the right to such an appeal being hereby
18 established.

19 (d) Appeals by an assessor or owner of an intercounty public
20 utility or private car company from determinations by the director of
21 revenue of equalized assessed valuation of property and the
22 apportionment thereof to a county made pursuant to chapter 84.12 and
23 84.16 RCW, if filed with the board of tax appeals within thirty days
24 after mailing of the determination, the right to such appeal being
25 hereby established.

26 (e) Appeals by an assessor, landowner, or owner of an intercounty
27 public utility or private car company from a determination of any
28 county indicated ratio for such county compiled by the department of
29 revenue pursuant to RCW 84.48.075: PROVIDED, That

30 (i) Said appeal be filed after review of the ratio under RCW
31 84.48.075(3) and not later than fifteen days after the mailing of the
32 certification; and

33 (ii) The hearing before the board shall be expeditiously held in
34 accordance with rules prescribed by the board and shall take precedence
35 over all matters of the same character.

36 (f) Appeals from the decisions of sale price of second class
37 shorelands on navigable lakes by the department of natural resources
38 pursuant to RCW 79.94.210.

1 (f) Providing maintenance and security for common, public areas.
2 (2) To levy special assessments on all businesses and multifamily
3 residential or mixed-use projects within the area and specially
4 benefited by a parking and business improvement area to pay in whole or
5 in part the damages or costs incurred therein as provided in this
6 chapter.

7 (3) To enter into agreements with a legislative authority to
8 administer community revitalization projects within an apportionment
9 district established under sections 1 through 12 of this act.

10 **Sec. 49.** RCW 82.14.050 and 1999 c 165 s 14 are each amended to
11 read as follows:

12 The counties, cities, and transportation authorities under RCW
13 82.14.045 and public facilities districts under chapter 36.100 and
14 35.57 RCW shall contract, prior to the effective date of a resolution
15 or ordinance imposing a sales and use tax, the administration and
16 collection to the state department of revenue, which shall deduct a
17 percentage amount, as provided by contract, not to exceed two percent
18 of the taxes collected for administration and collection expenses
19 incurred by the department. Except as provided in section 7 of this
20 act, the remainder of any portion of any tax authorized by this chapter
21 which is collected by the department of revenue shall be deposited by
22 the state department of revenue in the local sales and use tax account
23 hereby created in the state treasury. Moneys in the local sales and
24 use tax account may be spent only for distribution to counties, cities,
25 transportation authorities, and public facilities districts imposing a
26 sales and use tax. All administrative provisions in chapters 82.03,
27 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be
28 amended, shall, insofar as they are applicable to state sales and use
29 taxes, be applicable to taxes imposed pursuant to this chapter. Except
30 as provided in RCW 43.08.190, all earnings of investments of balances
31 in the local sales and use tax account shall be credited to the local
32 sales and use tax account and distributed to the counties, cities,
33 transportation authorities, and public facilities districts monthly.

34 **Sec. 50.** RCW 35.80.030 and 1989 c 133 s 3 are each amended to read
35 as follows:

36 (1) Whenever the local governing body of a municipality finds that
37 one or more conditions of the character described in RCW 35.80.010

1 exist within its territorial limits, said governing body may adopt
2 ordinances relating to such dwellings, buildings, structures, or
3 premises. Such ordinances may provide for the following:

4 (a) That an "improvement board" or officer be designated or
5 appointed to exercise the powers assigned to such board or officer by
6 the ordinance as specified herein. Said board or officer may be an
7 existing municipal board or officer in the municipality, or may be a
8 separate board or officer appointed solely for the purpose of
9 exercising the powers assigned by said ordinance.

10 If a board is created, the ordinance shall specify the terms,
11 method of appointment, and type of membership of said board, which may
12 be limited, if the local governing body chooses, to public officers as
13 herein defined.

14 (b) If a board is created, a public officer, other than a member of
15 the improvement board, may be designated to work with the board and
16 carry out the duties and exercise the powers assigned to said public
17 officer by the ordinance.

18 (c) That if, after a preliminary investigation of any dwelling,
19 building, structure, or premises, the board or officer finds that it is
20 unfit for human habitation or other use, he shall cause to be served
21 either personally or by certified mail, with return receipt requested,
22 upon all persons having any interest therein, as shown upon the records
23 of the auditor's office of the county in which such property is
24 located, and shall post in a conspicuous place on such property, a
25 complaint stating in what respects such dwelling, building, structure,
26 or premises is unfit for human habitation or other use. If the
27 whereabouts of any of such persons is unknown and the same cannot be
28 ascertained by the board or officer in the exercise of reasonable
29 diligence, and the board or officer makes an affidavit to that effect,
30 then the serving of such complaint or order upon such persons may be
31 made either by personal service or by mailing a copy of the complaint
32 and order by certified mail, postage prepaid, return receipt requested,
33 to each such person at the address of the building involved in the
34 proceedings, and mailing a copy of the complaint and order by first
35 class mail to any address of each such person in the records of the
36 county assessor or the county auditor for the county where the property
37 is located. Such complaint shall contain a notice that a hearing will
38 be held before the board or officer, at a place therein fixed, not less
39 than ten days nor more than thirty days after the serving of said

1 complaint; and that all parties in interest shall be given the right to
2 file an answer to the complaint, to appear in person, or otherwise, and
3 to give testimony at the time and place in the complaint. The rules of
4 evidence prevailing in courts of law or equity shall not be controlling
5 in hearings before the board or officer. A copy of such complaint
6 shall also be filed with the auditor of the county in which the
7 dwelling, building, structure, or (~~premise~~~~[premises]~~) premises is
8 located, and such filing of the complaint or order shall have the same
9 force and effect as other lis pendens notices provided by law.

10 (d) That the board or officer may determine that a dwelling,
11 building, structure, or premises is unfit for human habitation or other
12 use if it finds that conditions exist in such dwelling, building,
13 structure, or premises which are dangerous or injurious to the health
14 or safety of the occupants of such dwelling, building, structure, or
15 premises, the occupants of neighboring dwellings, or other residents of
16 such municipality. Such conditions may include the following, without
17 limitations: Defects therein increasing the hazards of fire or
18 accident; inadequate ventilation, light, or sanitary facilities,
19 dilapidation, disrepair, structural defects, uncleanliness,
20 overcrowding, or inadequate drainage. The ordinance shall state
21 reasonable and minimum standards covering such conditions, including
22 those contained in ordinances adopted in accordance with
23 (~~subdivision~~) subsection (7)(a) (~~herein~~) of this section, to guide
24 the board or the public officer and the agents and employees of either,
25 in determining the fitness of a dwelling for human habitation, or
26 building, structure, or premises for other use.

27 (e) That the determination of whether a dwelling, building,
28 structure, or premises should be repaired or demolished, shall be based
29 on specific stated standards on (i) the degree of structural
30 deterioration of the dwelling, building, structure, or premises, or
31 (ii) the relationship that the estimated cost of repair bears to the
32 value of the dwelling, building, structure, or premises, with the
33 method of determining this value to be specified in the ordinance.

34 (f) That if, after the required hearing, the board or officer
35 determines that the dwelling is unfit for human habitation, or building
36 or structure or premises is unfit for other use, it shall state in
37 writing its findings of fact in support of such determination, and
38 shall issue and cause to be served upon the owner or party in interest
39 thereof, as is provided in (~~subdivision~~~~(1)~~)(c) of this subsection,

1 and shall post in a conspicuous place on said property, an order which
2 (i) requires the owner or party in interest, within the time specified
3 in the order, to repair, alter, or improve such dwelling, building,
4 structure, or premises to render it fit for human habitation, or for
5 other use, or to vacate and close the dwelling, building, structure, or
6 premises, if such course of action is deemed proper on the basis of the
7 standards set forth as required in (~~subdivision (1)~~)(e) of this
8 subsection; or (ii) requires the owner or party in interest, within the
9 time specified in the order, to remove or demolish such dwelling,
10 building, structure, or premises, if this course of action is deemed
11 proper on the basis of said standards. If no appeal is filed, a copy
12 of such order shall be filed with the auditor of the county in which
13 the dwelling, building, structure, or premises is located.

14 (g) The owner or any party in interest, within thirty days from the
15 date of service upon the owner and posting of an order issued by the
16 board under the provisions of (~~subdivision~~) (c) of this subsection,
17 may file an appeal with the appeals commission.

18 The local governing body of the municipality shall designate or
19 establish a municipal agency to serve as the appeals commission. The
20 local governing body shall also establish rules of procedure adequate
21 to assure a prompt and thorough review of matters submitted to the
22 appeals commission, and such rules of procedure shall include the
23 following, without being limited thereto: (i) All matters submitted to
24 the appeals commission must be resolved by the commission within sixty
25 days from the date of filing therewith and (ii) a transcript of the
26 findings of fact of the appeals commission shall be made available to
27 the owner or other party in interest upon demand.

28 The findings and orders of the appeals commission shall be reported
29 in the same manner and shall bear the same legal consequences as if
30 issued by the board, and shall be subject to review only in the manner
31 and to the extent provided in (~~subdivision~~) subsection (2) of this
32 section.

33 If the owner or party in interest, following exhaustion of his
34 rights to appeal, fails to comply with the final order to repair,
35 alter, improve, vacate, close, remove, or demolish the dwelling,
36 building, structure, or premises, the board or officer may direct or
37 cause such dwelling, building, structure, or premises to be repaired,
38 altered, improved, vacated, and closed, removed, or demolished.

1 (h) That the amount of the cost of such repairs, alterations or
2 improvements; or vacating and closing; or removal or demolition by the
3 board or officer, shall be assessed against the real property upon
4 which such cost was incurred unless such amount is previously paid.
5 Upon certification to him by the treasurer of the municipality in cases
6 arising out of the city or town or by the county improvement board or
7 officer, in cases arising out of the county, of the assessment amount
8 being due and owing, the county treasurer shall enter the amount of
9 such assessment upon the tax rolls against the property for the current
10 year and the same shall become a part of the general taxes for that
11 year to be collected at the same time and with interest at such rates
12 and in such manner as provided for in RCW 84.56.020, as now or
13 hereafter amended, for delinquent taxes, and when collected to be
14 deposited to the credit of the general fund of the municipality. If
15 the dwelling, building, structure, or premises is removed or demolished
16 by the board or officer, the board or officer shall, if possible, sell
17 the materials of such dwelling, building, structure, (~~{or}~~) or
18 premises in accordance with procedures set forth in said ordinance, and
19 shall credit the proceeds of such sale against the cost of the removal
20 or demolition and if there be any balance remaining, it shall be paid
21 to the parties entitled thereto, as determined by the board or officer,
22 after deducting the costs incident thereto.

23 The assessment shall constitute a lien against the property which
24 shall be of equal rank with state, county, and municipal taxes and
25 shall have a first priority and shall be paid before the payment of
26 other state, county, and municipal taxes from any tax payments
27 collected or the proceeds of any sale of the property through
28 foreclosure or sale by the county including, but not limited to, the
29 proceeds of sales of any property acquired by the county by tax deed.

30 (2) Any person affected by an order issued by the appeals
31 commission pursuant to (~~subdivision~~) subsection (1)(f) (~~hereof~~) of
32 this section may, within thirty days after the posting and service of
33 the order, petition to the superior court for an injunction restraining
34 the public officer or members of the board from carrying out the
35 provisions of the order. In all such proceedings the court is
36 authorized to affirm, reverse, or modify the order and such trial shall
37 be heard de novo.

38 (3) An ordinance adopted by the local governing body of the
39 municipality may authorize the board or officer to exercise such powers

1 as may be necessary or convenient to carry out and effectuate the
2 purposes and provisions of this section. These powers shall include
3 the following in addition to others herein granted: (a)(i) To
4 determine which dwellings within the municipality are unfit for human
5 habitation; (ii) to determine which buildings, structures, or premises
6 are unfit for other use; (b) to administer oaths and affirmations,
7 examine witnesses and receive evidence; and (c) to investigate the
8 dwelling and other property conditions in the municipality or county
9 and to enter upon premises for the purpose of making examinations when
10 the board or officer has reasonable ground for believing they are unfit
11 for human habitation, or for other use: PROVIDED, That such entries
12 shall be made in such manner as to cause the least possible
13 inconvenience to the persons in possession, and to obtain an order for
14 this purpose after submitting evidence in support of an application
15 which is adequate to justify such an order from a court of competent
16 jurisdiction in the event entry is denied or resisted.

17 (4) The local governing body of any municipality adopting an
18 ordinance pursuant to this chapter may appropriate the necessary funds
19 to administer such ordinance.

20 (5) Nothing in this section shall be construed to abrogate or
21 impair the powers of the courts or of any department of any
22 municipality to enforce any provisions of its charter or its ordinances
23 or regulations, nor to prevent or punish violations thereof; and the
24 powers conferred by this section shall be in addition and supplemental
25 to the powers conferred by any other law.

26 (6) Nothing in this section shall be construed to impair or limit
27 in any way the power of the municipality to define and declare
28 nuisances and to cause their removal or abatement, by summary
29 proceedings or otherwise.

30 (7) Any municipality may (by ordinance adopted by its governing
31 body) (a) prescribe minimum standards for the use and occupancy of
32 dwellings throughout the municipality, or county, (b) prescribe minimum
33 standards for the use or occupancy of any building, structure, or
34 premises used for any other purpose, (c) prevent the use or occupancy
35 of any dwelling, building, structure, or premises, which is injurious
36 to the public health, safety, morals, or welfare, and (d) prescribe
37 punishment for the violation of any provision of such ordinance.

1 NEW SECTION. **Sec. 51.** A new section is added to chapter 35.80 RCW
2 to read as follows:

3 (1) The municipality, as an alternative or additional remedy, may
4 acquire by negotiation the substandard building, structure, or premises
5 and the land on which it is located, and after the acquisition may
6 utilize public or other available funds to improve the property
7 acquired and the property may be used or transferred, as authorized
8 under chapter 35.80A RCW, as if the property were acquired under RCW
9 35.80A.010, if the owner or the owner's representative notifies the
10 municipality in writing that the owner refuses or is unable to proceed
11 or fails to: (a) Repair, alter, or improve a substandard building,
12 structure, or premises; or (b) remove or demolish a substandard
13 building, structure, or premises as required by the order of the board
14 or officer under RCW 35.80.030.

15 (2) If the substandard building to be acquired is part of a
16 community revitalization project, the municipality may acquire property
17 adjacent to the substandard building, as necessary to provide for the
18 implementation of the approved community revitalization project, upon
19 a finding by resolution of the local governing body that the
20 acquisition is necessary in order to cure the problems associated with
21 the substandard building or buildings, and that redevelopment of the
22 site is not feasible unless the adjacent property is acquired. This
23 subsection provides supplemental and alternative authority for
24 acquisition of property by a municipality.

25 (3)(a) If the owner of a substandard building presents evidence
26 satisfactory to the municipality that the owner does not have available
27 sufficient funds or is unable to obtain financing on reasonable terms
28 to repair, alter, or improve a substandard building as required by the
29 order of the board or officer, under RCW 35.80.030, and in a manner
30 that will place the substandard building in a condition that will cure
31 the functional obsolescence of the building for its intended use, then
32 the municipality may, through its local governing body, approve a
33 project agreement with the owner that may provide for:

34 (i) Repair, alterations, and improvement of the substandard
35 building so as to comply with the order of the board or officer, under
36 RCW 35.80.030, and with the terms and conditions of the project
37 agreement;

38 (ii) The manner in which work under the project agreement will be
39 accomplished and how payment will be made, that may include, but is not

1 limited to, work let by the municipality and payment by the
2 municipality for work completed on the substandard building in
3 accordance with the project agreement; and

4 (iii) Repayment by the owner of the costs incurred by the
5 municipality under the project agreement which repayment may be made in
6 installments with interest on the unpaid portion as fixed by the local
7 legislative body or paid in such other manner as may be provided in the
8 project agreement.

9 (b) If not otherwise provided in the project agreement, the amount
10 of costs incurred by the municipality in accordance with the project
11 agreement must be treated as if it were an assessment on an approved
12 final assessment roll for improvements constructed within a local
13 improvement district, under chapter 35.44 RCW, and the costs shall be
14 a lien on the property improved, in the same manner and to the same
15 extent as a local improvement district assessment lien, and shall be
16 collected in the same manner as assessments, installment payments,
17 interest, and penalties are collected under chapter 35.49 RCW.

18 (c) The project agreement may provide that the lien for the
19 repayment of all or a portion of the costs incurred by the municipality
20 under the project agreement may be subordinated to a deed of trust
21 securing the loan of private funds to the owner for payment of project
22 costs incurred by the owner under the project agreement.

23 (4) The municipality or a public corporation created by a
24 municipality under RCW 35.21.660 or 35.21.730 may provide for the
25 payment of the costs and expenses incurred by the municipality under a
26 project agreement by revenue or general obligation bonds or notes
27 payable in whole or in part from the repayment of project costs by
28 owners and through enforcement of the assessments against the property
29 benefited or from any other federal, public, or private funds that may
30 be made available for such purposes.

31 NEW SECTION. **Sec. 52.** Sections 1 through 12 of this act
32 constitute a new chapter in Title 82 RCW.

33 NEW SECTION. **Sec. 53.** Part headings as used in this act do not
34 constitute any part of the law.

35 NEW SECTION. **Sec. 54.** If any provision of this act or its
36 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

--- END ---