

CERTIFICATION OF ENROLLMENT  
**SECOND SUBSTITUTE HOUSE BILL 1277**

60th Legislature  
2007 Regular Session

Passed by the House April 20, 2007  
Yeas 96 Nays 2

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**Speaker of the House of Representatives**

Passed by the Senate April 20, 2007  
Yeas 45 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1277** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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SECOND SUBSTITUTE HOUSE BILL 1277

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AS AMENDED BY THE SENATE

Passed Legislature - 2007 Regular Session

State of Washington                      60th Legislature                      2007 Regular Session

By            House Committee on Finance (originally sponsored by Representatives Kelley, Simpson, Wood, P. Sullivan, Conway, Kenney, Ericks, Rolfes and Morrell; by request of Governor Gregoire)

READ FIRST TIME 03/05/07.

1            AN ACT Relating to expanding competitive local infrastructure  
2 financing tools projects; amending RCW 39.102.020, 39.102.040,  
3 39.102.050, 39.102.060, 39.102.090, 39.102.110, 39.102.120, 82.14.475,  
4 39.102.140, 39.102.150, and 39.102.130; adding new sections to chapter  
5 39.102 RCW; creating a new section; repealing RCW 39.102.180; and  
6 providing an expiration date.

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

8            **Sec. 1.** RCW 39.102.020 and 2006 c 181 s 102 are each amended to  
9 read as follows:

10            The definitions in this section apply throughout this chapter  
11 unless the context clearly requires otherwise.

12            (1) "Annual state contribution limit" means ((five)) seven million  
13 five hundred thousand dollars statewide per fiscal year.

14            (2) "Assessed value" means the valuation of taxable real property  
15 as placed on the last completed assessment roll.

16            (3) "Base year" means the first calendar year following the  
17 ~~((creation of a revenue development area. For a local government that~~  
18 ~~meets the requirements of RCW 39.102.040(2), "base year" is the~~  
19 ~~calendar year after it amends its ordinance as provided in RCW~~

1 ~~39.102.040(2))~~ calendar year in which a sponsoring local government,  
2 and any cosponsoring local government, receives approval by the board  
3 for a project award, provided that the approval is granted before  
4 October 15th. If approval by the board is received on or after October  
5 15th but on or before December 31st, the "base year" is the second  
6 calendar year following the calendar year in which a sponsoring local  
7 government, and any cosponsoring local government, receives approval by  
8 the board for a project award.

9 (4) "Board" means the community economic revitalization board under  
10 chapter 43.160 RCW.

11 (5) "Demonstration project" means one of the following projects:

12 (a) Bellingham waterfront redevelopment project;

13 (b) Spokane river district project at Liberty Lake; and

14 (c) Vancouver riverwest project.

15 (6) "Department" means the department of revenue.

16 (7) "Fiscal year" means the twelve-month period beginning July 1st  
17 and ending the following June 30th.

18 (8) "Local excise taxes" means local revenues derived from the  
19 imposition of sales and use taxes authorized in RCW 82.14.030 at the  
20 tax rate that was in effect at the time the revenue development area  
21 was ~~((created))~~ approved by the board, except that if a local  
22 government reduces the rate of such tax after the revenue development  
23 area was ~~((created))~~ approved by the board, "local excise taxes" means  
24 the local revenues derived from the imposition of the sales and use  
25 taxes authorized in RCW 82.14.030 at the lower tax rate.

26 (9) "Local excise tax allocation revenue" means the amount of local  
27 excise taxes received by the local government during the measurement  
28 year from taxable activity within the revenue development area over and  
29 above the amount of local excise taxes received by the local government  
30 during the base year from taxable activity within the revenue  
31 development area, except that:

32 (a) If a sponsoring local government ~~((creates))~~ adopts a revenue  
33 development area and reasonably determines that no activity subject to  
34 tax under chapters 82.08 and 82.12 RCW occurred within the boundaries  
35 of the revenue development area in the twelve months immediately  
36 preceding the ~~((creation))~~ approval of the revenue development area  
37 ~~((within the boundaries of the area that became the revenue development~~  
38 ~~area))~~ by the board, "local excise tax allocation revenue" means the

1 entire amount of local excise taxes received by the sponsoring local  
2 government during a calendar year period beginning with the calendar  
3 year immediately following the ~~((creation))~~ approval of the revenue  
4 development area by the board and continuing with each measurement year  
5 thereafter; and

6 (b) For revenue development areas ~~((created))~~ approved by the board  
7 in calendar years 2006 and 2007 that do not meet the requirements in  
8 (a) of this subsection and if legislation is enacted in this state ~~((by~~  
9 ~~July 1, 2006,))~~ during the 2007 legislative session that adopts the  
10 sourcing provisions of the streamlined sales and use tax agreement,  
11 "local excise tax allocation revenue" means the amount of local excise  
12 taxes received by the sponsoring local government during the  
13 measurement year from taxable activity within the revenue development  
14 area over and above an amount of local excise taxes received by the  
15 sponsoring local government during the 2007 or 2008 base year, as the  
16 case may be, adjusted by the department for any estimated impacts from  
17 retail sales and use tax sourcing changes effective ~~((July 1, 2007))~~ in  
18 2008. The amount of base year adjustment determined by the department  
19 is final.

20 (10) "Local government" means any city, town, county, port  
21 district, and any federally recognized Indian tribe.

22 (11) "Local infrastructure financing" means the use of revenues  
23 received from local excise tax allocation revenues, local property tax  
24 allocation revenues, ~~((dedicated))~~ other revenues from local public  
25 sources, and revenues received from the local option sales and use tax  
26 authorized in RCW 82.14.475, dedicated to pay either the principal and  
27 interest on bonds authorized under RCW 39.102.150 or to pay public  
28 improvement costs on a pay-as-you-go basis subject to section 14 of  
29 this act, or both.

30 (12) "Local property tax allocation revenue" means those tax  
31 revenues derived from the receipt of regular property taxes levied on  
32 the property tax allocation revenue value and used for local  
33 infrastructure financing.

34 (13)(a) "Revenues from local public sources" means ~~((federal and~~  
35 ~~private monetary contributions, amounts of local excise tax allocation~~  
36 ~~revenues, and amounts of local property tax allocation revenues~~  
37 ~~dedicated by participating taxing districts and participating local~~  
38 ~~governments for local infrastructure financing))~~:

1 (i) Amounts of local excise tax allocation revenues and local  
2 property tax allocation revenues, dedicated by sponsoring local  
3 governments, participating local governments, and participating taxing  
4 districts, for local infrastructure financing; and

5 (ii) Any other local revenues, except as provided in (b) of this  
6 subsection, including revenues derived from federal and private  
7 sources.

8 (b) Revenues from local public sources do not include any local  
9 funds derived from state grants, state loans, or any other state moneys  
10 including any local sales and use taxes credited against the state  
11 sales and use taxes imposed under chapter 82.08 or 82.12 RCW.

12 (14) "Low-income housing" means residential housing for low-income  
13 persons or families who lack the means which is necessary to enable  
14 them, without financial assistance, to live in decent, safe, and  
15 sanitary dwellings, without overcrowding. For the purposes of this  
16 subsection, "low income" means income that does not exceed eighty  
17 percent of the median family income for the standard metropolitan  
18 statistical area in which the revenue development area is located.

19 (15) "Measurement year" means a calendar year, beginning with the  
20 calendar year following the base year and each calendar year  
21 thereafter, that is used annually to measure state and local excise tax  
22 allocation revenues.

23 (16) "Ordinance" means any appropriate method of taking legislative  
24 action by a local government.

25 (17) "Participating local government" means a local government  
26 having a revenue development area within its geographic boundaries that  
27 has entered into a written agreement with a sponsoring local government  
28 as provided in RCW 39.102.080 to allow the use of all or some of its  
29 local excise tax allocation revenues or other revenues from local  
30 public sources dedicated for local infrastructure financing.

31 (18) "Participating taxing district" means a local government  
32 having a revenue development area within its geographic boundaries that  
33 has entered into a written agreement with a sponsoring local government  
34 as provided in RCW 39.102.080 to allow the use of some or all of its  
35 local property tax allocation revenues or other revenues from local  
36 public sources dedicated for local infrastructure financing.

37 (19)(a)(i) "Property tax allocation revenue value" means

1 seventy-five percent of any increase in the assessed value of real  
2 property in a revenue development area resulting from:

3 (A) The placement of new construction, improvements(~~(, or both)~~) to  
4 property, ~~or both,~~ on the assessment roll(~~(s after the revenue~~  
5 development area is created)), where the new construction (~~(or))~~ and  
6 improvements (~~(occur entirely after the revenue development area is~~  
7 created)) are initiated after the revenue development area is approved  
8 by the board;

9 (B) The cost of new housing construction, conversion, and  
10 rehabilitation improvements, when such cost is treated as new  
11 construction for purposes of chapter 84.55 RCW as provided in RCW  
12 84.14.020, and the new housing construction, conversion, and  
13 rehabilitation improvements are initiated after the revenue development  
14 area is approved by the board;

15 (C) The cost of rehabilitation of historic property, when such cost  
16 is treated as new construction for purposes of chapter 84.55 RCW as  
17 provided in RCW 84.26.070, and the rehabilitation is initiated after  
18 the revenue development area is approved by the board.

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

25 ~~(b) ((If any new construction added to the assessment rolls~~  
26 ~~consists of entire buildings, "property tax allocation revenue value"~~  
27 ~~includes seventy five percent of any increase in the assessed value of~~  
28 ~~the buildings in the years following their initial placement on the~~  
29 ~~assessment rolls.~~

30 ~~(c) "Property tax allocation revenue value" does not include any~~  
31 ~~increase in the assessed value of improvements to property or new~~  
32 ~~construction that do not consist of an entire building, occurring after~~  
33 ~~their initial placement on the assessment rolls))~~ "Property tax  
34 allocation revenue value" includes seventy-five percent of any increase  
35 in the assessed value of new construction consisting of an entire  
36 building in the years following the initial year, unless the building  
37 becomes exempt from property taxation.

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

4 (d) There is no property tax allocation revenue value if the  
5 assessed value of real property in a revenue development area has not  
6 increased (~~due to new construction or improvements to property~~  
7 ~~occurring after the revenue development area is created~~) as a result  
8 of any of the reasons specified in (a)(i)(A) through (C) of this  
9 subsection.

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

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

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

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

23 (20) "Taxing district" means a government entity that levies or has  
24 levied for it regular property taxes upon real property located within  
25 a proposed or approved revenue development area.

26 (21) "Public improvements" means:

27 (a) Infrastructure improvements within the revenue development area  
28 that include:

29 (i) Street, bridge, and road construction and maintenance,  
30 including highway interchange construction;

31 (ii) Water and sewer system construction and improvements,  
32 including wastewater reuse facilities;

33 (iii) Sidewalks, traffic controls, and streetlights;

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

35 (v) Park and ride facilities of a transit authority;

36 (vi) Park facilities and recreational areas, including trails; and

37 (vii) Storm water and drainage management systems;

1 (b) Expenditures for facilities and improvements that support  
2 affordable housing as defined in RCW 43.63A.510.

3 (22) "Public improvement costs" means the cost of: (a) Design,  
4 planning, acquisition including land acquisition, site preparation  
5 including land clearing, construction, reconstruction, rehabilitation,  
6 improvement, and installation of public improvements; (b) demolishing,  
7 relocating, maintaining, and operating property pending construction of  
8 public improvements; (c) the local government's portion of relocating  
9 utilities as a result of public improvements; (d) financing public  
10 improvements, including interest during construction, legal and other  
11 professional services, taxes, insurance, principal and interest costs  
12 on general indebtedness issued to finance public improvements, and any  
13 necessary reserves for general indebtedness; (e) assessments incurred  
14 in revaluing real property for the purpose of determining the property  
15 tax allocation revenue base value that are in excess of costs incurred  
16 by the assessor in accordance with the revaluation plan under chapter  
17 84.41 RCW, and the costs of apportioning the taxes and complying with  
18 this chapter and other applicable law; ~~((and))~~ (f) administrative  
19 expenses and feasibility studies reasonably necessary and related to  
20 these costs ~~((, including related))~~; and (g) any of the above-described  
21 costs that may have been incurred before adoption of the ordinance  
22 authorizing the public improvements and the use of local infrastructure  
23 financing to fund the costs of the public improvements.

24 (23) "Regular property taxes" means regular property taxes as  
25 defined in RCW 84.04.140, except: (a) Regular property taxes levied by  
26 public utility districts specifically for the purpose of making  
27 required payments of principal and interest on general indebtedness;  
28 (b) regular property taxes levied by the state for the support of the  
29 common schools under RCW 84.52.065; and (c) regular property taxes  
30 authorized by RCW 84.55.050 that are limited to a specific purpose.  
31 "Regular property taxes" do not include excess property tax levies that  
32 are exempt from the aggregate limits for junior and senior taxing  
33 districts as provided in RCW 84.52.043.

34 (24) "Property tax allocation revenue base value" means the  
35 assessed value of real property located within a revenue development  
36 area for taxes levied in the year in which the revenue development area  
37 is ~~((created))~~ adopted for collection in the following year, plus one  
38 hundred percent of any increase in the assessed value of real property



1 located within a revenue development area that is placed on the  
2 assessment rolls after the revenue development area is (~~created~~)  
3 adopted, less the property tax allocation revenue value.

4 (25) "Relocating a business" means the closing of a business and  
5 the reopening of that business, or the opening of a new business that  
6 engages in the same activities as the previous business, in a different  
7 location within a one-year period, when an individual or entity has an  
8 ownership interest in the business at the time of closure and at the  
9 time of opening or reopening. "Relocating a business" does not include  
10 the closing and reopening of a business in a new location where the  
11 business has been acquired and is under entirely new ownership at the  
12 new location, or the closing and reopening of a business in a new  
13 location as a result of the exercise of the power of eminent domain.

14 (26) "Revenue development area" means the geographic area  
15 (~~created~~) adopted by a sponsoring local government and approved by  
16 the board, from which local excise and property tax allocation revenues  
17 are derived for local infrastructure financing.

18 (27) "Small business" has the same meaning as provided in RCW  
19 19.85.020.

20 (28) "Sponsoring local government" means a city, town, or county,  
21 and for the purpose of this chapter a federally recognized Indian tribe  
22 or any combination thereof, that (~~creates~~) adopts a revenue  
23 development area and applies to the board to use local infrastructure  
24 financing.

25 (29) "State contribution" means the lesser of:

26 (a) One million dollars;

27 (b) The state excise tax allocation revenue and state property tax  
28 allocation revenue received by the state during the preceding calendar  
29 year;

30 (c) The total amount of local excise tax allocation revenues, local  
31 property tax allocation revenues, and other revenues from local public  
32 sources, that are dedicated by a sponsoring local government, any  
33 participating local governments, and participating taxing districts, in  
34 the preceding calendar year to the payment of principal and interest on  
35 bonds issued under RCW 39.102.150 or to pay public improvement costs on  
36 a pay-as-you-go basis subject to section 14 of this act, or both; or

37 (d) The amount of project award granted by the board in the notice  
38 of approval to use local infrastructure financing under RCW 39.102.040.

1 (30) "State excise taxes" means revenues derived from state retail  
2 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount  
3 of tax distributions from all local retail sales and use taxes, other  
4 than the local sales and use taxes authorized by RCW 82.14.475, imposed  
5 on the same taxable events that are credited against the state retail  
6 sales and use taxes under chapters 82.08 and 82.12 RCW.

7 (31) "State excise tax allocation revenue" means the amount of  
8 state excise taxes received by the state during the measurement year  
9 from taxable activity within the revenue development area over and  
10 above the amount of state excise taxes received by the state during the  
11 base year from taxable activity within the revenue development area,  
12 except that:

13 (a) If a sponsoring local government (~~((creates))~~) adopts a revenue  
14 development area and reasonably determines that no activity subject to  
15 tax under chapters 82.08 and 82.12 RCW occurred within the boundaries  
16 of the revenue development area in the twelve months immediately  
17 preceding the (~~((creation))~~) approval of the revenue development area  
18 (~~((within the boundaries of the area that became the revenue development~~  
19 ~~area))~~) by the board, "state excise tax allocation revenue" means the  
20 entire amount of state excise taxes received by the state during a  
21 calendar year period beginning with the calendar year immediately  
22 following the (~~((creation))~~) approval of the revenue development area by  
23 the board and continuing with each measurement year thereafter; and

24 (b) For revenue development areas (~~((created))~~) approved by the board  
25 in calendar years 2006 and 2007 that do not meet the requirements in  
26 (a) of this subsection and if legislation is enacted in this state (~~((by~~  
27 ~~July 1, 2006,))~~) during the 2007 legislative session that adopts the  
28 sourcing provisions of the streamlined sales and use tax agreement,  
29 "state excise tax allocation revenue" means the amount of state excise  
30 taxes received by the state during the measurement year from taxable  
31 activity within the revenue development area over and above an amount  
32 of state excise taxes received by the state during the 2007 or 2008  
33 base year, as the case may be, adjusted by the department for any  
34 estimated impacts from retail sales and use tax sourcing changes  
35 effective (~~((July 1, 2007))~~) in 2008. The amount of base year adjustment  
36 determined by the department is final.

37 (32) "State property tax allocation revenue" means those tax

1 revenues derived from the imposition of property taxes levied by the  
2 state for the support of common schools under RCW 84.52.065 on the  
3 property tax allocation revenue value.

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

7 **Sec. 2.** RCW 39.102.040 and 2006 c 181 s 202 are each amended to  
8 read as follows:

9 (1) Prior to applying to the board to use local infrastructure  
10 financing, a sponsoring local government shall:

11 (a) Designate a revenue development area within the limitations in  
12 RCW 39.102.060;

13 (b) Certify that the conditions in RCW 39.102.070 are met;

14 (c) Complete the process in RCW 39.102.080;

15 (d) Provide public notice as required in RCW 39.102.100; and

16 (e) Pass an ordinance adopting the revenue development area as  
17 required in RCW 39.102.090.

18 (2) Any local government that has created an increment area under  
19 chapter 39.89 RCW (~~that~~) and has not issued bonds to finance any  
20 public improvement (~~shall be~~) may apply to the board and have its  
21 increment area considered for approval as a revenue development area  
22 under this chapter without (~~creating~~) adopting a new (~~increment~~)  
23 revenue development area under RCW 39.102.090 and 39.102.100 if it  
24 amends its ordinance to comply with RCW 39.102.090(1) and otherwise  
25 meets the conditions and limitations under this chapter.

26 (3) As a condition to imposing a sales and use tax under RCW  
27 82.14.475, a sponsoring local government, including any cosponsoring  
28 local government seeking authority to impose a sales and use tax under  
29 RCW 82.14.475, must apply to the board and be approved for a project  
30 award amount. The application shall be in a form and manner prescribed  
31 by the board and include but not be limited to information establishing  
32 that the applicant is an eligible candidate to impose the local sales  
33 and use tax under RCW 82.14.475, the anticipated effective date for  
34 imposing the tax, the estimated number of years that the tax will be  
35 imposed, and the estimated amount of tax revenue to be received in each  
36 fiscal year that the tax will be imposed. The board shall make  
37 available forms to be used for this purpose. As part of the

1 application, each applicant must provide to the board a copy of the  
2 ordinance or ordinances creating the revenue development area as  
3 required in RCW 39.102.090. A notice of approval to use local  
4 infrastructure financing shall contain a project award that represents  
5 the maximum amount of state contribution that the applicant, including  
6 any cosponsoring local governments, can earn each year that local  
7 infrastructure financing is used. The total of all project awards  
8 shall not exceed the annual state contribution limit. The  
9 determination of a project award shall be made based on information  
10 contained in the application and the remaining amount of annual state  
11 contribution limit to be awarded. Determination of a project award by  
12 the board is final.

13 (4)(a) Sponsoring local governments, and any cosponsoring local  
14 governments, applying in calendar year 2007 for a competitive project  
15 award, must submit completed applications to the board no later than  
16 July 1, 2007. By September 15, 2007, in consultation with the  
17 department of revenue and the department of community, trade, and  
18 economic development, the board shall approve ((qualified)) competitive  
19 project((s, up to the annual state contribution limit)) awards from  
20 competitive applications submitted by the 2007 deadline. No more than  
21 two million five hundred thousand dollars in competitive project awards  
22 shall be approved in 2007. For projects not approved by the board in  
23 2007, sponsoring and cosponsoring local governments may apply again to  
24 the board in 2008 for approval of a project.

25 (b) Sponsoring local governments, and any cosponsoring local  
26 governments, applying in calendar year 2008 for a competitive project  
27 award, must submit completed applications to the board no later than  
28 July 1, 2008. By September 18, 2008, in consultation with the  
29 department of revenue and the department of community, trade, and  
30 economic development, the board shall approve competitive project  
31 awards from competitive applications submitted by the 2008 deadline.

32 (c) Except as provided in RCW 39.102.050(2), a total of no more  
33 than five million dollars in competitive project awards shall be  
34 approved for local infrastructure financing. ((Except as provided in  
35 RCW 39.102.050, approvals shall be based on the following criteria))

36 (d) The project selection criteria and weighting developed prior to  
37 the effective date of this act for the application evaluation and  
38 approval process shall apply to applications received prior to November

1 1, 2007. In evaluating applications for a competitive project award  
2 after November 1, 2007, the board shall, in consultation with the  
3 Washington state economic development commission, develop the relative  
4 weight to be assigned to the following criteria:

5 ~~((a))~~ (i) The ~~(project)~~ project's potential to enhance the  
6 sponsoring local government's regional and/or international  
7 competitiveness;

8 ~~((b))~~ (ii) The project's ability to encourage mixed use and  
9 transit-oriented development and the redevelopment of a geographic  
10 area;

11 ~~((c))~~ (iii) Achieving an overall distribution of projects  
12 statewide that reflect geographic diversity;

13 ~~((d))~~ (iv) The estimated wages and benefits for the project is  
14 greater than the average labor market area;

15 ~~((e))~~ (v) The estimated state and local net employment change  
16 over the life of the project;

17 ~~((f))~~ (vi) The current economic health and vitality of the  
18 proposed revenue development area and the contiguous community and the  
19 estimated impact of the proposed project on the proposed revenue  
20 development area and contiguous community;

21 (vii) The estimated state and local net property tax change over  
22 the life of the project; ~~(and~~

23 ~~(g))~~ (viii) The estimated state and local sales and use tax  
24 increase over the life of the project;

25 (ix) An analysis that shows that, over the life of the project,  
26 neither the local excise tax allocation revenues nor the local property  
27 tax allocation revenues will constitute more than eighty percent of the  
28 total local funds as described in RCW 39.102.020(29)(c); and

29 (x) If a project is located within an urban growth area, evidence  
30 that the project utilizes existing urban infrastructure and that the  
31 transportation needs of the project will be adequately met through the  
32 use of local infrastructure financing or other sources.

33 (e)(i) Except as provided in this subsection (4)(e), the board may  
34 not approve the use of local infrastructure financing within more than  
35 one revenue development area per county.

36 (ii) In a county in which the board has approved the use of local  
37 infrastructure financing, the use of such financing in additional

1 revenue development areas may be approved, subject to the following  
2 conditions:

3 (A) The sponsoring local government is located in more than one  
4 county; and

5 (B) The sponsoring local government designates a revenue  
6 development area that comprises portions of a county within which the  
7 use of local infrastructure financing has not yet been approved.

8 (iii) In a county where the local infrastructure financing tool is  
9 authorized under RCW 39.102.050, the board may approve additional use  
10 of the local infrastructure financing tool.

11 ~~(5) ((A revenue development area is considered created when the~~  
12 ~~sponsoring local government, including any cosponsoring local~~  
13 ~~government, has adopted an ordinance creating the revenue development~~  
14 ~~area and the board has approved the sponsoring local government to use~~  
15 ~~local infrastructure financing. If a sponsoring local government~~  
16 ~~receives approval from the board after the fifteenth day of October to~~  
17 ~~use local infrastructure financing, the revenue development area is~~  
18 ~~considered created in the calendar year following the approval.))~~ Once  
19 the board has approved the sponsoring local government, and any  
20 cosponsoring local governments, to use local infrastructure financing,  
21 notification ~~((shall))~~ must be sent by the board to the sponsoring  
22 local government, and any cosponsoring local governments, authorizing  
23 the sponsoring local government, and any cosponsoring local  
24 governments, to impose the local sales and use tax authorized under RCW  
25 82.14.475, subject to the conditions in RCW 82.14.475.

26 **Sec. 3.** RCW 39.102.050 and 2006 c 181 s 203 are each amended to  
27 read as follows:

28 (1) In addition to a competitive process, demonstration projects  
29 are provided to determine the feasibility of the local infrastructure  
30 financing tool. Notwithstanding RCW 39.102.040, the board shall  
31 approve each demonstration project ~~((before approving any other~~  
32 ~~application))~~. Demonstration project applications must be received by  
33 the board no later than July 1, 2008. The Bellingham waterfront  
34 redevelopment project award shall not exceed one million dollars per  
35 year, the Spokane river district project award shall not exceed one  
36 million dollars per year, and the Vancouver riverwest project award  
37 shall not exceed five hundred thousand dollars per year. The board

1 shall approve by September 15, 2007, demonstration project applications  
2 submitted no later than July 1, 2007. The board shall approve by  
3 September 18, 2008, demonstration project applications submitted by  
4 July 1, 2008.

5 (2) If before board approval of the final competitive project award  
6 in 2008, a demonstration project has not received approval by the  
7 board, the state dollars set aside for the demonstration project in  
8 subsection (1) of this section shall be available for the competitive  
9 application process. If a demonstration project has received a partial  
10 award before the approval of the final competitive project award, the  
11 remaining state dollars set aside for the demonstration project in  
12 subsection (1) of this section shall be available for the competitive  
13 process.

14 **Sec. 4.** RCW 39.102.060 and 2006 c 181 s 204 are each amended to  
15 read as follows:

16 The designation of a revenue development area is subject to the  
17 following limitations:

18 (1) The taxable real property within the revenue development area  
19 boundaries may not exceed one billion dollars in assessed value at the  
20 time the revenue development area is designated;

21 (2) The average assessed value per square foot of taxable land  
22 within the revenue development area boundaries, as of January 1st of  
23 the year the application is submitted to the board under RCW  
24 39.102.040, may not exceed seventy dollars at the time the revenue  
25 development area is designated;

26 (3) ~~((No more than one revenue development area may be created in~~  
27 ~~a county))~~ No revenue development area shall have within its geographic  
28 boundaries any part of a hospital benefit zone under chapter 39.100 RCW  
29 or any part of another revenue development area created under this  
30 chapter;

31 (4) A revenue development area is limited to contiguous tracts,  
32 lots, pieces, or parcels of land without the creation of islands of  
33 property not included in the revenue development area;

34 (5) The boundaries may not be drawn to purposely exclude parcels  
35 where economic growth is unlikely to occur;

36 (6) The public improvements financed through local infrastructure  
37 financing must be located in the revenue development area;

1 (7) A revenue development area cannot comprise an area containing  
2 more than twenty-five percent of the total assessed value of the  
3 taxable real property within the boundaries of the sponsoring local  
4 government, including any cosponsoring local government, at the time  
5 the revenue development area is designated;

6 (8) The boundaries of the revenue development area shall not be  
7 changed for the time period that local infrastructure financing is  
8 used; and

9 (9) A revenue development area cannot include any part of an  
10 increment area created under chapter 39.89 RCW, except those increment  
11 areas created prior to January 1, 2006.

12 **Sec. 5.** RCW 39.102.090 and 2006 c 181 s 207 are each amended to  
13 read as follows:

14 (1) To (~~create~~) adopt a revenue development area, a sponsoring  
15 local government, and any cosponsoring local government, must adopt an  
16 ordinance establishing the revenue development area that:

17 (a) Describes the public improvements proposed to be made in the  
18 revenue development area;

19 (b) Describes the boundaries of the revenue development area,  
20 subject to the limitations in RCW 39.102.060;

21 (c) Estimates the cost of the proposed public improvements and the  
22 portion of these costs to be financed by local infrastructure  
23 financing;

24 (d) Estimates the time during which local excise tax allocation  
25 revenues, local property tax allocation revenues, and other revenues  
26 from local public sources are to be used for local infrastructure  
27 financing;

28 (e) Provides the date when the use of local excise tax allocation  
29 revenues and local property tax allocation revenues will commence; and

30 (f) Finds that the conditions in RCW 39.102.070 are met and the  
31 findings in RCW 39.102.080 are complete.

32 (2) The sponsoring local government, and any cosponsoring local  
33 government, must hold a public hearing on the proposed financing of the  
34 public improvements in whole or in part with local infrastructure  
35 financing (~~at least thirty days~~) before passage of the ordinance  
36 establishing the revenue development area. The public hearing may be  
37 held by either the governing body of the sponsoring local government



1 and the governing body of any cosponsoring local government, or by a  
2 committee of those governing bodies that includes at least a majority  
3 of the whole governing body or bodies. The public hearing is subject  
4 to the notice requirements in RCW 39.102.100.

5 (3) The sponsoring local government, and any cosponsoring local  
6 government, shall deliver a certified copy of the adopted ordinance to  
7 the county treasurer, the governing body of each participating local  
8 government and participating taxing district within which the revenue  
9 development area is located, the board, and the department.

10 **Sec. 6.** RCW 39.102.110 and 2006 c 181 s 301 are each amended to  
11 read as follows:

12 (1) A sponsoring local government or participating local government  
13 that has received approval by the board to use local infrastructure  
14 financing may use annually its local excise tax allocation revenues to  
15 finance public improvements in the revenue development area financed in  
16 whole or in part by local infrastructure financing. The use of local  
17 excise tax allocation revenues dedicated by participating local  
18 governments must cease (~~when such allocation revenues are no longer~~  
19 ~~necessary or obligated to pay bonds issued to finance the public~~  
20 ~~improvements in the revenue development area)) on the date specified in  
21 the written agreement required in RCW 39.102.080(1), or if no date is  
22 specified then the date when the local tax under RCW 82.14.475 expires.  
23 Any participating local government is authorized to dedicate local  
24 excise tax allocation revenues to the sponsoring local government as  
25 authorized in RCW 39.102.080(1).~~

26 (2) A sponsoring local government shall provide the board accurate  
27 information describing the geographical boundaries of the revenue  
28 development area at the time of application. The information shall be  
29 provided in an electronic format or manner as prescribed by the  
30 department. The sponsoring local government shall ensure that the  
31 boundary information provided to the board and department is kept  
32 current.

33 (3) In the event a city annexes a county area located within a  
34 county-sponsored revenue development area, the city shall remit to the  
35 county the portion of the local excise tax allocation revenue that the  
36 county would have received had the area not been annexed to the county.

1 The city shall remit such revenues until such time as the bonds issued  
2 under RCW 39.102.150 are retired.

3 **Sec. 7.** RCW 39.102.120 and 2006 c 181 s 302 are each amended to  
4 read as follows:

5 (1) Commencing in the second calendar year following (~~the passage~~  
6 ~~of the ordinance creating a revenue development area and authorizing~~  
7 ~~the use of local infrastructure financing~~) board approval of a revenue  
8 development area, the county treasurer shall distribute receipts from  
9 regular taxes imposed on real property located in the revenue  
10 development area as follows:

11 (a) Each participating taxing district and the sponsoring local  
12 government shall receive that portion of its regular property taxes  
13 produced by the rate of tax levied by or for the taxing district on the  
14 property tax allocation revenue base value for that local  
15 infrastructure financing project in the taxing district, or upon the  
16 total assessed value of real property in the taxing district, whichever  
17 is smaller; and

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

1 public improvement costs associated with the public improvements  
2 financed in whole or in part by local infrastructure financing.

3 (2) The county assessor shall allocate any increase in the assessed  
4 value of real property occurring in the revenue development area to the  
5 property tax allocation revenue value and property tax allocation  
6 revenue base value as appropriate. This section does not authorize  
7 revaluations of real property by the assessor for property taxation  
8 that are not made in accordance with the assessor's revaluation plan  
9 under chapter 84.41 RCW or under other authorized revaluation  
10 procedures.

11 (3) The apportionment of increases in assessed valuation in a  
12 revenue development area, and the associated distribution to the  
13 sponsoring local government of receipts from regular property taxes  
14 that are imposed on the property tax allocation revenue value, must  
15 cease when property tax allocation revenues are no longer (~~necessary~~  
16 ~~or~~) obligated to pay the costs of the public improvements. Any excess  
17 local property tax allocation revenues derived from regular property  
18 taxes and earnings on these tax allocation revenues, remaining at the  
19 time the allocation of tax receipts terminates, must be returned to the  
20 county treasurer and distributed to the participating taxing districts  
21 that imposed regular property taxes, or had regular property taxes  
22 imposed for it, in the revenue development area for collection that  
23 year, in proportion to the rates of their regular property tax levies  
24 for collection that year.

25 (4) The allocation to the revenue development area of portions of  
26 the local regular property taxes levied by or for each taxing district  
27 upon the property tax allocation revenue value within that revenue  
28 development area is declared to be a public purpose of and benefit to  
29 each such taxing district.

30 (5) The allocation of local property tax allocation revenues  
31 pursuant to this section shall not affect or be deemed to affect the  
32 rate of taxes levied by or within any taxing district or the  
33 consistency of any such levies with the uniformity requirement of  
34 Article VII, section 1 of the state Constitution.

35 (6) This section does not apply to those revenue development areas  
36 that include any part of an increment area created under chapter 39.89  
37 RCW.

1       **Sec. 8.** RCW 82.14.475 and 2006 c 181 s 401 are each amended to  
2 read as follows:

3       (1) A sponsoring local government, and any cosponsoring local  
4 government, that has been approved by the board to use local  
5 infrastructure financing may impose a sales and use tax in accordance  
6 with the terms of this chapter and subject to the criteria set forth in  
7 this section. Except as provided in this section, the tax is in  
8 addition to other taxes authorized by law and shall be collected from  
9 those persons who are taxable by the state under chapters 82.08 and  
10 82.12 RCW upon the occurrence of any taxable event within the taxing  
11 jurisdiction of the sponsoring local government or cosponsoring local  
12 government. The rate of tax shall not exceed the rate provided in RCW  
13 82.08.020(1), less the aggregate rates of any other local sales and use  
14 taxes imposed on the same taxable events that are credited against the  
15 state sales and use taxes imposed under chapters 82.08 and 82.12 RCW.  
16 The rate of tax may be changed only on the first day of a fiscal year  
17 as needed. Notice of rate changes must be provided to the department  
18 on the first day of March to be effective on July 1st of the next  
19 fiscal year.

20       (2) The tax authorized under subsection (1) of this section shall  
21 be credited against the state taxes imposed under chapter 82.08 or  
22 82.12 RCW. The department shall perform the collection of such taxes  
23 on behalf of the sponsoring local government or cosponsoring local  
24 government at no cost to the sponsoring local government or  
25 cosponsoring local government and shall remit the taxes as provided in  
26 RCW 82.14.060.

27       (3)(a) No tax may be imposed under the authority of this section:  
28       (i) Before July 1, 2008;  
29       (ii) Before approval by the board under RCW 39.102.040; and  
30       (iii) ~~((Except as provided in (b) of this subsection, unless))~~  
31 Before the sponsoring local government has received ~~((and dedicated to~~  
32 ~~the payment of bonds authorized in RCW 39.102.150, in whole or in part,~~  
33 ~~both))~~ local excise tax allocation revenues ~~((and))~~, local property tax  
34 allocation revenues, or both, during the preceding calendar year.

35       (b) ~~((The requirement to receive local property tax allocation~~  
36 ~~revenues under (a) of this subsection is waived if the revenue~~  
37 ~~development area coincides with or is contained entirely within the~~

1 ~~boundaries of an increment area adopted by a local government under the~~  
2 ~~authority of chapter 39.89 RCW for the purposes of utilizing community~~  
3 ~~revitalization financing.~~

4 (e)) The tax imposed under this section shall expire when the  
5 bonds issued under the authority of RCW 39.102.150 are retired, but not  
6 more than twenty-five years after the tax is first imposed.

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

10 (a) The tax shall first be imposed on the first day of a fiscal  
11 year;

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

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

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

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

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

26 (d) (~~Except when the requirement to receive local property tax~~  
27 ~~allocation revenues is waived as provided in subsection (3)(b) of this~~  
28 ~~section,~~) Neither the local excise tax allocation revenues nor the  
29 local property tax allocation revenues ((can be)) may constitute more  
30 than eighty percent of the total local funds as described in RCW  
31 39.102.020(29)(c). This requirement applies beginning January 1st of  
32 the fifth calendar year after the calendar year in which the sponsoring  
33 local government begins allocating local excise tax allocation revenues  
34 under RCW 39.102.110;

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

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

4 (5) If a county and city cosponsor a revenue development area, the  
5 combined rates of the city and county tax shall not exceed the rate  
6 provided in RCW 82.08.020(1), less the aggregate rates of any other  
7 local sales and use taxes imposed on the same taxable events that are  
8 credited against the state sales and use taxes imposed under chapters  
9 82.08 and 82.12 RCW. The combined amount of distributions received by  
10 both the city and county may not exceed the state contribution.

11 (6) The department shall determine the amount of tax receipts  
12 distributed to each sponsoring local government, and any cosponsoring  
13 local government, imposing sales and use tax under this section and  
14 shall advise a sponsoring or cosponsoring local government when tax  
15 distributions for the fiscal year equal the amount of state  
16 contribution for that fiscal year as provided in subsection (8) of this  
17 section. Determinations by the department of the amount of tax  
18 distributions attributable to each sponsoring or cosponsoring local  
19 government are final and shall not be used to challenge the validity of  
20 any tax imposed under this section. The department shall remit any tax  
21 receipts in excess of the amounts specified in subsection (4)(c) of  
22 this section to the state treasurer who shall deposit the money in the  
23 general fund.

24 (7) If a sponsoring or cosponsoring local government fails to  
25 comply with RCW 39.102.140, no tax may be distributed in the subsequent  
26 fiscal year until such time as the sponsoring or cosponsoring local  
27 government complies and the department calculates the state  
28 contribution amount for such fiscal year.

29 (8) Each year, the amount of taxes approved by the department for  
30 distribution to a sponsoring or cosponsoring local government in the  
31 next fiscal year shall be equal to the state contribution and shall be  
32 no more than the total local funds as described in RCW  
33 39.102.020(29)(c). The department shall consider information from  
34 reports described in RCW 39.102.140 when determining the amount of  
35 state contributions for each fiscal year. A sponsoring or cosponsoring  
36 local government shall not receive, in any fiscal year, more revenues  
37 from taxes imposed under the authority of this section than the amount  
38 approved annually by the department. The department shall not approve

1 the receipt of more distributions of sales and use tax under this  
2 section to a sponsoring or cosponsoring local government than is  
3 authorized under subsection (4) of this section.

4 (9) The amount of tax distributions received from taxes imposed  
5 under the authority of this section by all sponsoring and cosponsoring  
6 local governments is limited annually to not more than ~~((five))~~ seven  
7 million five hundred thousand dollars. ~~((The tax distributions shall  
8 be available to the sponsoring local government, and any cosponsoring  
9 local government, imposing a tax under this section only as long as the  
10 sponsoring local government has outstanding indebtedness under RCW  
11 39.102.150.))~~

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

14 (11) If a sponsoring local government is a federally recognized  
15 Indian tribe, the distribution of the sales and use tax authorized  
16 under this section shall be authorized through an interlocal agreement  
17 pursuant to chapter 39.34 RCW.

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

23 (13) The tax imposed under the authority of this section shall  
24 cease to be imposed if the sponsoring local government or cosponsoring  
25 local government fails to issue bonds under the authority of RCW  
26 39.102.150 by June 30th of the fifth fiscal year in which the local tax  
27 authorized under this section is imposed.

28 **Sec. 9.** RCW 39.102.140 and 2006 c 181 s 403 are each amended to  
29 read as follows:

30 (1) A sponsoring local government shall provide a report to the  
31 board and the department by March 1st of each year. The report shall  
32 contain the following information:

33 (a) The amount of local excise tax allocation revenues, ~~((and))~~  
34 local property tax allocation revenues, other revenues from local  
35 public sources, and taxes under RCW 82.14.475~~((, and revenues from~~  
36 ~~local public sources))~~ received by the sponsoring local government  
37 during the preceding calendar year that were dedicated to pay the

1 public improvements financed in whole or in part with local  
2 infrastructure financing, and a summary of how these revenues were  
3 expended;

4 (b) The names of any businesses locating within the revenue  
5 development area as a result of the public improvements undertaken by  
6 the sponsoring local government and financed in whole or in part with  
7 local infrastructure financing;

8 (c) The total number of permanent jobs created in the revenue  
9 development area as a result of the public improvements undertaken by  
10 the sponsoring local government and financed in whole or in part with  
11 local infrastructure financing;

12 (d) The average wages and benefits received by all employees of  
13 businesses locating within the revenue development area as a result of  
14 the public improvements undertaken by the sponsoring local government  
15 and financed in whole or in part with local infrastructure financing;  
16 and

17 (e) That the sponsoring local government is in compliance with RCW  
18 39.102.070.

19 (2) The board shall make a report available to the public and the  
20 legislature by June 1st of each year. The report shall include a list  
21 of public improvements undertaken by sponsoring local governments and  
22 financed in whole or in part with local infrastructure financing and it  
23 shall also include a summary of the information provided to the  
24 department by sponsoring local governments under subsection (1) of this  
25 section.

26 **Sec. 10.** RCW 39.102.150 and 2006 c 181 s 501 are each amended to  
27 read as follows:

28 (1) A sponsoring local government that has designated a revenue  
29 development area and been authorized the use of local infrastructure  
30 financing may incur general indebtedness, and issue general obligation  
31 bonds, to finance the public improvements and retire the indebtedness  
32 in whole or in part from local excise tax allocation revenues, local  
33 property tax allocation revenues, and sales and use taxes imposed under  
34 the authority of RCW 82.14.475 that it receives, subject to the  
35 following requirements:

36 (a) The ordinance adopted by the sponsoring local government and



1 authorizing the use of local infrastructure financing indicates an  
2 intent to incur this indebtedness and the maximum amount of this  
3 indebtedness that is contemplated; and

4 (b) The sponsoring local government includes this statement of the  
5 intent in all notices required by RCW (~~(39.102.090)~~) 39.102.100.

6 (2)(a) Except as provided in (b) of this subsection, the general  
7 indebtedness incurred under subsection (1) of this section may be  
8 payable from other tax revenues, the full faith and credit of the local  
9 government, and nontax income, revenues, fees, and rents from the  
10 public improvements, as well as contributions, grants, and nontax money  
11 available to the local government for payment of costs of the public  
12 improvements or associated debt service on the general indebtedness.

13 (b) A sponsoring local government that issues bonds under this  
14 section shall not pledge any money received from the state of  
15 Washington for the payment of such bonds, other than the local sales  
16 and use taxes imposed under the authority of RCW 82.14.475 and  
17 collected by the department.

18 (3) In addition to the requirements in subsection (1) of this  
19 section, a sponsoring local government designating a revenue  
20 development area and authorizing the use of local infrastructure  
21 financing may require the nonpublic participant to provide adequate  
22 security to protect the public investment in the public improvement  
23 within the revenue development area.

24 (4) Bonds issued under this section shall be authorized by  
25 ordinance of the governing body of the sponsoring local government and  
26 may be issued in one or more series and shall bear such date or dates,  
27 be payable upon demand or mature at such time or times, bear interest  
28 at such rate or rates, be in such denomination or denominations, be in  
29 such form either coupon or registered as provided in RCW 39.46.030,  
30 carry such conversion or registration privileges, have such rank or  
31 priority, be executed in such manner, be payable in such medium of  
32 payment, at such place or places, and be subject to such terms of  
33 redemption with or without premium, be secured in such manner, and have  
34 such other characteristics, as may be provided by such ordinance or  
35 trust indenture or mortgage issued pursuant thereto.

36 (5) The sponsoring local government may annually pay into a fund to  
37 be established for the benefit of bonds issued under this section a  
38 fixed proportion or a fixed amount of any local excise tax allocation

1 revenues and local property tax allocation revenues derived from  
2 property or business activity within the revenue development area  
3 containing the public improvements funded by the bonds, such payment to  
4 continue until all bonds payable from the fund are paid in full. The  
5 local government may also annually pay into the fund established in  
6 this section a fixed proportion or a fixed amount of any revenues  
7 derived from taxes imposed under RCW 82.14.475, such payment to  
8 continue until all bonds payable from the fund are paid in full.  
9 Revenues derived from taxes imposed under RCW 82.14.475 are subject to  
10 the use restriction in RCW 39.102.130.

11 (6) In case any of the public officials of the sponsoring local  
12 government whose signatures appear on any bonds or any coupons issued  
13 under this chapter shall cease to be such officials before the delivery  
14 of such bonds, such signatures shall, nevertheless, be valid and  
15 sufficient for all purposes, the same as if such officials had remained  
16 in office until such delivery. Any provision of any law to the  
17 contrary notwithstanding, any bonds issued under this chapter are fully  
18 negotiable.

19 (7) Notwithstanding subsections (4) through (6) of this section,  
20 bonds issued under this section may be issued and sold in accordance  
21 with chapter 39.46 RCW.

22 **Sec. 11.** RCW 39.102.130 and 2006 c 181 s 402 are each amended to  
23 read as follows:

24 Money collected from the taxes imposed under RCW 82.14.475  
25 (~~shall~~) may be used only for the purpose of (~~principal and interest~~  
26 ~~payments on bonds issued under the authority of RCW 39.102.150)) paying  
27 debt service on bonds issued under the authority of RCW 39.102.150 or  
28 to pay public improvement costs on a pay-as-you-go basis as provided in  
29 section 14 of this act, or both.~~

30 NEW SECTION. **Sec. 12.** RCW 39.102.180 (General indebtedness,  
31 general obligation bonds--Authority--Security) and 2006 c 181 s 504 are  
32 each repealed.

33 NEW SECTION. **Sec. 13.** A new section is added to chapter 39.102  
34 RCW to read as follows:

1           The department of revenue and the community economic revitalization  
2 board may adopt any rules under chapter 34.05 RCW they consider  
3 necessary for the administration of this chapter.

4           NEW SECTION.   **Sec. 14.** A new section is added to chapter 39.102  
5 RCW to read as follows:

6           Local excise tax allocation revenues, local property tax allocation  
7 revenues, other revenues from local public sources, that are dedicated  
8 to local infrastructure financing, and revenues received from the local  
9 option sales and use tax authorized in RCW 82.14.475, may not be used  
10 to pay for public improvement costs on a pay-as-you-go basis after the  
11 date that the sponsoring local government that issued the bonds as  
12 provided in RCW 39.102.150 is required to begin paying debt service on  
13 those bonds.

14           NEW SECTION.   **Sec. 15.** This act applies retroactively as well as  
15 prospectively.

16           NEW SECTION.   **Sec. 16.** If any provision of this act or its  
17 application to any person or circumstance is held invalid, the  
18 remainder of the act or the application of the provision to other  
19 persons or circumstances is not affected.

20           NEW SECTION.   **Sec. 17.** This act expires June 30, 2039.

--- END ---