
SENATE BILL 5901

State of Washington

61st Legislature

2009 Regular Session

By Senator Kastama

Read first time 02/05/09. Referred to Committee on Economic Development, Trade & Innovation.

1 AN ACT Relating to modifying provisions of the local infrastructure
2 financing tool program; amending RCW 39.102.020, 39.102.050,
3 39.102.150, 39.102.195, and 82.14.475; and providing an expiration
4 date.

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

6 **Sec. 1.** RCW 39.102.020 and 2008 c 209 s 1 are each amended to read
7 as follows:

8 The definitions in this section apply throughout this chapter
9 unless the context clearly requires otherwise.

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

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

14 (3) "Base year" means the first calendar year following the
15 calendar year in which a sponsoring local government, and any
16 cosponsoring local government, receives approval by the board for a
17 project award, provided that the approval is granted before October
18 15th. If approval by the board is received on or after October 15th
19 but on or before December 31st, the "base year" is the second calendar

1 year following the calendar year in which a sponsoring local
2 government, and any cosponsoring local government, receives approval by
3 the board for a project award.

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

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

7 (a) Bellingham waterfront redevelopment project;

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

9 (c) Vancouver riverwest project.

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

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

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

21 (9) "Local excise tax allocation revenue" means the amount of local
22 excise taxes received by the local government during the measurement
23 year from taxable activity within the revenue development area over and
24 above the amount of local excise taxes received by the local government
25 during the base year from taxable activity within the revenue
26 development area, except that:

27 (a) If a sponsoring local government adopts a revenue development
28 area and reasonably determines that no activity subject to tax under
29 chapters 82.08 and 82.12 RCW occurred within the boundaries of the
30 revenue development area in the twelve months immediately preceding the
31 approval of the revenue development area by the board, "local excise
32 tax allocation revenue" means the entire amount of local excise taxes
33 received by the sponsoring local government during a calendar year
34 period beginning with the calendar year immediately following the
35 approval of the revenue development area by the board and continuing
36 with each measurement year thereafter;

37 (b) For revenue development areas approved by the board in calendar
38 years 2006 and 2007 that do not meet the requirements in (a) of this

1 subsection and if legislation is enacted in this state during the 2007
2 legislative session that adopts the sourcing provisions of the
3 streamlined sales and use tax agreement, "local excise tax allocation
4 revenue" means the amount of local excise taxes received by the
5 sponsoring local government during the measurement year from taxable
6 activity within the revenue development area over and above an amount
7 of local excise taxes received by the sponsoring local government
8 during the 2007 or 2008 base year, as the case may be, adjusted by the
9 department for any estimated impacts from retail sales and use tax
10 sourcing changes effective in 2008. The amount of base year adjustment
11 determined by the department is final; (~~and~~)

12 (c) If the sponsoring local government of a revenue development
13 area related to a demonstration project reasonably determines that no
14 local excise tax distributions were received between August 1, 2008,
15 and December 31, 2008, from within the boundaries of the revenue
16 development area, "local excise tax allocation revenue" means the
17 entire amount of local excise taxes received by the sponsoring local
18 government during a calendar year period beginning with 2009 and
19 continuing with each measurement year thereafter;

20 (d) If the sponsoring local government identifies public
21 improvements within the revenue development area that will receive
22 funding from local infrastructure financing and are underway during the
23 base year, calculation of the amount of local excise taxes received by
24 the local government during the base year must exclude local excise tax
25 revenues due to those identified public improvements; and

26 (e) If a public or private entity undertakes the construction of a
27 major facility or improvement providing public services to a regional
28 population within the revenue development area during the base year,
29 calculation of the amount of local excise taxes received by the local
30 government during the base year must exclude local excise tax revenues
31 due to that construction activity.

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

34 (11) "Local infrastructure financing" means the use of revenues
35 received from local excise tax allocation revenues, local property tax
36 allocation revenues, other revenues from local public sources, and
37 revenues received from the local option sales and use tax authorized in

1 RCW 82.14.475, dedicated to pay either the principal and interest on
2 bonds authorized under RCW 39.102.150 or to pay public improvement
3 costs on a pay-as-you-go basis subject to RCW 39.102.195, or both.

4 (12) "Local property tax allocation revenue" means those tax
5 revenues derived from the receipt of regular property taxes levied on
6 the property tax allocation revenue value and used for local
7 infrastructure financing.

8 (13)(a) "Revenues from local public sources" means:

9 (i) Amounts of local excise tax allocation revenues and local
10 property tax allocation revenues, dedicated by sponsoring local
11 governments, participating local governments, and participating taxing
12 districts, for local infrastructure financing; and

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

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

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

27 (15) "Measurement year" means a calendar year, beginning with the
28 calendar year following the base year and each calendar year
29 thereafter, that is used annually to measure state and local excise tax
30 allocation revenues.

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

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

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

7 (19)(a)(i) "Property tax allocation revenue value" means
8 seventy-five percent of any increase in the assessed value of real
9 property in a revenue development area resulting from:

10 (A) The placement of new construction, improvements to property, or
11 both, on the assessment roll, where the new construction and
12 improvements are initiated after the revenue development area is
13 approved by the board;

14 (B) 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 as provided in RCW
17 84.14.020, and the new housing construction, conversion, and
18 rehabilitation improvements are initiated after the revenue development
19 area is approved by the board;

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

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

30 (b) "Property tax allocation revenue value" includes seventy-five
31 percent of any increase in the assessed value of new construction
32 consisting of an entire building in the years following the initial
33 year, unless the building becomes exempt from property taxation.

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

37 (d) There is no property tax allocation revenue value if the

1 assessed value of real property in a revenue development area has not
2 increased as a result of any of the reasons specified in (a)(i)(A)
3 through (C) of this subsection.

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

5 (i) For new construction and improvements to property added to the
6 assessment roll, the year during which the new construction and
7 improvements are initially placed on the assessment roll;

8 (ii) For the cost of new housing construction, conversion, and
9 rehabilitation improvements, when such cost is treated as new
10 construction for purposes of chapter 84.55 RCW, the year when such cost
11 is treated as new construction for purposes of levying taxes for
12 collection in the following year; and

13 (iii) For the cost of rehabilitation of historic property, when
14 such cost is treated as new construction for purposes of chapter 84.55
15 RCW, the year when such cost is treated as new construction for
16 purposes of levying taxes for collection in the following year.

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

20 (21) "Public improvements" means:

21 (a) Infrastructure improvements within the revenue development area
22 that include:

23 (i) Street, bridge, and road construction and maintenance,
24 including highway interchange construction;

25 (ii) Water and sewer system construction and improvements,
26 including wastewater reuse facilities;

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

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

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

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

31 (vii) Storm water and drainage management systems;

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

34 (22) "Public improvement costs" means the cost of: (a) Design,
35 planning, acquisition including land acquisition, site preparation
36 including land clearing, construction, reconstruction, rehabilitation,
37 improvement, and installation of public improvements; (b) demolishing,
38 relocating, maintaining, and operating property pending construction of

1 public improvements; (c) the local government's portion of relocating
2 utilities as a result of public improvements; (d) financing public
3 improvements, including interest during construction, legal and other
4 professional services, taxes, insurance, principal and interest costs
5 on general indebtedness issued to finance public improvements, and any
6 necessary reserves for general indebtedness; (e) assessments incurred
7 in revaluing real property for the purpose of determining the property
8 tax allocation revenue base value that are in excess of costs incurred
9 by the assessor in accordance with the revaluation plan under chapter
10 84.41 RCW, and the costs of apportioning the taxes and complying with
11 this chapter and other applicable law; (f) administrative expenses and
12 feasibility studies reasonably necessary and related to these costs;
13 and (g) any of the above-described costs that may have been incurred
14 before adoption of the ordinance authorizing the public improvements
15 and the use of local infrastructure financing to fund the costs of the
16 public improvements.

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

27 (24) "Property tax allocation revenue base value" means the
28 assessed value of real property located within a revenue development
29 area for taxes levied in the year in which the revenue development area
30 is adopted for collection in the following year, plus one hundred
31 percent of any increase in the assessed value of real property located
32 within a revenue development area that is placed on the assessment
33 rolls after the revenue development area is adopted, less the property
34 tax allocation revenue value.

35 (25) "Relocating a business" means the closing of a business and
36 the reopening of that business, or the opening of a new business that
37 engages in the same activities as the previous business, in a different
38 location within a one-year period, when an individual or entity has an

1 ownership interest in the business at the time of closure and at the
2 time of opening or reopening. "Relocating a business" does not include
3 the closing and reopening of a business in a new location where the
4 business has been acquired and is under entirely new ownership at the
5 new location, or the closing and reopening of a business in a new
6 location as a result of the exercise of the power of eminent domain.

7 (26) "Revenue development area" means the geographic area adopted
8 by a sponsoring local government and approved by the board, from which
9 local excise and property tax allocation revenues are derived for local
10 infrastructure financing.

11 (27) "Small business" has the same meaning as provided in RCW
12 19.85.020.

13 (28) "Sponsoring local government" means a city, town, or county,
14 and for the purpose of this chapter a federally recognized Indian tribe
15 or any combination thereof, that adopts a revenue development area and
16 applies to the board to use local infrastructure financing.

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

18 (a) One million dollars;

19 (b) The state excise tax allocation revenue and state property tax
20 allocation revenue received by the state during the preceding calendar
21 year;

22 (c) The total amount of local excise tax allocation revenues, local
23 property tax allocation revenues, and other revenues from local public
24 sources, that are dedicated by a sponsoring local government, any
25 participating local governments, and participating taxing districts, in
26 the preceding calendar year to the payment of principal and interest on
27 bonds issued under RCW 39.102.150 or to pay public improvement costs on
28 a pay-as-you-go basis subject to RCW 39.102.195, or both; or

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

31 (30) "State excise taxes" means revenues derived from state retail
32 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount
33 of tax distributions from all local retail sales and use taxes, other
34 than the local sales and use taxes authorized by RCW 82.14.475, imposed
35 on the same taxable events that are credited against the state retail
36 sales and use taxes under chapters 82.08 and 82.12 RCW.

37 (31) "State excise tax allocation revenue" means the amount of
38 state excise taxes received by the state during the measurement year

1 from taxable activity within the revenue development area over and
2 above the amount of state excise taxes received by the state during the
3 base year from taxable activity within the revenue development area,
4 except that:

5 (a) If a sponsoring local government adopts a revenue development
6 area and reasonably determines that no activity subject to tax under
7 chapters 82.08 and 82.12 RCW occurred within the boundaries of the
8 revenue development area in the twelve months immediately preceding the
9 approval of the revenue development area by the board, "state excise
10 tax allocation revenue" means the entire amount of state excise taxes
11 received by the state during a calendar year period beginning with the
12 calendar year immediately following the approval of the revenue
13 development area by the board and continuing with each measurement year
14 thereafter;

15 (b) For revenue development areas approved by the board in calendar
16 years 2006 and 2007 that do not meet the requirements in (a) of this
17 subsection and if legislation is enacted in this state during the 2007
18 legislative session that adopts the sourcing provisions of the
19 streamlined sales and use tax agreement, "state excise tax allocation
20 revenue" means the amount of state excise taxes received by the state
21 during the measurement year from taxable activity within the revenue
22 development area over and above an amount of state excise taxes
23 received by the state during the 2007 or 2008 base year, as the case
24 may be, adjusted by the department for any estimated impacts from
25 retail sales and use tax sourcing changes effective in 2008. The
26 amount of base year adjustment determined by the department is final;
27 and

28 (c) If the sponsoring local government of a revenue development
29 area related to a demonstration project reasonably determines that no
30 local excise tax distributions were received between August 1, 2008,
31 and December 31, 2008, from within the boundaries of the revenue
32 development area, "state excise tax allocation revenue" means the
33 entire amount of state excise taxes received by the state during a
34 calendar year period beginning with 2009 and continuing with each
35 measurement year thereafter.

36 (32) "State property tax allocation revenue" means those tax
37 revenues derived from the imposition of property taxes levied by the

1 state for the support of common schools under RCW 84.52.065 on the
2 property tax allocation revenue value.

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

6 **Sec. 2.** RCW 39.102.050 and 2007 c 229 s 3 are each amended to read
7 as follows:

8 (1) In addition to a competitive process, demonstration projects
9 are provided to determine the feasibility of the local infrastructure
10 financing tool. Notwithstanding RCW 39.102.040, the board shall
11 approve each demonstration project. Demonstration project applications
12 must be received by the board no later than July 1, 2008. The
13 Bellingham waterfront redevelopment project award shall not exceed one
14 million dollars per year, the Spokane river district project award
15 shall not exceed one million dollars per year, and the Vancouver
16 riverwest project award shall not exceed five hundred thousand dollars
17 per year. The board shall approve by September 15, 2007, demonstration
18 project applications submitted no later than July 1, 2007. The board
19 shall approve by September 18, 2008, demonstration project applications
20 submitted by July 1, 2008.

21 (2) If before board approval of the final competitive project award
22 in 2008, a demonstration project has not received approval by the
23 board, the state dollars set aside for the demonstration project in
24 subsection (1) of this section shall be available for the competitive
25 application process. If a demonstration project has received a partial
26 award before the approval of the final competitive project award, the
27 remaining state dollars set aside for the demonstration project in
28 subsection (1) of this section shall be available for the competitive
29 process.

30 (3) If in any given year, a competitive project is unable to use
31 the state dollars set aside for it pursuant to RCW 39.102.040(4), those
32 dollars must be available to be swapped with state dollars due to other
33 competitive projects in a later year, such that the state dollars set
34 aside for competitive projects may be directed toward those projects
35 that are ready to begin without detriment to those projects that are
36 still in process. A swap of state dollar allocations must be available

1 subject to a written agreement entered into by the sponsoring local
2 governments, a copy of which is provided to the board.

3 **Sec. 3.** RCW 39.102.150 and 2007 c 229 s 10 are each amended to
4 read as follows:

5 (1) A sponsoring local government that has designated a revenue
6 development area and been authorized the use of local infrastructure
7 financing may incur general indebtedness, and issue general obligation
8 bonds, to finance the public improvements and retire the indebtedness
9 in whole or in part from local excise tax allocation revenues, local
10 property tax allocation revenues, and sales and use taxes imposed under
11 the authority of RCW 82.14.475 that it receives, subject to the
12 following requirements:

13 (a)(i) The ordinance adopted by the sponsoring local government and
14 authorizing the use of local infrastructure financing indicates an
15 intent to incur this indebtedness and the maximum amount of this
16 indebtedness that is contemplated; and

17 ~~((b))~~ (ii) The sponsoring local government includes this
18 statement of the intent in all notices required by RCW 39.102.100; or

19 (b) The sponsoring local government adopts a resolution, after
20 opportunity for public comment, that indicates an intent to incur this
21 indebtedness and the maximum amount of this indebtedness that is
22 contemplated.

23 (2)(a) Except as provided in (b) of this subsection, the general
24 indebtedness incurred under subsection (1) of this section may be
25 payable from other tax revenues, the full faith and credit of the local
26 government, and nontax income, revenues, fees, and rents from the
27 public improvements, as well as contributions, grants, and nontax money
28 available to the local government for payment of costs of the public
29 improvements or associated debt service on the general indebtedness.

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

35 (3) In addition to the requirements in subsection (1) of this
36 section, a sponsoring local government designating a revenue
37 development area and authorizing the use of local infrastructure

1 financing may require the nonpublic participant to provide adequate
2 security to protect the public investment in the public improvement
3 within the revenue development area.

4 (4) Bonds issued under this section shall be authorized by
5 ordinance of the governing body of the sponsoring local government and
6 may be issued in one or more series and shall bear such date or dates,
7 be payable upon demand or mature at such time or times, bear interest
8 at such rate or rates, be in such denomination or denominations, be in
9 such form either coupon or registered as provided in RCW 39.46.030,
10 carry such conversion or registration privileges, have such rank or
11 priority, be executed in such manner, be payable in such medium of
12 payment, at such place or places, and be subject to such terms of
13 redemption with or without premium, be secured in such manner, and have
14 such other characteristics, as may be provided by such ordinance or
15 trust indenture or mortgage issued pursuant thereto.

16 (5) The sponsoring local government may annually pay into a fund to
17 be established for the benefit of bonds issued under this section a
18 fixed proportion or a fixed amount of any local excise tax allocation
19 revenues and local property tax allocation revenues derived from
20 property or business activity within the revenue development area
21 containing the public improvements funded by the bonds, such payment to
22 continue until all bonds payable from the fund are paid in full. The
23 local government may also annually pay into the fund established in
24 this section a fixed proportion or a fixed amount of any revenues
25 derived from taxes imposed under RCW 82.14.475, such payment to
26 continue until all bonds payable from the fund are paid in full.
27 Revenues derived from taxes imposed under RCW 82.14.475 are subject to
28 the use restriction in RCW 39.102.130.

29 (6) In case any of the public officials of the sponsoring local
30 government whose signatures appear on any bonds or any coupons issued
31 under this chapter shall cease to be such officials before the delivery
32 of such bonds, such signatures shall, nevertheless, be valid and
33 sufficient for all purposes, the same as if such officials had remained
34 in office until such delivery. Any provision of any law to the
35 contrary notwithstanding, any bonds issued under this chapter are fully
36 negotiable.

37 (7) Notwithstanding subsections (4) through (6) of this section,

1 bonds issued under this section may be issued and sold in accordance
2 with chapter 39.46 RCW.

3 **Sec. 4.** RCW 39.102.195 and 2007 c 229 s 14 are each amended to
4 read as follows:

5 To the extent that amounts received as local excise tax allocation
6 revenues, local property tax allocation revenues, other revenues from
7 local public sources, that are dedicated to local infrastructure
8 financing, and revenues received from the local option sales and use
9 tax authorized in RCW 82.14.475, are set aside in a debt service fund
10 that is pledged to the repayment of bonds, those amounts so set aside
11 and pledged may not be used to pay for public improvement costs on a
12 pay-as-you-go basis after the date that the sponsoring local government
13 that issued the bonds as provided in RCW 39.102.150 is required to
14 begin paying debt service on those bonds, unless and until those bonds
15 to which the amounts have been so pledged have been retired.

16 **Sec. 5.** RCW 82.14.475 and 2007 c 229 s 8 are each amended to read
17 as follows:

18 (1) A sponsoring local government, and any cosponsoring local
19 government, that has been approved by the board to use local
20 infrastructure financing may impose a sales and use tax in accordance
21 with the terms of this chapter and subject to the criteria set forth in
22 this section. Except as provided in this section, the tax is in
23 addition to other taxes authorized by law and shall be collected from
24 those persons who are taxable by the state under chapters 82.08 and
25 82.12 RCW upon the occurrence of any taxable event within the taxing
26 jurisdiction of the sponsoring local government or cosponsoring local
27 government. The rate of tax shall not exceed the rate provided in RCW
28 82.08.020(1), less the aggregate rates of any other local sales and use
29 taxes imposed on the same taxable events that are credited against the
30 state sales and use taxes imposed under chapters 82.08 and 82.12 RCW.
31 The rate of tax may be changed only on the first day of a fiscal year
32 as needed. Notice of rate changes must be provided to the department
33 on the first day of March to be effective on July 1st of the next
34 fiscal year.

35 (2) The tax authorized under subsection (1) of this section shall
36 be credited against the state taxes imposed under chapter 82.08 or

1 82.12 RCW. The department shall perform the collection of such taxes
2 on behalf of the sponsoring local government or cosponsoring local
3 government at no cost to the sponsoring local government or
4 cosponsoring local government and shall remit the taxes as provided in
5 RCW 82.14.060.

6 (3)(a) No tax may be imposed under the authority of this section:

7 (i) Before July 1, 2008;

8 (ii) Before approval by the board under RCW 39.102.040; and

9 (iii) Before the sponsoring local government has received local
10 excise tax allocation revenues, local property tax allocation revenues,
11 or both, during the preceding calendar year.

12 (b) The tax imposed under this section shall expire when ((the))
13 any bonds issued under the authority of RCW 39.102.150 are retired or
14 other contractual obligations regarding such revenues are satisfied,
15 but not more than twenty-five years after the tax is first imposed.

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

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

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

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

26 (i) The amount of tax received by the sponsoring local government,
27 and any cosponsoring local government, equals the amount of the state
28 contribution;

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

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

35 (d) Neither the local excise tax allocation revenues nor the local
36 property tax allocation revenues may constitute more than eighty
37 percent of the total local funds as described in RCW 39.102.020(29)(c).
38 This requirement applies beginning January 1st of the fifth calendar

1 year after the calendar year in which the sponsoring local government
2 begins allocating local excise tax allocation revenues under RCW
3 39.102.110;

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

8 (f) Any revenue generated by the tax in excess of the amounts
9 specified in (c) of this subsection shall belong to the state of
10 Washington.

11 (5) If a county and city cosponsor a revenue development area, the
12 combined rates of the city and county tax shall not exceed the rate
13 provided in RCW 82.08.020(1), less the aggregate rates of any other
14 local sales and use taxes imposed on the same taxable events that are
15 credited against the state sales and use taxes imposed under chapters
16 82.08 and 82.12 RCW. The combined amount of distributions received by
17 both the city and county may not exceed the state contribution.

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

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

36 (8) Each year, the amount of taxes approved by the department for
37 distribution to a sponsoring or cosponsoring local government in the
38 next fiscal year shall be equal to the state contribution and shall be

1 no more than the total local funds as described in RCW
2 39.102.020(29)(c). The department shall consider information from
3 reports described in RCW 39.102.140 when determining the amount of
4 state contributions for each fiscal year. A sponsoring or cosponsoring
5 local government shall not receive, in any fiscal year, more revenues
6 from taxes imposed under the authority of this section than the amount
7 approved annually by the department. The department shall not approve
8 the receipt of more distributions of sales and use tax under this
9 section to a sponsoring or cosponsoring local government than is
10 authorized under subsection (4) of this section.

11 (9) The amount of tax distributions received from taxes imposed
12 under the authority of this section by all sponsoring and cosponsoring
13 local governments is limited annually to not more than seven million
14 five hundred thousand dollars.

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

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

21 (12) Subject to RCW 39.102.195, the tax imposed under the authority
22 of this section may be applied either to provide for the payment of
23 debt service on bonds issued under RCW 39.102.150 by the sponsoring
24 local government or to pay public improvement costs on a pay-as-you-go
25 basis, or both.

26 (13) The tax imposed under the authority of this section shall
27 cease to be imposed if the sponsoring local government or cosponsoring
28 local government fails to issue bonds under the authority of RCW
29 39.102.150, and fails to commence construction on public improvements
30 to be funded on a pay-as-you-go basis, by June 30th of the fifth fiscal
31 year in which the local tax authorized under this section is imposed.

32 NEW SECTION. **Sec. 6.** This act expires June 30, 2039.

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