SENATE BILL REPORT
SB 6056

As of February 24, 2009

Title: An act relating to the use of the local infrastructure financing tool for downtown development and redevelopment.

Brief Description: Concerning the use of the local infrastructure financing tool for downtown development and redevelopment.

Sponsors: Senators Kauffman and Marr.

Brief History:
Committee Activity: Economic Development, Trade & Innovation: 2/25/09.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Jack Brummel (786-7428)

Background: Tax increment financing is a method of directing increased tax revenues within a geographic area to pay off the bonds issued to finance the construction of a public investment project within that area. In 2006 the Legislature created a new form of tax increment financing, the Local Infrastructure Financing Tool (LIFT) program, to encourage private investment in community revitalization areas. The LIFT program assists local governments in making public improvements, such as streets, sidewalks, traffic controls, and parking. Public improvement projects in designated areas, called revenue development areas, are financed through a local sales and use tax that is credited against the state sales and use tax and matched with an equivalent amount of local funds, such as the increased receipts from local sales/use and property taxes in a revenue development area.

A jurisdiction sponsoring LIFT project can be a city, town, county, or federally-recognized Indian tribe. The maximum state contribution is capped at $1 million per year per project. State sales taxes cannot be diverted for more than 25 years.

The maximum statewide contribution for all of the LIFT projects is capped at $7.5 million per year ($2.5 million for demonstration projects, $5 million for competitive projects). Nine projects have been awarded under the LIFT program. Three of them are demonstration projects designated by the Legislature and six of them were approved through two competitive application processes administered by the Community Economic Revitalization Board (CERB) in 2007 and 2008.

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.

The CERB may not approve use of the LIFT within more than one revenue development area per county, with two exceptions: cities that are located in more than one county, and counties that contain a demonstration project.

There is currently no statutory provision for applications for LIFT financing beyond 2008. The expiration date for the LIFT program is June 30, 2039.

Summary of Bill: The annual statewide contribution for LIFT competitive projects is increased by $3 million to $10.5 million.

The general restriction on the CERB approving the use of the LIFT in more than one revenue development area per county is removed.

LIFT competitive application processes are authorized for calendar years 2010 and 2011. For each application "round," all applications must be received by the CERB by June 1 and approved by September 30. For calendar year 2010, no more than $1.5 million can be awarded. For projects not receiving awards in 2010, sponsoring and cosponsoring local governments may apply again in 2011.

Projects approved on or after July 1, 2009, may only be used for downtown development or redevelopment projects in cities with less than 100,000 population that are planning under the Growth Management Act.

The expiration date for the LIFT program is extended by five years to June 30, 2044.

Appropriation: None.

Fiscal Note: Requested on February 24, 2009.

Committee/Commission/Task Force Created: No.

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