

# SENATE BILL REPORT

## HB 2858

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As Passed Senate, March 2, 2018

**Title:** An act relating to allowing excess local infrastructure financing revenues to be carried forward.

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

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

**Brief History:** Passed House: 2/28/18, 96-2.

**Floor Activity:**

Passed Senate: 3/02/18, 48-0.

**Brief Summary of Bill**

- Allows local revenue sources dedicated in the preceding calendar year that are in excess of the project award to be carried forward and used in later years for the purpose of matching the state contribution.

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**Staff:** Greg Vogel (786-7413)

**Background:** In 2006, the Local Infrastructure Financing Tool (LIFT) program was created and made available to certain local governments for financing local public improvement projects intended to encourage economic development or redevelopment. As part of the LIFT program, a sponsoring local government—a city, town, county, or federally recognized Indian tribe—creates a revenue development area from which annual increases in revenues from local sales and use taxes and local property taxes are measured. Such increases in revenues and any additional funds from other local public sources are then used to pay for public improvements in the revenue development area and are also used to match a state contribution.

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

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maximum state contribution that a sponsoring local government can receive each year is limited to the lesser of:

- \$1 million;
- the amount of the project award;
- the amount of local matching funds dedicated to the payment of the public improvements or bonds in the previous calendar year; or
- the highest amount of incremental state sales and use and state property tax revenues for any one calendar year.

The state sales tax may be used towards the payment of bonds issued to finance public improvements in the revenue development area or to pay public improvement costs on a pay-as-you-go basis, or both. State sales taxes cannot be retained by a sponsoring local government for the LIFT program for more than 25 years.

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

**Summary of Bill:** Revenues from local public sources dedicated in the preceding calendar year that are in excess of the project award may be carried forward and used in later years for the purpose of determining the state contribution amount.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.