

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5512**

Chapter 266, Laws of 2007

60th Legislature  
2007 Regular Session

HOSPITAL BENEFIT ZONES--FINANCING

EFFECTIVE DATE: 07/01/07

Passed by the Senate April 16, 2007  
YEAS 49 NAYS 0

BRAD OWEN

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**President of the Senate**

Passed by the House April 4, 2007  
YEAS 96 NAYS 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Approved May 2, 2007, 10:52 a.m.

CHRISTINE GREGOIRE  
\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5512** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

\_\_\_\_\_  
**Secretary**

FILED

May 3, 2007

**Secretary of State  
State of Washington**

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SENATE BILL 5512

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AS AMENDED BY THE HOUSE

Passed Legislature - 2007 Regular Session

State of Washington                      60th Legislature                      2007 Regular Session

By Senators Kilmer, Regala, Hobbs, Eide, Pridemore and Rasmussen

Read first time 01/22/2007. Referred to Committee on Ways & Means.

1            AN ACT Relating to financing for hospital benefit zones; amending  
2 RCW 39.100.010, 39.100.020, 39.100.030, 39.100.040, 39.100.050,  
3 82.14.465, 82.14.470, and 82.32.700; creating new sections; providing  
4 an effective date; and declaring an emergency.

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

6            NEW SECTION.    **Sec. 1.** The legislature finds that local governments  
7 need flexible financing for public improvements that do not increase  
8 the combined state and local sales tax rate.

9            **Sec. 2.** RCW 39.100.010 and 2006 c 111 s 1 are each amended to read  
10 as follows:

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

13            (1) "Benefit zone" means the geographic zone from which taxes are  
14 to be appropriated to finance public improvements authorized under this  
15 chapter and in which a hospital that has received a certificate of need  
16 is to be constructed.

17            (2) "Department" means the department of revenue.

1 (3) "Local government" means any city, town, county, or any  
2 combination thereof.

3 (4) "Ordinance" means any appropriate method of taking legislative  
4 action by a local government.

5 (5) "Participating taxing authority" means a taxing authority that  
6 has entered into a written agreement with a local government for the  
7 use of hospital benefit zone financing to the extent of allocating  
8 excess local excise taxes to the local government for the purpose of  
9 financing all or a portion of the costs of designated public  
10 improvements.

11 (6) "Public improvements" means infrastructure improvements within  
12 the benefit zone that include:

- 13 (a) Street and road construction and maintenance;
- 14 (b) Water and sewer system construction and improvements;
- 15 (c) Sidewalks and streetlights;
- 16 (d) Parking, terminal, and dock facilities;
- 17 (e) Park and ride facilities of a transit authority;
- 18 (f) Park facilities and recreational areas; and
- 19 (g) Storm water and drainage management systems.

20 (7) "Public improvement costs" means the costs of: (a) Design,  
21 planning, acquisition including land acquisition, site preparation  
22 including land clearing, construction, reconstruction, rehabilitation,  
23 improvement, and installation of public improvements; (b) demolishing,  
24 relocating, maintaining, and operating property pending construction of  
25 public improvements; (c) relocating utilities as a result of public  
26 improvements; and (d) financing public improvements, including interest  
27 during construction, legal and other professional services, taxes,  
28 insurance, principal and interest costs on indebtedness issued to  
29 finance public improvements, and any necessary reserves for  
30 indebtedness; and administrative expenses and feasibility studies  
31 reasonably necessary and related to these costs, including related  
32 costs that may have been incurred before adoption of the ordinance  
33 authorizing the public improvements and the use of hospital benefit  
34 zone financing to fund the costs of the public improvements.

35 (8) "Tax allocation revenues" means those tax revenues derived from  
36 the receipt of excess local excise taxes under RCW 39.100.050 and  
37 distributed by a local government, participating taxing authority, or  
38 both, to finance public improvements.

1 (9) "Taxing authority" means a governmental entity that imposes a  
2 sales or use tax under chapter 82.14 RCW upon the occurrence of any  
3 taxable event within a proposed or approved benefit zone.

4 **Sec. 3.** RCW 39.100.020 and 2006 c 111 s 2 are each amended to read  
5 as follows:

6 A local government may finance public improvements using hospital  
7 benefit zone financing subject to the following conditions:

8 (1) The local government adopts an ordinance designating a benefit  
9 zone within its boundaries and specifying the public improvements  
10 proposed to be financed in whole or in part with the use of hospital  
11 benefit zone financing;

12 (2) The public improvements proposed to be financed in whole or in  
13 part using hospital benefit zone financing are expected both to  
14 encourage private development within the benefit zone and to support  
15 the development of a hospital that has received a certificate of need;

16 (3) Private development that is anticipated to occur within the  
17 benefit zone, as a result of the public improvements, will be  
18 consistent with the county-wide planning policy adopted by the county  
19 under RCW 36.70A.210 and the local government's comprehensive plan and  
20 development regulations adopted under chapter 36.70A RCW; ~~((and))~~

21 (4) The governing body of the local government finds that the  
22 public improvements proposed to be financed in whole or in part using  
23 hospital benefit zone financing are reasonably likely to:

24 (a) Increase private investment within the benefit zone;

25 (b) Increase employment within the benefit zone; and

26 (c) Generate, over the period of time that the local sales and use  
27 tax will be imposed under RCW 82.14.465, excess state ~~((and local sales  
28 and use tax revenues))~~ excise taxes that are equal to or greater than  
29 the ~~((respective))~~ state ~~((and local))~~ contributions made under this  
30 chapter;

31 (5) The boundaries of a hospital benefit zone may not overlap any  
32 part of the boundaries of another hospital benefit zone or a revenue  
33 development area defined in chapter 39.102 RCW; and

34 (6) The boundaries of a hospital benefit zone may not change once  
35 the hospital benefit zone is established and approved by the  
36 department.

1       **Sec. 4.** RCW 39.100.030 and 2006 c 111 s 3 are each amended to read  
2 as follows:

3       (1) Before adopting an ordinance creating the benefit zone, a local  
4 government must:

5       (a) Obtain written agreement for the use of hospital benefit zone  
6 financing to finance all or a portion of the costs of the designated  
7 public improvements from any taxing authority that imposes a sales or  
8 use tax under chapter 82.14 RCW within the benefit zone if the taxing  
9 authority chooses to participate in the public improvements to the  
10 extent of providing limited funding under hospital benefit zone  
11 financing authorized under this chapter. The agreement must be  
12 authorized by the governing body of such participating taxing  
13 authorities; and

14       (b) Hold a public hearing on the proposed financing of the public  
15 improvement in whole or in part with hospital benefit zone financing.

16       (i) Notice of the public hearing must be published in a legal  
17 newspaper of general circulation within the proposed benefit zone at  
18 least ten days before the public hearing and posted in at least six  
19 conspicuous public places located in the proposed benefit zone.

20       (ii) Notices must describe the contemplated public improvements,  
21 estimate the costs of the public improvements, describe the portion of  
22 the costs of the public improvements to be borne by hospital benefit  
23 zone financing, describe any other sources of revenue to finance the  
24 public improvements, describe the boundaries of the proposed benefit  
25 zone, and estimate the period during which hospital benefit zone  
26 financing is contemplated to be used. The public hearing may be held  
27 by either the governing body of the local government, or a committee of  
28 the governing body that includes at least a majority of the whole  
29 governing body.

30       (2) In order to create a benefit zone, a local government must  
31 adopt an ordinance establishing the benefit zone that:

32       (a) Describes the public improvements;

33       (b) Describes the boundaries of the benefit zone;

34       (c) Estimates the cost of the public improvements and the portion  
35 of these costs to be financed by hospital benefit zone financing;

36       (d) Estimates the time during which excess local excise taxes are  
37 to be used to finance public improvement costs associated with the

1 public improvements financed in whole or in part by hospital benefit  
2 zone financing;

3 (e) Estimates the average amount of tax revenue to be received in  
4 all fiscal years through the imposition of a sales and use tax under  
5 RCW 82.14.465;

6 (f) Provides the date when the use of excess local excise taxes  
7 will commence; and

8 (g) Finds that the conditions of RCW 39.100.020 are met.

9 (3) For purposes of this section, "fiscal year" means the year  
10 beginning July 1st and ending the following June 30th.

11 **Sec. 5.** RCW 39.100.040 and 2006 c 111 s 4 are each amended to read  
12 as follows:

13 (1) A local government that adopts an ordinance creating a benefit  
14 zone under this chapter shall, within ninety days of adopting the  
15 ordinance:

16 ~~((+1))~~ (a) Publish notice in a legal newspaper of general  
17 circulation within the benefit zone that describes the public  
18 improvement, describes the boundaries of the benefit zone, and  
19 identifies the location and times where the ordinance and other public  
20 information concerning the public improvement may be inspected; and

21 ~~((+2))~~ (b) Deliver a certified copy of the ordinance to the county  
22 treasurer, the county assessor, the department of revenue, and the  
23 governing body of each participating taxing authority within which the  
24 benefit zone is located.

25 (2) Any challenge to the formation shall be brought within sixty  
26 days of the later of the date of its formation or July 1, 2007. All  
27 parties, including the holders of bonds payable from tax revenue under  
28 this act, may rely upon the presumption of validity of formation of the  
29 benefit zone following the expiration of the sixty-day period.

30 **Sec. 6.** RCW 39.100.050 and 2006 c 111 s 5 are each amended to read  
31 as follows:

32 (1) A local government that creates a benefit zone and has received  
33 approval from the department under RCW 82.32.700 to impose the local  
34 option sales and use tax authorized in RCW 82.14.465 may use annually  
35 any excess local excise taxes received by it from taxable activity  
36 within the benefit zone to finance public improvement costs associated

1 with the public improvements financed in whole or in part by hospital  
2 benefit zone financing. The use of excess local excise taxes must  
3 cease when tax allocation revenues are no longer necessary or obligated  
4 to pay the costs of the public improvements. Any participating taxing  
5 authority is authorized to allocate excess local excise taxes to the  
6 local government as long as the local government has received approval  
7 from the department under RCW 82.32.700 to impose the local option  
8 sales and use tax authorized in RCW 82.14.465. The legislature  
9 declares that it is a proper purpose of a local government or  
10 participating taxing authority to allocate excess local excise taxes  
11 for purposes of financing public improvements under this chapter.

12 (2) A local government shall provide the department accurate  
13 information describing the geographical boundaries of the benefit zone  
14 at least seventy-five days before the effective date of the ordinance  
15 creating the benefit zone. The local government shall ensure that the  
16 boundary information provided to the department is kept current.

17 (3) The department shall provide the necessary information to  
18 calculate excess local excise taxes to each local government that has  
19 provided boundary information to the department as provided in this  
20 section and that has received approval from the department under RCW  
21 82.32.700 to impose the local option sales and use tax authorized in  
22 RCW 82.14.465.

23 (4) The definitions in this subsection apply throughout this  
24 section unless the context clearly requires otherwise.

25 (a) "Base year" means the calendar year immediately following the  
26 creation of a benefit zone.

27 (b) "Excess local excise taxes" means the amount of local excise  
28 taxes received by the local government during the measurement year from  
29 taxable activity within the benefit zone over and above the amount of  
30 local excise taxes received by the local government during the base  
31 year from taxable activity within the benefit zone. However, if a  
32 local government creates the benefit zone and reasonably determines  
33 that no activity subject to tax under chapters 82.08 and 82.12 RCW  
34 occurred in the twelve months immediately preceding the creation of the  
35 benefit zone within the boundaries of the area that became the benefit  
36 zone, "excess local excise taxes" means the entire amount of local  
37 excise taxes received by the local government during a calendar year

1 period beginning with the calendar year immediately following the  
2 creation of the benefit zone and continuing with each measurement year  
3 thereafter.

4 (c) "Local excise taxes" means local (~~(retail)~~) revenues derived  
5 from the imposition of sales and use taxes authorized in RCW 82.14.030  
6 at the tax rate that was in effect at the time the hospital benefit  
7 zone is approved by the department, except that if a local government  
8 reduces the rate of such tax after the revenue development area was  
9 approved, "local excise taxes" means the local revenues derived from  
10 the imposition of the sales and use taxes authorized in RCW 82.14.030  
11 at the lower tax rate.

12 (d) "Measurement year" means a calendar year, beginning with the  
13 calendar year following the base year and each calendar year  
14 thereafter, that is used annually to measure the amount of excess state  
15 excise taxes and excess local excise taxes required to be used to  
16 finance public improvement costs associated with public improvements  
17 financed in whole or in part by hospital benefit zone financing.

18 **Sec. 7.** RCW 82.14.465 and 2006 c 111 s 7 are each amended to read  
19 as follows:

20 (1) A city, town, or county that creates a benefit zone and  
21 finances public improvements pursuant to chapter 39.100 RCW may impose  
22 a sales and use tax in accordance with the terms of this chapter and  
23 subject to the criteria set forth in this section. Except as provided  
24 in this section, the tax is in addition to other taxes authorized by  
25 law and shall be collected from those persons who are taxable by the  
26 state under chapters 82.08 and 82.12 RCW upon the occurrence of any  
27 taxable event within the taxing jurisdiction of the city, town, or  
28 county. The rate of tax shall not exceed the rate provided in RCW  
29 82.08.020(1) in the case of a sales tax or the rate provided in RCW  
30 82.12.020(5) in the case of a use tax, less the aggregate rates of any  
31 other taxes imposed on the same events that are credited against the  
32 state taxes imposed under chapters 82.08 and 82.12 RCW. The tax rate  
33 shall be no higher than what is reasonably necessary for the local  
34 government to receive its entire annual state contribution in a ten-  
35 month period of time.

36 (2) The tax imposed under subsection (1) of this section shall be  
37 deducted from the amount of tax otherwise required to be collected or



1 paid over to the department under chapter 82.08 or 82.12 RCW. The  
2 department shall perform the collection of such taxes on behalf of the  
3 city, town, or county at no cost to the city, town, or county.

4 (3) No tax may be imposed under this section before July 1, 2007.  
5 Before imposing a tax under this section, the city, town, or county  
6 shall first have received tax allocation revenues (~~((derived from excess  
7 exeise taxes))~~) during the preceding calendar year. The tax imposed  
8 under this section shall expire (~~((when))~~) on the earlier of the date:

9 (a) The tax allocation revenues are no longer used for public  
10 improvements and public improvement costs; (b) the bonds issued under  
11 the authority of chapter 39.100 RCW are retired, (~~((but not more than))~~)  
12 if the bonds are issued; or (c) that is thirty years after the tax is  
13 first imposed.

14 (4) An ordinance adopted by the legislative authority of a city,  
15 town, or county imposing a tax under this section shall provide that:

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

18 (b) The amount of tax received by the local government in any  
19 fiscal year shall not exceed the amount of the state contribution;

20 (c) The tax shall cease to be (~~((imposed))~~) distributed for the  
21 remainder of any fiscal year in which either:

22 (i) The amount of tax (~~((receipts))~~) distributions totals the amount  
23 of the state contribution;

24 (ii) The amount of tax (~~((receipts))~~) distributions totals the amount  
25 of (~~((the))~~) local public sources, (~~((as that term is used in RCW  
26 82.14.470,))~~) dedicated in the previous calendar year to finance public  
27 improvements authorized under chapter 39.100 RCW, expended in the  
28 previous year for public improvement costs or used to pay for other  
29 bonds issued to pay for public improvements; or

30 (iii) The amount of revenue from taxes imposed under this section  
31 by all cities, towns, and counties totals the annual state credit limit  
32 as provided in RCW 82.32.700(3);

33 (d) The tax shall be (~~((reimposed))~~) distributed again, should it  
34 cease to be (~~((imposed))~~) distributed for any of the reasons provided in  
35 (c) of this subsection, at the beginning of the next fiscal year,  
36 subject to the restrictions in this section; and

37 (e) Any revenue generated by the tax in excess of the amounts

1 specified in ~~((a))~~ (b)~~((c))~~ and (c) of this subsection shall belong  
2 to the state of Washington.

3 (5) If both a county and a city or town impose a tax under this  
4 section, the tax imposed by the city, town, or county shall be credited  
5 as follows:

6 (a) If the county has created a benefit zone before the city or  
7 town, the tax imposed by the county shall be credited against the tax  
8 imposed by the city or town, the purpose of such credit is to give  
9 priority to the county tax; and

10 (b) If the city or town has created a benefit zone before the  
11 county, the tax imposed by the city or town shall be credited against  
12 the tax imposed by the county, the purpose of such credit is to give  
13 priority to the city or town tax.

14 (6) The department shall determine the amount of tax ~~((receipts))~~  
15 distributions attributable to each city, town, and county imposing a  
16 sales and use tax under this section and shall advise a city, town, or  
17 county when ~~((it must cease imposing))~~ the tax will cease to be  
18 distributed for the remainder of the fiscal year as provided in  
19 subsection (4)(c) of this section. Determinations by the department of  
20 the amount of taxes attributable to a city, town, or county are final  
21 and shall not be used to challenge the validity of any tax imposed  
22 under this section. The department shall remit any tax ~~((receipts))~~  
23 revenues in excess of the amounts specified in subsection (4)~~((a))~~  
24 (b)~~((c))~~ and (c) of this section to the state treasurer who shall  
25 deposit the moneys in the general fund.

26 (7) The definitions in this subsection apply throughout this  
27 section and RCW 82.14.470 unless the context clearly requires  
28 otherwise.

29 (a) "Base year" means the calendar year immediately following the  
30 creation of a benefit zone.

31 (b) "Benefit zone" has the same meaning as provided in RCW  
32 39.100.010.

33 (c) "Excess local excise taxes" has the same meaning as provided in  
34 RCW 39.100.050.

35 (d) "Excess state excise taxes" means the amount of excise taxes  
36 received by the state during the measurement year from taxable activity  
37 within the benefit zone over and above the amount of excise taxes  
38 received by the state during the base year from taxable activity within

1 the benefit zone. However, if a local government creates the benefit  
2 zone and reasonably determines that no activity subject to tax under  
3 chapters 82.08 and 82.12 RCW occurred in the twelve months immediately  
4 preceding the creation of the benefit zone within the boundaries of the  
5 area that became the benefit zone, "excess state excise taxes" means  
6 the entire amount of state excise taxes (~~((received by))~~) the state  
7 receives during a calendar year period beginning with the calendar year  
8 immediately following the creation of the benefit zone and continuing  
9 with each measurement year thereafter.

10 (e) "State excise taxes" means (~~(the))~~) revenues derived from state  
11 retail sales and use taxes (~~((imposed))~~) under chapters 82.08 and 82.12  
12 RCW, less the amount of tax distributions from all local retail sales  
13 and use taxes imposed on the same taxable events that are credited  
14 against the state retail sales and use taxes under chapters 82.08 and  
15 82.12 RCW except for the local tax authorized in this section.

16 (f) "Fiscal year" has the same meaning as provided in RCW  
17 39.100.030.

18 (g) "Measurement year" means a calendar year, beginning with the  
19 calendar year following the base year and each calendar year  
20 thereafter, that is used annually to measure the amount of excess state  
21 excise taxes and excess local excise taxes (~~((required to be used to~~  
22 ~~finance public improvement costs associated with public improvements~~  
23 ~~financed in whole or in part by hospital benefit zone financing))~~).

24 (h) "State contribution" means the lesser of two million dollars or  
25 an amount equal to excess state excise taxes received by the state  
26 during the preceding calendar year.

27 (i) "Tax allocation revenues" has the same meaning as provided in  
28 RCW 39.100.010.

29 (j) "Public improvements" and "public improvement costs" have the  
30 same meanings as provided in RCW 39.100.010.

31 (k) "Local public sources" includes, but is not limited to, private  
32 monetary contributions, assessments, dedicated local government funds,  
33 and tax allocation revenues. "Local public sources" does not include  
34 local government funds derived from any state loan or state grant, any  
35 local tax that is credited against the state sales and use taxes, or  
36 any other state funds.

1       **Sec. 8.** RCW 82.14.470 and 2006 c 111 s 8 are each amended to read  
2 as follows:

3       (1)(a)(i) Moneys collected from the taxes imposed under RCW  
4 82.14.465 shall be used only for the following purposes (~~(of)~~):

5       (A) Principal and interest payments on bonds issued under the  
6 authority of RCW 39.100.060 (~~(and)~~);

7       (B) Principal and interest payments on other bonds issued by the  
8 local government to finance public improvements; or

9       (C) Payments for public improvement costs.

10       (ii) Moneys collected and used as provided in (a)(i) of this  
11 subsection must be matched with an amount from local public sources  
12 dedicated through December 31st of the previous calendar year to  
13 finance public improvements authorized under chapter 39.100 RCW.  
14 (~~(Such local public sources include but are not limited to private~~  
15 ~~monetary contributions and tax allocation revenues.)~~)

16       (b) Local public sources are dedicated to finance public  
17 improvements if they: (i) Are actually expended to pay public  
18 improvement costs or debt service on bonds issued for public  
19 improvements; or (ii) are required by law or an agreement to be used  
20 exclusively to pay public improvement costs or debt service on bonds  
21 issued for public improvements.

22       (2) A local government shall inform the department by the first day  
23 of March of the amount of local public sources dedicated in the  
24 preceding calendar year to finance public improvements authorized under  
25 chapter 39.100 RCW.

26       (3) If a local government fails to comply with subsection (2) of  
27 this section, no tax may be imposed under RCW 82.14.465 in the  
28 subsequent fiscal year.

29       (4) A local government shall provide a report to the department and  
30 the state auditor by March 1st of each year. A local government shall  
31 make a good faith effort to provide information required for the  
32 report.

33       The report shall contain the following information:

34       (a) The amount of tax allocation revenues, taxes under RCW  
35 82.14.465, and local public sources received by the local government  
36 during the preceding calendar year, and a summary of how these revenues  
37 were expended; and

1 (b) The names of any businesses (~~(locating)~~) known to the local  
2 government that have located within the benefit zone as a result of the  
3 public improvements undertaken by the local government and financed in  
4 whole or in part with hospital benefit zone financing( (+

5 ~~(c) The total number of permanent jobs created as a result of the~~  
6 ~~public improvements undertaken by the local government and financed in~~  
7 ~~whole or in part with hospital benefit zone financing; and~~

8 ~~(d) The average wages and benefits received by all employees of~~  
9 ~~businesses locating within the benefit zone as a result of the public~~  
10 ~~improvements undertaken by the local government and financed in whole~~  
11 ~~or in part with hospital benefit zone financing)).~~

12 (5) The department shall make a report available to the public and  
13 the legislature by June 1st of each year. The report shall include a  
14 list of public improvements undertaken by local governments and  
15 financed in whole or in part with hospital benefit zone financing, and  
16 it shall also include a summary of the information provided to the  
17 department by local governments under subsection (4) of this section.

18 ~~((6) The definitions in this subsection apply throughout this~~  
19 ~~section unless the context clearly requires otherwise.~~

20 ~~(a) "Public improvement costs" has the same meaning as in RCW~~  
21 ~~39.100.010.~~

22 ~~(b) "Tax allocation revenues" has the same meaning as provided in~~  
23 ~~RCW 39.100.010.))~~

24 **Sec. 9.** RCW 82.32.700 and 2006 c 111 s 9 are each amended to read  
25 as follows:

26 (1) As a condition to imposing a sales and use tax under RCW  
27 82.14.465, a city, town, or county must apply to the department at  
28 least seventy-five days before the effective date of any such tax. The  
29 application shall be in a form and manner prescribed by the department  
30 and shall include but is not limited to information establishing that  
31 the applicant is eligible to impose such a tax, the anticipated  
32 effective date for imposing the tax, the estimated number of years that  
33 the tax will be imposed, and the estimated amount of tax revenue to be  
34 received in each fiscal year that the tax will be imposed. For  
35 purposes of this section, "fiscal year" means the year beginning July  
36 1st and ending the following June 30th. The department shall make  
37 available forms to be used for this purpose. As part of the

1 application, a city, town, or county must provide to the department a  
2 copy of the ordinance creating the benefit zone as required in RCW  
3 39.100.040. The department shall rule on completed applications within  
4 sixty days of receipt. The department may begin accepting and  
5 approving applications August 1, 2006. No new applications shall be  
6 considered by the department after the thirtieth day of September of  
7 the third year following the year in which the first application was  
8 received by the department.

9 (2) The authority to impose the local option sales and use taxes  
10 under RCW 82.14.465 is on a first-come basis. Priority for collecting  
11 the taxes authorized under RCW 82.14.465 among approved applicants  
12 shall be based on the date that the approved application was received  
13 by the department. As a part of the approval of applications under  
14 this section, the department shall approve the amount of tax under RCW  
15 82.14.465 that an applicant may impose. The amount of tax approved by  
16 the department shall not exceed the lesser of two million dollars or  
17 the average amount of tax revenue that the applicant estimates that it  
18 will receive in all fiscal years through the imposition of a sales and  
19 use tax under RCW 82.14.465. A city, town, or county shall not  
20 receive, in any fiscal year, more revenues from taxes imposed under RCW  
21 82.14.465 than the amount approved by the department. The department  
22 shall not approve the receipt of more credit against the state sales  
23 and use tax than is authorized under subsection (3) of this section.

24 (3) No more than two million dollars of credit against the state  
25 sales and use tax provided for under RCW 82.14.465(2), may be received  
26 in any fiscal year by all cities, towns, and counties imposing a tax  
27 under RCW 82.14.465.

28 (4)(a) The credit against the state sales and use tax shall be  
29 available to any city, town, or county imposing a tax under RCW  
30 82.14.465 only as long as the city, town, or county has outstanding  
31 indebtedness under ((RCW 82.14.465)) chapter 39.100 RCW or the tax  
32 allocation revenues are used for public improvement costs, but in no  
33 case shall the credit be available for more than thirty years after the  
34 tax is first imposed by the city, town, or county.

35 (b) Local governments may pledge any receipts from taxes levied and  
36 collected under chapter 39.100 RCW and RCW 82.14.465 to the repayment  
37 of its bonds or bond anticipation notes. A local government shall  
38 notify the department when all outstanding indebtedness secured in

1 whole or in part from receipts is no longer outstanding or tax  
2 allocation revenues are no longer used for public improvement costs,  
3 and the credit provided for under RCW 82.14.465 shall be terminated.

4 (5) The department may adopt any rules under chapter 34.05 RCW it  
5 considers necessary for the administration of chapter 39.100 RCW.

6 NEW SECTION. **Sec. 10.** This act applies retroactively to July 1,  
7 2006.

1        NEW SECTION.    **Sec. 11.**    This act is necessary for the immediate  
2    preservation of the public peace, health, or safety, or support of the  
3    state government and its existing public institutions, and takes effect  
4    July 1, 2007.

      Passed by the Senate April 16, 2007.

      Passed by the House April 4, 2007.

      Approved by the Governor May 2, 2007.

      Filed in Office of Secretary of State May 3, 2007.