

SENATE BILL REPORT

SB 6177

As Reported by Senate Committee On:
Local Government, January 18, 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: Senators King, Takko and Mullet.

Brief History:

Committee Activity: Local Government: 1/16/18, 1/18/18 [DP].

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.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Takko, Chair; Palumbo, Vice Chair; Short, Ranking Member; Angel and Liias.

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.

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

State funding for the LIFT program is provided through a credit against the state sales and use tax. The sponsoring local government is allowed to retain a certain amount of state sales and use tax revenue that would otherwise be deposited in the state General Fund. The maximum state contribution that a sponsoring local government 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: Requested on January 11, 2018.

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

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

Staff Summary of Public Testimony: PRO: This change is beneficial for those cities that participate in LIFT. Right now if a city invested \$10 million in LIFT, it would be eligible for a \$1 million match out of LIFT for that year, but nothing is carried forward. Some of these projects require frontloading. Following the mill closing in Yakima, the LIFT award brought the community new hope and is a key vehicle in helping the old mill site reach its economic development potential. The bill aligns LIFT with LRF and is a great way to help these cities get these projects done, so they can reap the benefits from them.

Persons Testifying: PRO: Senator Curtis King, Prime Sponsor; Tony Sermoniti, City of Yakima; Carmen Mendez, Yakima City Councilmember.

Persons Signed In To Testify But Not Testifying: No one.