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HOUSE BILL 2048

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State of Washington                      65th Legislature                      2017 Regular Session

By Representatives Steele, Springer, and Condotta

Read first time 02/09/17. Referred to Committee on Community Development, Housing & Tribal Affairs.

1            AN ACT Relating to state-shared taxes for the purpose of  
2 designated disaster area financing; adding a new section to chapter  
3 82.14 RCW; adding a new chapter to Title 39 RCW; providing an  
4 effective date; and declaring an emergency.

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

6            NEW SECTION.        **Sec. 1.**    DEFINITIONS. The definitions in this  
7 section apply throughout this chapter unless the context clearly  
8 requires otherwise.

9            (1) "Affected area" means the portion of a designated disaster  
10 area that is identified by a sponsoring local government and approved  
11 by the department as having been immediately impacted by a qualifying  
12 disaster.

13            (2) "Annual state contribution limit" means five million dollars  
14 statewide per fiscal year.

15            (3) "Bond" means a bond, a note, or other evidence of  
16 indebtedness, including but not limited to a lease-purchase agreement  
17 or an executory conditional sales contract.

18            (4) "Department" means the department of commerce.

19            (5) "Dedicated disaster area financing" means the use of revenues  
20 from local public sources and revenues received from the local option  
21 sales and use tax authorized in section 12 of this act dedicated to

1 pay the principal and interest on bonds authorized under section 8 of  
2 this act and public improvement costs within the designated disaster  
3 area on a pay-as-you-go basis.

4 (6) "Designated disaster area" means the geographic area adopted  
5 by a sponsoring local government and approved by the department, from  
6 which local sales and use tax increments are estimated for designated  
7 disaster area financing.

8 (7) "Fiscal year" means the twelve-month period beginning July  
9 1st and ending the following June 30th.

10 (8) "Local government" means any city, town, county, or port  
11 district.

12 (9) "Local sales and use tax increment" means the estimated  
13 annual increase in local sales and use taxes as determined by the  
14 local government in the calendar years following the approval of the  
15 designated disaster area by the department from taxable activity  
16 within the designated disaster area.

17 (10) "Local sales and use taxes" means local revenues derived  
18 from the imposition of sales and use taxes authorized in RCW  
19 82.14.030.

20 (11) "Ordinance" means any appropriate method of taking  
21 legislative action by a local government.

22 (12) "Participating local government" means a local government  
23 having a designated disaster area within its geographic boundaries  
24 that has taken action as provided in section 5 of this act to allow  
25 the use of all or some of its local sales and use tax increment or  
26 other revenues from local public sources for dedicated disaster area  
27 financing.

28 (13) "Public improvement costs" means the costs of:

29 (a) Design, planning, acquisition, including land acquisition,  
30 site preparation, including land clearing, construction,  
31 reconstruction, rehabilitation, improvement, and installation of  
32 public improvements;

33 (b) Demolishing, relocating, maintaining, and operating property  
34 pending construction of public improvements;

35 (c) Relocating utilities as a result of public improvements;

36 (d) Financing public improvements, including interest during  
37 construction, legal and other professional services, taxes,  
38 insurance, principal and interest costs on general indebtedness  
39 issued to finance public improvements, and any necessary reserves for  
40 general indebtedness; and

1 (e) Administrative expenses and feasibility studies reasonably  
2 necessary and related to these costs, including related costs that  
3 may have been incurred before adoption of the ordinance authorizing  
4 the public improvements and the use of dedicated disaster area  
5 financing to fund the costs of the public improvements.

6 (14) "Public improvements" means:

7 (a) Infrastructure improvements within the designated disaster  
8 area that include:

9 (i) Street, road, bridge, and rail construction and maintenance;

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

11 (iii) Sidewalks, streetlights, landscaping, and streetscaping;

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

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

14 (vi) Park facilities, recreational areas, and environmental  
15 remediation;

16 (vii) Storm water and drainage management systems;

17 (viii) Electric, gas, fiber, and other utility infrastructures;

18 and

19 (b) Expenditures for any of the following purposes:

20 (i) Providing environmental analysis, professional management,  
21 planning, and promotion within the designated disaster area,  
22 including the management and promotion of retail trade activities in  
23 the designated disaster area;

24 (ii) Providing maintenance and security for common or public  
25 areas in the designated disaster area; or

26 (iii) Historic preservation activities authorized under RCW  
27 35.21.395.

28 (15) "Qualifying disaster" means a disaster that reaches such a  
29 dimension or degree of destructiveness as to warrant the governor  
30 proclaiming a state of emergency pursuant to RCW 43.06.010.

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

34 (17)(a) "Revenues from local public sources" means:

35 (i) The local sales and use tax amounts received as a result of  
36 an interlocal agreement and local sales and use tax amounts from  
37 sponsoring local governments based on its local sales and use tax  
38 increment, which are dedicated by a sponsoring local government and  
39 participating local governments, for payment of bonds issued under

1 section 8 of this act or public improvement costs within the  
2 designated disaster area on a pay-as-you-go basis; and

3 (ii) Any other local revenues, except as provided in (b) of this  
4 subsection, including revenues derived from federal and private  
5 sources, which are dedicated for the payment of bonds issued under  
6 section 8 of this act or public improvement costs within the  
7 designated disaster area on a pay-as-you-go basis.

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

12 (18) "Sponsoring local government" means a city, town, county, or  
13 any combination thereof, that adopts a designated disaster area.

14 (19) "State contribution" means the lesser of:

15 (a) Five hundred thousand dollars;

16 (b) The project award amount approved by the department as  
17 provided in section 7 of this act; or

18 (c) The total amount of revenues from local public sources  
19 dedicated in the preceding calendar year to the payment of principal  
20 and interest on bonds issued under section 8 of this act and public  
21 improvement costs within the designated disaster area on a pay-as-  
22 you-go basis. Revenues from local public sources dedicated in the  
23 preceding calendar year that are in excess of the project award may  
24 be carried forward and used in later years for the purpose of this  
25 subsection (19)(c).

26 NEW SECTION. **Sec. 2.** CONDITIONS. A local government may finance  
27 public improvements using designated disaster area financing subject  
28 to the following conditions:

29 (1) Structural damage to real property within the local  
30 government's boundaries directly caused by a qualifying disaster  
31 totals at least ten million dollars.

32 (2) The local government has adopted an ordinance designating a  
33 designated disaster area within its boundaries and specified the  
34 public improvements proposed to be financed in whole or in part with  
35 the use of designated disaster area financing.

36 (3) The public improvements proposed to be financed in whole or  
37 in part using designated disaster area financing are expected to  
38 encourage private development within the designated disaster area and

1 to increase the fair market value of real property within the  
2 designated disaster area.

3 (4) The local government has entered into a contract with a  
4 private developer relating to the development of private improvements  
5 within the designated disaster area or has received a letter of  
6 intent from a private developer relating to the developer's plans for  
7 the development of private improvements within the designated  
8 disaster area.

9 (5) Private development that is anticipated to occur within the  
10 designated disaster area, as a result of the public improvements,  
11 will be consistent with the countywide planning policy adopted by the  
12 county under RCW 36.70A.210 and the local government's comprehensive  
13 plan and development regulations adopted under chapter 36.70A RCW.

14 (6) The local government may not use dedicated disaster area  
15 financing to finance the costs associated with the financing, design,  
16 acquisition, construction, equipping, operating, maintaining,  
17 remodeling, repairing, and reequipping of public facilities funded  
18 with taxes collected under RCW 82.14.048 or 82.14.390.

19 (7) The governing body of the local government must make a  
20 finding that designated disaster area financing:

21 (a) Will not be used for the purpose of relocating a business  
22 from outside the designated disaster area, but within this state,  
23 into the designated disaster area unless convincing evidence is  
24 provided that the firm being relocated would otherwise leave the  
25 state;

26 (b) Will improve the viability of existing business entities  
27 within the designated disaster area; and

28 (c) Will be used exclusively in areas within the jurisdiction of  
29 the local government directly damaged by a qualifying disaster and  
30 deemed in need of either economic development or redevelopment, or  
31 both, and absent the financing available under this chapter and  
32 section 12 of this act the proposed economic development or  
33 redevelopment would more than likely not occur.

34 (8) The governing body of the local government finds that the  
35 public improvements proposed to be financed in whole or in part using  
36 designated disaster area financing are reasonably likely to:

37 (a) Increase private investment within the designated disaster  
38 area;

39 (b) Increase employment within the designated disaster area; and

1 (c) Generate, over the period of time that the local sales and  
2 use tax will be imposed under section 12 of this act, increases in  
3 state and local property, sales, and use tax revenues that are equal  
4 to or greater than the respective state and local contributions made  
5 under this chapter.

6 NEW SECTION. **Sec. 3.** CREATION OF DESIGNATED DISASTER AREA. (1)  
7 Before adopting an ordinance creating the designated disaster area, a  
8 sponsoring local government must:

9 (a) Provide notice to all local governments with geographic  
10 boundaries within the proposed designated disaster area of the  
11 sponsoring local government's intent to create a designated disaster  
12 area. Notice must be provided in writing to the governing body of the  
13 local governments at least sixty days in advance of the public  
14 hearing as required by (b) of this subsection. The notice must  
15 include at least the following information:

16 (i) The name of the proposed designated disaster area;  
17 (ii) The date for the public hearing as required by (b) of this  
18 subsection;

19 (iii) The earliest anticipated date when the sponsoring local  
20 government will take action to adopt the proposed designated disaster  
21 area; and

22 (iv) The name of a contact person with the phone number of the  
23 sponsoring local government and mailing address where a copy of an  
24 ordinance adopted under this section may be sent; and

25 (b) Hold a public hearing on the proposed financing of the public  
26 improvements in whole or in part with designated disaster area  
27 financing. Notice of the public hearing must be published in a legal  
28 newspaper of general circulation within the proposed designated  
29 disaster area at least ten days before the public hearing and posted  
30 in at least six conspicuous public places located in the proposed  
31 designated disaster area. Notices must describe the contemplated  
32 public improvements, estimate the costs of the public improvements,  
33 describe the portion of the costs of the public improvements to be  
34 borne by designated disaster area financing, describe any other  
35 sources of revenue to finance the public improvements, describe the  
36 boundaries of the proposed designated disaster area, and estimate the  
37 period during which designated disaster area financing is  
38 contemplated to be used. The public hearing may be held by either the  
39 governing body of the sponsoring local government, or a committee of

1 the governing body that includes at least a majority of the whole  
2 governing body.

3 (2) To create a designated disaster area, a sponsoring local  
4 government must adopt an ordinance establishing the designated  
5 disaster area that:

6 (a) Describes the public improvements proposed to be made in the  
7 designated disaster area;

8 (b) Describes the boundaries of the designated disaster area,  
9 subject to the limitations in section 4 of this act;

10 (c) Estimates the cost of the proposed public improvements and  
11 the portion of these costs to be financed by designated disaster area  
12 financing;

13 (d) Estimates the time during which revenues from local public  
14 sources, such as amounts of local sales and use taxes from  
15 participating local governments, are to be used for designated  
16 disaster area financing;

17 (e) Finds that all of the requirements in section 2 of this act  
18 are met;

19 (f) Provides the anticipated date when the criteria for the sales  
20 and use tax in section 12 of this act will be met and the anticipated  
21 date when the sales and use tax in section 12 of this act will be  
22 imposed.

23 (3) The sponsoring local government must deliver a certified copy  
24 of the adopted ordinance to the county treasurer, county assessor,  
25 the department of revenue, and the department.

26 NEW SECTION. **Sec. 4.** LIMITATIONS ON DESIGNATED DISASTER AREAS.  
27 A designated disaster area is subject to the following limitations:

28 (1) A designated disaster area may be located within the  
29 boundaries of more than one participating local government. Within  
30 the boundaries of a participating local government, the total area of  
31 the designated disaster area cannot be more than fifty percent  
32 greater than the portion of the affected area that is located within  
33 the boundaries of the participating local government.

34 (2)(a) Except as provided in (b) of this subsection, no  
35 designated disaster area may have within its geographic boundaries  
36 any part of a hospital benefit zone under chapter 39.100 RCW, any  
37 part of a revenue development area created under chapter 39.102 RCW,  
38 any part of a revitalization area under chapter 39.104 RCW, any part

1 of an increment area under chapter 39.89 RCW, or any part of another  
2 designated disaster area under this chapter.

3 (b) A designated disaster area's boundaries may include all or a  
4 portion of an existing increment area if:

5 (i) The state of Washington has loaned money for environmental  
6 cleanup on such an area in order to stimulate redevelopment of  
7 brownfields;

8 (ii) The environmental cleanup, for which the state's loans were  
9 intended, has been completed; and

10 (iii) The sponsoring local government determines the creation of  
11 the designated disaster area is necessary for redevelopment and  
12 protecting the state's investment by increasing property tax revenue.

13 (3) A designated disaster area is limited to contiguous tracts,  
14 lots, pieces, or parcels of land without the creation of islands of  
15 property not included in the designated disaster area.

16 (4) The boundaries may not be drawn to purposely exclude parcels  
17 where economic growth is unlikely to occur.

18 (5) The public improvements financed through bonds issued under  
19 section 8 of this act and public improvements made on a pay-as-you-go  
20 basis must be located in the designated disaster area.

21 (6) A designated disaster area cannot comprise an area containing  
22 more than twenty-five percent of the total assessed value of the  
23 taxable real property within the boundaries of the sponsoring local  
24 government at the time the designated disaster area is created.

25 (7) The boundaries of the designated disaster area may not be  
26 changed for the time period that local sales and use taxes of  
27 participating local governments, and the local sales and use tax  
28 under section 12 of this act, are used to pay bonds issued under  
29 section 8 of this act and public improvement costs within the  
30 designated disaster area on a pay-as-you-go basis, as provided under  
31 this chapter.

32 (8) A designated disaster area must be geographically restricted  
33 to the location of the public improvement and adjacent locations that  
34 the sponsoring local government finds to have a high likelihood of  
35 receiving direct positive business and economic impacts due to the  
36 public improvement, such as a neighborhood or a block.

37 NEW SECTION. **Sec. 5.** OPTING IN OR OUT AS A PARTICIPATING LOCAL  
38 GOVERNMENT. (1) A participating local government must enter into an  
39 interlocal agreement as provided in chapter 39.34 RCW to participate



1 in designated disaster area financing with the sponsoring local  
2 government.

3 (2)(a) If a local government that imposes a sales and use tax  
4 under RCW 82.14.030 does not want to participate in the designated  
5 disaster area financing of public improvements in a designated  
6 disaster area, its governing body must adopt an ordinance and notify  
7 the sponsoring local government that the taxing authority will not be  
8 a participating local government.

9 (b) The local government must provide a copy of the adopted  
10 ordinance and the notice to the sponsoring local government creating  
11 the designated disaster area before the anticipated date that the  
12 sponsoring local government proposes to adopt an ordinance creating  
13 the designated disaster area as provided in the notice required by  
14 section 3 of this act.

15 NEW SECTION. **Sec. 6.** LOCAL SALES AND USE TAX INCREMENTS. (1) A  
16 sponsoring local government may use annually local sales and use tax  
17 amounts equal to some or all of its local sales and use tax  
18 increments to finance public improvements in the designated disaster  
19 area. The amounts of local sales and use tax dedicated by a  
20 participating local government must begin and cease on the dates  
21 specified in an interlocal agreement authorized in chapter 39.34 RCW.  
22 Participating local governments are authorized to allocate some or  
23 all of their local sales and use tax increment to the sponsoring  
24 local government as provided by section 5 of this act.

25 (2) Upon request, the department, with the assistance of the  
26 department of revenue, must assist sponsoring local governments in  
27 estimating sales and use tax revenues from estimated taxable activity  
28 in the proposed or adopted designated disaster area. The sponsoring  
29 local government must provide the department with accurate  
30 information describing the geographical boundaries of the designated  
31 disaster area in an electronic format or in a manner as otherwise  
32 prescribed by the department.

33 NEW SECTION. **Sec. 7.** APPLICATION PROCESS. (1) Prior to applying  
34 to the department to receive a state contribution, a sponsoring local  
35 government must adopt a designated disaster area within the  
36 limitations in section 4 of this act and in accordance with section 3  
37 of this act.

1 (2)(a) As a condition to imposing a sales and use tax under  
2 section 12 of this act, a sponsoring local government must apply to  
3 the department and be approved for a project award amount. The  
4 application must be in a form and manner prescribed by the department  
5 and include, but not be limited to:

6 (i) Information establishing that over the period of time that  
7 the local sales and use tax will be imposed under section 12 of this  
8 act, increases in state and local property, sales and use tax  
9 revenues as a result of public improvements in the designated  
10 disaster area will be equal to or greater than the respective state  
11 and local contributions made under this chapter;

12 (ii) Information demonstrating that the sponsoring local  
13 government will meet the requirements necessary to receive the full  
14 amount of state contribution it is requesting on an annual basis;

15 (iii) The amount of state contribution it is requesting;

16 (iv) The anticipated effective date for imposing the tax under  
17 section 12 of this act;

18 (v) The estimated number of years that the tax will be imposed;

19 (vi) The anticipated rate of tax to be imposed under section 12  
20 of this act, subject to the rate-setting conditions in section 12(3)  
21 of this act, should the sponsoring local government be approved for a  
22 project award;

23 (vii) The anticipated date when bonds issued under section 8 of  
24 this act will be issued; and

25 (viii) Any other information required by the department to  
26 evaluate the merits of the application.

27 (b) As part of the application, each applicant must provide to  
28 the department a copy of the adopted ordinance creating the  
29 designated disaster area as required in section 3 of this act and  
30 copies of any adopted interlocal agreements from participating local  
31 governments.

32 (3)(a) Project awards must be determined through a competitive  
33 process. In evaluating applications for a project award, the  
34 department must develop the relative weight to be assigned to the  
35 following criteria:

36 (i) The project's potential to enhance the sponsoring local  
37 government's regional and/or international competitiveness;

38 (ii) The project's ability to encourage mixed use and transit-  
39 oriented development and the redevelopment of a geographic area;

1 (iii) Achieving an overall distribution of projects statewide  
2 that reflect geographic diversity;

3 (iv) The estimated wages and benefits for the project are greater  
4 than the average labor market area;

5 (v) The estimated state and local net employment change over the  
6 life of the project;

7 (vi) The current economic health and vitality of the proposed  
8 designated disaster area and the contiguous community and the  
9 estimated impact of the proposed project on the proposed dedicated  
10 disaster area and contiguous community;

11 (vii) The estimated state and local net property tax change over  
12 the life of the project;

13 (viii) The estimated state and local sales and use tax increase  
14 over the life of the project;

15 (ix) If a project is located within an urban growth area,  
16 evidence that the project utilizes existing urban infrastructure and  
17 that the transportation needs of the project will be adequately met  
18 through the use of dedicated disaster area financing or other  
19 sources.

20 (b) The total of all project awards may not exceed the annual  
21 state contribution limit.

22 (c) If the level of available state contribution is less than the  
23 amount requested by the next available applicant, the applicant must  
24 be given the first opportunity to accept the lesser amount of state  
25 contribution but only if the applicant produces a new application  
26 within sixty days of being notified by the department and the  
27 application describes the impact on the proposed project as a result  
28 of the lesser award in addition to new application information  
29 outlined in subsection (2) of this section.

30 (d) Applications that are not approved for a project award due to  
31 lack of available state contribution must be retained on file by the  
32 department in order of the date of their receipt.

33 (e) Once total project awards reach the amount of annual state  
34 contribution limit, no more applications will be accepted.

35 (f) If the annual contribution limit is increased by making  
36 additional funds available for applicants that apply through a  
37 competitive process, applications will be accepted again beginning  
38 sixty days after the effective date of the increase. However, in the  
39 time period before any new applications are accepted, all sponsoring  
40 local governments with a complete application already on file with

1 the department must be provided an opportunity to either withdraw  
2 their application or update the information in the application. The  
3 updated application must be for a project that is substantially the  
4 same as the project in the original application. The department must  
5 consider these applications for project awards prior to considering  
6 any new applications.

7 (4) The department must notify the sponsoring local government of  
8 approval or denial of a project award within sixty days of the  
9 department's receipt of the sponsoring local government's  
10 application. Determination of a project award by the department is  
11 final. Notification must include the earliest date when the tax  
12 authorized under section 12 of this act may be imposed, subject to  
13 conditions in chapter 82.14 RCW. The project award notification must  
14 specify the rate requested in the application and any adjustments to  
15 the rate that would need to be made based on the project award and  
16 rate restrictions in section 12 of this act.

17 (5) The department must begin accepting applications on July 1,  
18 2017.

19 NEW SECTION. **Sec. 8.** ISSUANCE OF GENERAL OBLIGATION BONDS. (1)  
20 A sponsoring local government creating a designated disaster area and  
21 authorizing the use of designated disaster area financing may incur  
22 general indebtedness, including issuing general obligation bonds, to  
23 finance the public improvements and retire the indebtedness in whole  
24 or in part from designated disaster area financing it receives,  
25 subject to the following requirements:

26 (a)(i) The ordinance adopted by the sponsoring local government  
27 creating the designated disaster area and authorizing the use of  
28 designated disaster area financing indicates an intent to incur this  
29 indebtedness and the maximum amount of this indebtedness that is  
30 contemplated; and

31 (ii) The sponsoring local government includes this statement of  
32 intent in all notices required by section 3 of this act; or

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

37 (2) The general indebtedness incurred under subsection (1) of  
38 this section may be payable from other tax revenues, the full faith  
39 and credit of the sponsoring local government, and nontax income,

1 revenues, fees, and rents from the public improvements, as well as  
2 contributions, grants, and nontax money available to the local  
3 government for payment of costs of the public improvements or  
4 associated debt service on the general indebtedness.

5 (3) In addition to the requirements in subsection (1) of this  
6 section, a sponsoring local government creating a designated disaster  
7 area and authorizing the use of designated disaster area financing  
8 may require any nonpublic participants to provide adequate security  
9 to protect the public investment in the public improvement within the  
10 designated disaster area.

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

22 (5) The sponsoring local government may:

23 (a) Annually pay into the special fund established pursuant to  
24 this section a fixed proportion or a fixed amount of any revenues  
25 derived from taxes imposed under section 12 of this act, such payment  
26 to continue until all bonds payable from the fund are paid in full;  
27 and

28 (b) Issue revenue bonds payable from any or all revenues  
29 deposited in the special fund established pursuant to this section.

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

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

1        NEW SECTION.    **Sec. 9.**    USE OF TAX REVENUE FOR BOND REPAYMENT. A  
2 sponsoring local government that issues bonds issued under section 8  
3 of this act to finance public improvements may pledge for the payment  
4 of such bonds all or part of any revenues derived from taxes imposed  
5 under section 12 of this act and held in connection with the public  
6 improvements.

7        NEW SECTION.    **Sec. 10.**    LIMITATION ON BONDS ISSUED. The bonds  
8 issued by a local government under section 8 of this act to finance  
9 public improvements do not constitute an obligation of the state of  
10 Washington, either general or special.

11        NEW SECTION.    **Sec. 11.**    REPORTING REQUIREMENTS. (1) A sponsoring  
12 local government receiving a project award under section 7 of this  
13 act must provide a report to the department by March 1st of each year  
14 beginning March 1st after the project award has been approved. The  
15 report must contain the following information:

16        (a) The amount of local sales and use tax and other revenue from  
17 local public sources dedicated by any participating local government  
18 used for the payment of bonds issued under section 8 of this act and  
19 public improvement costs within the designated disaster area on a  
20 pay-as-you-go basis in the preceding calendar year;

21        (b) The amount of local sales and use tax dedicated by the  
22 sponsoring local government, as it relates to the sponsoring local  
23 government's local sales and use tax increment, used for the payment  
24 of bonds issued under section 8 of this act and public improvement  
25 costs within the designated disaster area on a pay-as-you-go basis in  
26 the preceding calendar year;

27        (c) The amounts, other than those listed in (a) and (b) of this  
28 subsection, from local public sources, broken down by type or source,  
29 used for payment of bonds issued under section 8 of this act or  
30 public improvement costs within the designated disaster area on a  
31 pay-as-you-go basis in the preceding calendar year;

32        (d) The anticipated date when bonds issued under section 8 of  
33 this act are expected to be retired;

34        (e) The names of any businesses locating within the designated  
35 disaster area as a result of the public improvements undertaken by  
36 the sponsoring local government and financed in whole or in part with  
37 designated disaster area financing;

1 (f) An estimate of the cumulative number of permanent jobs  
2 created in the designated disaster area as a result of the public  
3 improvements undertaken by the sponsoring local government and  
4 financed in whole or in part with designated disaster area financing;

5 (g) An estimate of the average wages and benefits received by all  
6 employees of businesses locating within the designated disaster area  
7 as a result of the public improvements undertaken by the sponsoring  
8 local government and financed in whole or in part with designated  
9 disaster area financing;

10 (h) A list of public improvements financed by bonds issued under  
11 section 8 of this act and public improvements made on a pay-as-you-go  
12 basis within the designated disaster area;

13 (i) That the sponsoring local government is in compliance with  
14 section 2 of this act;

15 (j) At least once every three years, updated estimates of the  
16 amounts of state and local sales and use tax increments received  
17 since the approval by the department of the project award under  
18 section 7 of this act;

19 (k) The amount of revenues from local public sources that (i)  
20 were expended in prior years for the payment of bonds issued under  
21 section 8 of this act and public improvement costs within the  
22 designated disaster area on a pay-as-you-go basis in prior calendar  
23 years that were in excess of the project award amount for that year  
24 and are carried forward for dedication in future years, (ii) are  
25 deemed dedicated to payment of bonds or public improvement costs in  
26 the calendar year for which the report is prepared, and (iii) remain  
27 available for dedication in future years; and

28 (l) Any other information required by the department to (i)  
29 enable the department to fulfill its duties under this chapter and  
30 (ii) enable the department of revenue to fulfill its duties under  
31 section 12 of this act.

32 (2) The department must make a report available to the public and  
33 the legislature by June 1st of each year. The report must include a  
34 summary of the information provided to the department by sponsoring  
35 local governments under subsection (1) of this section.

36 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14  
37 RCW to read as follows:

38 (1) Any city or county that has been approved for a project award  
39 under section 7 of this act may impose a sales and use tax under the

1 authority of this section in accordance with the terms of this  
2 chapter. Except as provided in this section, the tax is in addition  
3 to other taxes authorized by law and must be collected from those  
4 persons who are taxable by the state under chapters 82.08 and 82.12  
5 RCW upon the occurrence of any taxable event within the taxing  
6 jurisdiction of the city or county.

7 (2) The tax authorized under subsection (1) of this section is  
8 credited against the state taxes imposed under RCW 82.08.020(1) and  
9 82.12.020 at the rate provided in RCW 82.08.020(1). The department  
10 must perform the collection of such taxes on behalf of the city or  
11 county at no cost to the city or county. The taxes must be  
12 distributed to cities and counties as provided in RCW 82.14.060.

13 (3) The rate of tax imposed by a city or county may not exceed  
14 the lesser of:

15 (a) The rate provided in RCW 82.08.020(1), less:

16 (i) The aggregate rates of all other local sales and use taxes  
17 imposed by any taxing authority on the same taxable events;

18 (ii) The aggregate rates of all taxes under RCW 82.14.465,  
19 82.14.475, 82.14.510, and this section that are authorized but have  
20 not yet been imposed on the same taxable events by a city or county  
21 that has been approved to receive a state contribution by the  
22 department, the department of commerce, or the community economic  
23 revitalization board under chapter 39.--- (the new chapter created in  
24 section 13 of this act), 39.100, 39.102, or 39.104 RCW; and

25 (iii) The percentage amount of distributions required under RCW  
26 82.08.020(5) multiplied by the rate of state taxes imposed under RCW  
27 82.08.020(1); and

28 (b) The rate, as determined by the city or county in consultation  
29 with the department, reasonably necessary to receive the project  
30 award under section 7 of this act over ten months.

31 (4) Upon request, the department of commerce, with assistance  
32 from the department, must assist a city or county in establishing its  
33 tax rate in accordance with subsection (3) of this section. Once the  
34 rate of tax is selected through the application process and approved  
35 under section 7 of this act, it may not be increased.

36 (5)(a) No tax may be imposed under the authority of this section  
37 before July 1st of the calendar year immediately following the year  
38 in which the department of commerce approved the application made  
39 under section 7 of this act;



1 (b) The tax imposed under this section expires the earlier of the  
2 date that the bonds issued under the authority of section 8 of this  
3 act are retired or thirty years after the tax is first imposed.

4 (6) An ordinance or resolution adopted by the legislative  
5 authority of the city or county imposing a tax under this section  
6 must provide that:

7 (a) The tax will first be imposed on the first day of a fiscal  
8 year;

9 (b) The cumulative amount of tax received by the city or county,  
10 in any fiscal year, may not exceed the amount approved by the  
11 department under subsection (10) of this section;

12 (c) The department must cease distributing the tax for the  
13 remainder of any fiscal year in which either:

14 (i) The amount of tax received by the city or county equals the  
15 amount of distributions approved by the department for the fiscal  
16 year under subsection (10) of this section; or

17 (ii) The amount of revenue distributed to all sponsoring and  
18 cosponsoring local governments from taxes imposed under this section  
19 equals the annual state contribution limit;

20 (d) The tax will be distributed again, should it cease to be  
21 distributed for any of the reasons provided in (c) of this  
22 subsection, at the beginning of the next fiscal year, subject to the  
23 restrictions in this section; and

24 (e) The state is entitled to any revenue generated by the tax in  
25 excess of the amounts specified in (c) of this subsection.

26 (7) If a city or county receives approval for more than one  
27 designated disaster area within its jurisdiction, the city or county  
28 may impose a sales and use tax under this section for each designated  
29 disaster area.

30 (8) The department must determine the amount of tax receipts  
31 distributed to each city and county imposing a sales and use tax  
32 under the authority of this section and must advise a city or county  
33 when tax distributions for the fiscal year equal the amount  
34 determined by the department in subsection (10) of this section.  
35 Determinations by the department of the amount of tax distributions  
36 attributable to a city or county are not appealable. The department  
37 must remit any tax receipts in excess of the amounts specified in  
38 subsection (6)(c) of this section to the state treasurer who must  
39 deposit the money in the general fund.

1 (9) If a city or county fails to comply with section 11 of this  
2 act, no tax may be distributed in the subsequent fiscal year until  
3 such time as the city or county complies and the department  
4 calculates the state contribution amount according to subsection (10)  
5 of this section for the fiscal year.

6 (10) For each fiscal year that a city or county imposes the tax  
7 under the authority of this section, the department must approve the  
8 amount of taxes that may be distributed to the city or county. The  
9 amount approved by the department under this subsection is the lesser  
10 of:

11 (a) The state contribution;

12 (b) The amount of project award granted by the department of  
13 commerce as provided in section 7 of this act; or

14 (c) The total amount of revenues from local public sources  
15 dedicated or, in the case of carry forward revenues, deemed dedicated  
16 in the preceding calendar year, as reported in the required annual  
17 report under section 11 of this act.

18 (11) The amount of tax distributions received from taxes imposed  
19 under the authority of this section by all cities and counties is  
20 limited annually to not more than the amount of annual state  
21 contribution limit.

22 (12) The definitions in section 1 of this act apply to this  
23 section subject to subsection (13) of this section and unless the  
24 context clearly requires otherwise.

25 (13) For purposes of this section, the following definitions  
26 apply:

27 (a) "Department" means the department of revenue.

28 (b) "Local sales and use taxes" means sales and use taxes imposed  
29 by cities, counties, public facilities districts, and other local  
30 governments under the authority of this chapter, chapter 67.28 RCW,  
31 or any other chapter, and that are credited against the state sales  
32 and use taxes.

33 (c) "State sales and use taxes" means the taxes imposed in RCW  
34 82.08.020(1) and 82.12.020.

35 NEW SECTION. **Sec. 13.** Sections 1 through 11 of this act  
36 constitute a new chapter in Title 39 RCW.

37 NEW SECTION. **Sec. 14.** This act is necessary for the immediate  
38 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes  
2 effect July 1, 2017.

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