

E2SHB 1306 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/27/2013

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 39.102
4 RCW to read as follows:

5 This chapter expires June 30, 2044.

6 NEW SECTION. **Sec. 2.** RCW 39.102.904 (Expiration date--2006 c 181)
7 and 2006 c 181 s 707 are each repealed.

8 **Sec. 3.** RCW 82.14.475 and 2010 c 164 s 12 are each amended to read
9 as follows:

10 (1) A sponsoring local government, and any cosponsoring local
11 government, that has been approved by the board to use local
12 infrastructure financing may impose a sales and use tax in accordance
13 with the terms of this chapter and subject to the criteria set forth in
14 this section. Except as provided in this section, the tax is in
15 addition to other taxes authorized by law and is collected from those
16 persons who are taxable by the state under chapters 82.08 and 82.12 RCW
17 upon the occurrence of any taxable event within the taxing jurisdiction
18 of the sponsoring local government or cosponsoring local government.

19 (2) The tax authorized under subsection (1) of this section is
20 credited against the state taxes imposed under RCW 82.08.020(1) and
21 82.12.020 at the rate provided in RCW 82.08.020(1). The department
22 must perform the collection of such taxes on behalf of the sponsoring
23 local government or cosponsoring local government at no cost to the
24 sponsoring local government or cosponsoring local government and must
25 remit the taxes as provided in RCW 82.14.060.

26 (3) The aggregate rate of tax imposed by the sponsoring local
27 government, and any cosponsoring local government, must not exceed the
28 lesser of:

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

2 (i) The aggregate rates of all other local sales and use taxes

3 imposed by any taxing authority on the same taxable events;

4 (ii) The aggregate rates of all taxes under RCW 82.14.465 and this

5 section that are authorized to be imposed on the same taxable events

6 but have not yet been imposed by a sponsoring local government or

7 cosponsoring local government that has been approved by the department

8 or the community economic revitalization board to receive a state

9 contribution under chapter 39.100 or 39.102 RCW; and

10 (iii) The percentage amount of distributions required under RCW

11 82.08.020(5) multiplied by the rate of state taxes imposed under RCW

12 82.08.020(1); and

13 (b) The rate, as determined by the sponsoring local government, and

14 any cosponsoring local government, in consultation with the department,

15 reasonably necessary to receive the state contribution over ten months.

16 (4) Sponsoring local governments that have been approved before

17 October 1, 2008, by the community economic revitalization board for a

18 state contribution must select the rate of tax under this section no

19 later than September 1, 2009.

20 (5) The department, upon request, must assist a sponsoring local

21 government and cosponsoring local government in establishing their tax

22 rate in accordance with subsection (3) of this section. Once the rate

23 of tax is selected, it may not be increased.

24 (6)(a) No tax may be imposed under the authority of this section:

25 (i) Before July 1st of the second calendar year following the year

26 approval by the board under RCW 39.102.040 was made; and

27 (ii) Until a sponsoring local government reports to the board and

28 the department as required by RCW 39.102.140 that the state has

29 benefited through the receipt of state excise tax allocation revenues

30 or state property tax allocation revenues, or both.

31 (b) The tax imposed under this section expires when all

32 indebtedness issued under the authority of RCW 39.102.150 is retired

33 and all other contractual obligations relating to the financing of

34 public improvements under chapter 39.102 RCW are satisfied, but not

35 more than twenty-five years after the tax is first imposed.

36 (7) An ordinance adopted by the legislative authority of a

37 sponsoring local government or cosponsoring local government imposing

38 a tax under this section must provide that:

1 (a) The tax is first imposed on the first day of a fiscal year;

2 (b) The cumulative amount of tax received by the sponsoring local
3 government, and any cosponsoring local government, in any fiscal year
4 may not exceed the amount of the state contribution;

5 (c) The tax will cease to be distributed for the remainder of any
6 fiscal year in which either:

7 (i) The amount of tax received by the sponsoring local government,
8 and any cosponsoring local government, equals the amount of the state
9 contribution;

10 (ii) The amount of revenue from taxes imposed under this section by
11 all sponsoring and cosponsoring local governments equals the annual
12 state contribution limit; or

13 (iii) The amount of tax received by the sponsoring local government
14 equals the amount of project award granted in the approval notice
15 described in RCW 39.102.040;

16 (d) Neither the local excise tax allocation revenues nor the local
17 property tax allocation revenues may constitute more than eighty
18 percent of the total local funds as described in RCW 39.102.020(~~(+28)~~)
19 (29)(b). This requirement applies beginning January 1st of the fifth
20 calendar year after the calendar year in which the sponsoring local
21 government begins allocating local excise tax allocation revenues under
22 RCW 39.102.110;

23 (e) The tax must be distributed again, should it cease to be
24 distributed for any of the reasons provided in (c) of this subsection,
25 at the beginning of the next fiscal year, subject to the restrictions
26 in this section; and

27 (f) Any revenue generated by the tax in excess of the amounts
28 specified in (c) of this subsection belongs to the state of Washington.

29 (8) If a county and city cosponsor a revenue development area, the
30 combined amount of distributions received by both the city and county
31 may not exceed the state contribution.

32 (9) The department must determine the amount of tax receipts
33 distributed to each sponsoring local government, and any cosponsoring
34 local government, imposing sales and use tax under this section and
35 shall advise a sponsoring or cosponsoring local government when tax
36 distributions for the fiscal year equal the amount of state
37 contribution for that fiscal year as provided in subsection (11) of
38 this section. Determinations by the department of the amount of tax

1 distributions attributable to each sponsoring or cosponsoring local
2 government are final and may not be used to challenge the validity of
3 any tax imposed under this section. The department must remit any tax
4 receipts in excess of the amounts specified in subsection (7)(c) of
5 this section to the state treasurer who must deposit the money in the
6 general fund.

7 (10) If a sponsoring or cosponsoring local government fails to
8 comply with RCW 39.102.140, no tax may be distributed in the subsequent
9 fiscal year until such time as the sponsoring or cosponsoring local
10 government complies and the department calculates the state
11 contribution amount for such fiscal year.

12 (11) Each year, the amount of taxes approved by the department for
13 distribution to a sponsoring or cosponsoring local government in the
14 next fiscal year must be equal to the state contribution and may be no
15 more than the total local funds as described in RCW 39.102.020(~~(+28)~~)
16 (29)(b). The department must consider information from reports
17 described in RCW 39.102.140 when determining the amount of state
18 contributions for each fiscal year. The department's determination of
19 the amount of the state contribution is final and conclusive, and may
20 not be changed once such determination is made and such contribution is
21 distributed to the sponsoring or cosponsoring local government, unless
22 the department subsequently determines that local revenue information
23 contained in a report described in RCW 39.102.140 differs from the
24 actual dedicated local revenue. If a discrepancy is found, the
25 department must adjust its determination accordingly. A sponsoring or
26 cosponsoring local government may not receive, in any fiscal year, more
27 revenues from taxes imposed under the authority of this section than
28 the amount approved annually by the department. The department may not
29 approve the receipt of more distributions of sales and use tax under
30 this section to a sponsoring or cosponsoring local government than is
31 authorized under subsection (7) of this section.

32 (12) The amount of tax distributions received from taxes imposed
33 under the authority of this section by all sponsoring and cosponsoring
34 local governments is limited annually to not more than seven million
35 five hundred thousand dollars.

36 (13) The definitions in RCW 39.102.020 apply to this section unless
37 the context clearly requires otherwise.

1 (14) If a sponsoring local government is a federally recognized
2 Indian tribe, the distribution of the sales and use tax authorized
3 under this section must be authorized through an interlocal agreement
4 pursuant to chapter 39.34 RCW.

5 (15) Subject to RCW 39.102.195, the tax imposed under the authority
6 of this section may be applied either to provide for the payment of
7 debt service on bonds issued under RCW 39.102.150 by the sponsoring
8 local government or to pay public improvement costs on a pay-as-you-go
9 basis, or both.

10 (16) The tax imposed under the authority of this section must cease
11 to be imposed if the sponsoring local government or cosponsoring local
12 government (~~((fails to issue indebtedness under the authority of RCW
13 39.102.150, and))~~) fails to commence construction on public
14 improvements(~~((τ))~~) by June (~~((30th of the fifth fiscal year in which the
15 local tax authorized under this section is imposed))~~) 30, 2017.

16 (17) For purposes of this section, the following definitions apply:

17 (a) "Local sales and use taxes" means sales and use taxes imposed
18 by cities, counties, public facilities districts, and other local
19 governments under the authority of this chapter, chapter 67.28 or 67.40
20 RCW, or any other chapter, and that are credited against the state
21 sales and use taxes.

22 (b) "State sales and use taxes" means the tax imposed in RCW
23 82.08.020(1) and the tax imposed in RCW 82.12.020 at the rate provided
24 in RCW 82.08.020(1).

25 (18) This section expires June 30, 2044.

26 **Sec. 4.** RCW 39.102.150 and 2009 c 267 s 6 are each amended to read
27 as follows:

28 (1) A sponsoring local government that has designated a revenue
29 development area and instead of paying public improvement costs on a
30 pay-as-you-go basis has been authorized the use of local infrastructure
31 financing may incur general indebtedness, including issuing general
32 obligation bonds, to finance the public improvements and retire the
33 indebtedness in whole or in part from local excise tax allocation
34 revenues, local property tax allocation revenues, and sales and use
35 taxes imposed under the authority of RCW 82.14.475 that it receives,
36 subject to the following requirements:

1 (a)(i) The ordinance adopted by the sponsoring local government and
2 authorizing the use of local infrastructure financing indicates an
3 intent to incur this indebtedness and the maximum amount of this
4 indebtedness that is contemplated; and

5 (ii) The sponsoring local government includes this statement of the
6 intent in all notices required by RCW 39.102.100; or

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

11 (2)(a) Except as provided in (b) of this subsection, the general
12 indebtedness incurred under subsection (1) of this section may be
13 payable from other tax revenues, the full faith and credit of the local
14 government, and nontax income, revenues, fees, and rents from the
15 public improvements, as well as contributions, grants, and nontax money
16 available to the local government for payment of costs of the public
17 improvements or associated debt service on the general indebtedness.

18 (b) A sponsoring local government that issues bonds under this
19 section (~~shall~~) may not pledge any money received from the state of
20 Washington for the payment of such bonds, other than the local sales
21 and use taxes imposed under the authority of RCW 82.14.475 and
22 collected by the department.

23 (3) In addition to the requirements in subsection (1) of this
24 section, a sponsoring local government designating a revenue
25 development area and authorizing the use of local infrastructure
26 financing may require the nonpublic participant to provide adequate
27 security to protect the public investment in the public improvement
28 within the revenue development area.

29 (4) Bonds issued under this section (~~shall~~) must be authorized by
30 ordinance of the governing body of the sponsoring local government and
31 may be issued in one or more series and (~~shall~~) must bear such date
32 or dates, be payable upon demand or mature at such time or times, bear
33 interest at such rate or rates, be in such denomination or
34 denominations, be in such form either coupon or registered as provided
35 in RCW 39.46.030, carry such conversion or registration privileges,
36 have such rank or priority, be executed in such manner, be payable in
37 such medium of payment, at such place or places, and be subject to such

1 terms of redemption with or without premium, be secured in such manner,
2 and have such other characteristics, as may be provided by such
3 ordinance or trust indenture or mortgage issued pursuant thereto.

4 (5) The sponsoring local government may annually pay into a fund to
5 be established for the benefit of bonds issued under this section a
6 fixed proportion or a fixed amount of any local excise tax allocation
7 revenues and local property tax allocation revenues derived from
8 property or business activity within the revenue development area
9 containing the public improvements funded by the bonds, such payment to
10 continue until all bonds payable from the fund are paid in full. The
11 local government may also annually pay into the fund established in
12 this section a fixed proportion or a fixed amount of any revenues
13 derived from taxes imposed under RCW 82.14.475, such payment to
14 continue until all bonds payable from the fund are paid in full.
15 Revenues derived from taxes imposed under RCW 82.14.475 are subject to
16 the use restriction in RCW 39.102.130.

17 (6) In case any of the public officials of the sponsoring local
18 government whose signatures appear on any bonds or any coupons issued
19 under this chapter (~~shall~~) cease to be such officials before the
20 delivery of such bonds, such signatures (~~shall~~), nevertheless, (~~be~~)
21 are valid and sufficient for all purposes, the same as if such
22 officials had remained in office until such delivery. Any provision of
23 any law to the contrary notwithstanding, any bonds issued under this
24 chapter are fully negotiable.

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

28 **Sec. 5.** RCW 39.102.140 and 2009 c 518 s 12 and 2009 c 267 s 5 are
29 each reenacted and amended to read as follows:

30 (1) A sponsoring local government shall provide a report to the
31 board and the department by March 1st of each year. The report shall
32 contain the following information:

33 (a) The amount of local excise tax allocation revenues, local
34 property tax allocation revenues, other revenues from local public
35 sources, and taxes under RCW 82.14.475 received by the sponsoring local
36 government, cosponsoring local government, or any participating local
37 government during the preceding calendar year that were dedicated to

1 pay the public improvements financed in whole or in part with local
2 infrastructure financing, and a summary of how these revenues were
3 expended;

4 (b) The names of any businesses locating within the revenue
5 development area as a result of the public improvements undertaken by
6 the sponsoring local government and financed in whole or in part with
7 local infrastructure financing;

8 (c) The total number of permanent jobs created in the revenue
9 development area as a result of the public improvements undertaken by
10 the sponsoring local government and financed in whole or in part with
11 local infrastructure financing;

12 (d) The average wages and benefits received by all employees of
13 businesses locating within the revenue development area as a result of
14 the public improvements undertaken by the sponsoring local government
15 and financed in whole or in part with local infrastructure financing;

16 (e) That the sponsoring local government is in compliance with RCW
17 39.102.070; and

18 (f) Beginning with the reports due March 1, 2010, the following
19 must also be included:

20 (i) A list of public improvements financed on a pay-as-you-go basis
21 in previous calendar years and by indebtedness issued under this
22 chapter;

23 (ii) The date when any indebtedness issued under this chapter is
24 expected to be retired;

25 (iii) At least once every three years, updated estimates of state
26 excise tax allocation revenues, state property tax allocation revenues,
27 and local excise tax increments, as determined by the sponsoring local
28 government, that are estimated to have been received by the state, any
29 participating local government, sponsoring local government, and
30 cosponsoring local government, since the approval of the project award
31 under RCW 39.102.040 by the board; and

32 (iv) Any other information required by the department or the board
33 to enable the department or the board to fulfill its duties under this
34 chapter and RCW 82.14.475.

35 (2) The board shall make a report available to the public and the
36 legislature by June 1st of each even-numbered year. The report shall
37 include a list of public improvements undertaken by sponsoring local
38 governments and financed in whole or in part with local infrastructure

1 financing and it shall also include a summary of the information
2 provided to the department by sponsoring local governments under
3 subsection (1) of this section.

4 (3) The department, upon request, must assist a sponsoring local
5 government in estimating the amount of state excise tax allocation
6 revenues and local excise tax increments required in subsection
7 (1)(f)(iii) of this section.

8 **Sec. 6.** RCW 39.102.020 and 2010 c 164 s 11 are each amended to
9 read as follows:

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

12 (1) "Annual state contribution limit" means seven million five
13 hundred thousand dollars statewide per fiscal year.

14 (2) "Assessed value" means the valuation of taxable real property
15 as placed on the last completed assessment roll.

16 (3) "Board" means the community economic revitalization board under
17 chapter 43.160 RCW.

18 (4) "Dedicated" means pledged, set aside, allocated, received,
19 budgeted, or otherwise identified.

20 (5) "Demonstration project" means one of the following projects:

21 (a) Bellingham waterfront redevelopment project;

22 (b) Spokane river district project at Liberty Lake; and

23 (c) Vancouver riverwest project; and

24 (d) Spokane County Kendall Yards Urban Development Project.

25 ~~((+5))~~ (6) "Department" means the department of revenue.

26 ~~((+6))~~ (7) "Fiscal year" means the twelve-month period beginning
27 July 1st and ending the following June 30th.

28 ~~((+7))~~ (8) "Local excise tax allocation revenue" means an amount
29 of local excise taxes equal to some or all of the sponsoring local
30 government's local excise tax increment, amounts of local excise taxes
31 equal to some or all of any participating local government's excise tax
32 increment as agreed upon in the written agreement under RCW
33 39.102.080(1), or both, and dedicated to local infrastructure
34 financing.

35 ~~((+8))~~ (9) "Local excise tax increment" means an amount equal to
36 the estimated annual increase in local excise taxes in each calendar
37 year following the approval of the revenue development area by the

1 board from taxable activity within the revenue development area, as set
2 forth in the application provided to the board under RCW 39.102.040,
3 and updated in accordance with RCW 39.102.140(1)(f).

4 ~~((+9))~~ (10) "Local excise taxes" means local revenues derived from
5 the imposition of sales and use taxes authorized in RCW 82.14.030.

6 ~~((+10))~~ (11) "Local government" means any city, town, county, port
7 district, and any federally recognized Indian tribe.

8 ~~((+11))~~ (12) "Local infrastructure financing" means the use of
9 revenues received from local excise tax allocation revenues, local
10 property tax allocation revenues, other revenues from local public
11 sources, and revenues received from the local option sales and use tax
12 authorized in RCW 82.14.475, dedicated to pay either the principal and
13 interest on bonds authorized under RCW 39.102.150 or to pay public
14 improvement costs on a pay-as-you-go basis subject to RCW 39.102.195,
15 or both.

16 ~~((+12))~~ (13) "Local property tax allocation revenue" means those
17 tax revenues derived from the receipt of regular property taxes levied
18 on the property tax allocation revenue value and used for local
19 infrastructure financing.

20 ~~((+13))~~ (14) "Low-income housing" means residential housing for
21 low-income persons or families who lack the means which is necessary to
22 enable them, without financial assistance, to live in decent, safe, and
23 sanitary dwellings, without overcrowding. For the purposes of this
24 subsection, "low income" means income that does not exceed eighty
25 percent of the median family income for the standard metropolitan
26 statistical area in which the revenue development area is located.

27 ~~((+14))~~ (15) "Ordinance" means any appropriate method of taking
28 legislative action by a local government.

29 ~~((+15))~~ (16) "Participating local government" means a local
30 government having a revenue development area within its geographic
31 boundaries that has entered into a written agreement with a sponsoring
32 local government as provided in RCW 39.102.080 to allow the use of all
33 or some of its local excise tax allocation revenues or other revenues
34 from local public sources dedicated for local infrastructure financing.

35 ~~((+16))~~ (17) "Participating taxing district" means a local
36 government having a revenue development area within its geographic
37 boundaries that has entered into a written agreement with a sponsoring

1 local government as provided in RCW 39.102.080 to allow the use of some
2 or all of its local property tax allocation revenues or other revenues
3 from local public sources dedicated for local infrastructure financing.

4 ~~((+17))~~ (18) "Property tax allocation revenue base value" means
5 the assessed value of real property located within a revenue
6 development area less the property tax allocation revenue value.

7 ~~((+18))~~ (19)(a)(i) "Property tax allocation revenue value" means
8 seventy-five percent of any increase in the assessed value of real
9 property in a revenue development area resulting from:

10 (A) The placement of new construction, improvements to property, or
11 both, on the assessment roll, where the new construction and
12 improvements are initiated after the revenue development area is
13 approved by the board;

14 (B) The cost of new housing construction, conversion, and
15 rehabilitation improvements, when such cost is treated as new
16 construction for purposes of chapter 84.55 RCW as provided in RCW
17 84.14.020, and the new housing construction, conversion, and
18 rehabilitation improvements are initiated after the revenue development
19 area is approved by the board;

20 (C) The cost of rehabilitation of historic property, when such cost
21 is treated as new construction for purposes of chapter 84.55 RCW as
22 provided in RCW 84.26.070, and the rehabilitation is initiated after
23 the revenue development area is approved by the board.

24 (ii) Increases in the assessed value of real property in a revenue
25 development area resulting from (a)(i)(A) through (C) of this
26 subsection are included in the property tax allocation revenue value in
27 the initial year. These same amounts are also included in the property
28 tax allocation revenue value in subsequent years unless the property
29 becomes exempt from property taxation.

30 (b) "Property tax allocation revenue value" includes seventy-five
31 percent of any increase in the assessed value of new construction
32 consisting of an entire building in the years following the initial
33 year, unless the building becomes exempt from property taxation.

34 (c) Except as provided in (b) of this subsection, "property tax
35 allocation revenue value" does not include any increase in the assessed
36 value of real property after the initial year.

37 (d) There is no property tax allocation revenue value if the

1 assessed value of real property in a revenue development area has not
2 increased as a result of any of the reasons specified in (a)(i)(A)
3 through (C) of this subsection.

4 (e) For purposes of this subsection, "initial year" means:

5 (i) For new construction and improvements to property added to the
6 assessment roll, the year during which the new construction and
7 improvements are initially placed on the assessment roll;

8 (ii) For the cost of new housing construction, conversion, and
9 rehabilitation improvements, when such cost is treated as new
10 construction for purposes of chapter 84.55 RCW, the year when such cost
11 is treated as new construction for purposes of levying taxes for
12 collection in the following year; and

13 (iii) For the cost of rehabilitation of historic property, when
14 such cost is treated as new construction for purposes of chapter 84.55
15 RCW, the year when such cost is treated as new construction for
16 purposes of levying taxes for collection in the following year.

17 (~~(19)~~) (20) "Public improvement costs" means the cost of: (a)
18 Design, planning, acquisition including land acquisition, site
19 preparation including land clearing, construction, reconstruction,
20 rehabilitation, improvement, and installation of public improvements;
21 (b) demolishing, relocating, maintaining, and operating property
22 pending construction of public improvements; (c) the local government's
23 portion of relocating utilities as a result of public improvements; (d)
24 financing public improvements, including interest during construction,
25 legal and other professional services, taxes, insurance, principal and
26 interest costs on general indebtedness issued to finance public
27 improvements, and any necessary reserves for general indebtedness; (e)
28 assessments incurred in revaluing real property for the purpose of
29 determining the property tax allocation revenue base value that are in
30 excess of costs incurred by the assessor in accordance with the
31 revaluation plan under chapter 84.41 RCW, and the costs of apportioning
32 the taxes and complying with this chapter and other applicable law; (f)
33 administrative expenses and feasibility studies reasonably necessary
34 and related to these costs; and (g) any of the above-described costs
35 that may have been incurred before adoption of the ordinance
36 authorizing the public improvements and the use of local infrastructure
37 financing to fund the costs of the public improvements.

38 (~~(20)~~) (21) "Public improvements" means:

1 (a) Infrastructure improvements within the revenue development area
2 that include:

3 (i) Street, bridge, and road construction and maintenance,
4 including highway interchange construction;

5 (ii) Water and sewer system construction and improvements,
6 including wastewater reuse facilities;

7 (iii) Sidewalks, traffic controls, and streetlights;

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

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

10 (vi) Park facilities and recreational areas, including trails; and

11 (vii) Storm water and drainage management systems;

12 (b) Expenditures for facilities and improvements that support
13 affordable housing as defined in RCW 43.63A.510.

14 (~~(+21+)~~) (22) "Real property" has the same meaning as in RCW
15 84.04.090 and also includes any privately owned improvements located on
16 publicly owned land that are subject to property taxation.

17 (~~(+22+)~~) (23) "Regular property taxes" means regular property taxes
18 as defined in RCW 84.04.140, except: (a) Regular property taxes levied
19 by public utility districts specifically for the purpose of making
20 required payments of principal and interest on general indebtedness;
21 (b) regular property taxes levied by the state for the support of the
22 common schools under RCW 84.52.065; and (c) regular property taxes
23 authorized by RCW 84.55.050 that are limited to a specific purpose.
24 "Regular property taxes" do not include excess property tax levies that
25 are exempt from the aggregate limits for junior and senior taxing
26 districts as provided in RCW 84.52.043.

27 (~~(+23+)~~) (24) "Relocating a business" means the closing of a
28 business and the reopening of that business, or the opening of a new
29 business that engages in the same activities as the previous business,
30 in a different location within a one-year period, when an individual or
31 entity has an ownership interest in the business at the time of closure
32 and at the time of opening or reopening. "Relocating a business" does
33 not include the closing and reopening of a business in a new location
34 where the business has been acquired and is under entirely new
35 ownership at the new location, or the closing and reopening of a
36 business in a new location as a result of the exercise of the power of
37 eminent domain.

1 (~~(24)~~) (25) "Revenue development area" means the geographic area
2 adopted by a sponsoring local government and approved by the board,
3 from which local excise and property tax allocation revenues are
4 derived for local infrastructure financing.

5 (~~(25)~~) (26)(a) "Revenues from local public sources" means:

6 (i) Amounts of local excise tax allocation revenues and local
7 property tax allocation revenues, dedicated by sponsoring local
8 governments, participating local governments, and participating taxing
9 districts, for local infrastructure financing; and

10 (ii) Any other local revenues, except as provided in (b) of this
11 subsection, including revenues derived from federal and private
12 sources.

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

17 (~~(26)~~) (27) "Small business" has the same meaning as provided in
18 RCW 19.85.020.

19 (~~(27)~~) (28) "Sponsoring local government" means a city, town, or
20 county, and for the purpose of this chapter a federally recognized
21 Indian tribe or any combination thereof, that adopts a revenue
22 development area and applies to the board to use local infrastructure
23 financing.

24 (~~(28)~~) (29) "State contribution" means the lesser of:

25 (a) One million dollars;

26 (b) The total amount of local excise tax allocation revenues, local
27 property tax allocation revenues, and other revenues from local public
28 sources, that are dedicated by a sponsoring local government, any
29 participating local governments, and participating taxing districts, in
30 the preceding calendar year to the payment of principal and interest on
31 bonds issued under RCW 39.102.150 or to pay public improvement costs on
32 a pay-as-you-go basis subject to RCW 39.102.195, or both;

33 (c) The amount of project award granted by the board in the notice
34 of approval to use local infrastructure financing under RCW 39.102.040;
35 or

36 (d) The highest amount of state excise tax allocation revenues and
37 state property tax allocation revenues for any one calendar year as

1 determined by the sponsoring local government and reported to the board
2 and the department as required by RCW 39.102.140.

3 ~~((+29+))~~ (30) "State excise tax allocation revenue" means an amount
4 equal to the annual increase in state excise taxes estimated to be
5 received by the state in each calendar year following the approval of
6 the revenue development area by the board, from taxable activity within
7 the revenue development area as set forth in the application provided
8 to the board under RCW 39.102.040 and periodically updated and reported
9 as required in RCW 39.102.140(1)(f).

10 ~~((+30+))~~ (31) "State excise taxes" means revenues derived from
11 state retail sales and use taxes under RCW 82.08.020(1) and 82.12.020
12 at the rate provided in RCW 82.08.020(1), less the amount of tax
13 distributions from all local retail sales and use taxes, other than the
14 local sales and use taxes authorized by RCW 82.14.475 for the
15 applicable revenue development area, imposed on the same taxable events
16 that are credited against the state retail sales and use taxes under
17 chapters 82.08 and 82.12 RCW.

18 ~~((+31+))~~ (32) "State property tax allocation revenue" means an
19 amount equal to the estimated tax revenues derived from the imposition
20 of property taxes levied by the state for the support of common schools
21 under RCW 84.52.065 on the property tax allocation revenue value, as
22 set forth in the application submitted to the board under RCW
23 39.102.040 and updated annually in the report required under RCW
24 39.102.140(1)(f).

25 ~~((+32+))~~ (33) "Taxing district" means a government entity that
26 levies or has levied for it regular property taxes upon real property
27 located within a proposed or approved revenue development area.

28 NEW SECTION. Sec. 7. A new section is added to chapter 39.102 RCW
29 to read as follows:

30 Notwithstanding RCW 39.102.040 and RCW 39.102.050, the board shall
31 approve an additional demonstration project to be known as the Spokane
32 County Kendall Yards Urban Development Project. The Spokane County
33 Kendall Yards Urban Development Project application must be received by
34 the board no later than July 1, 2014. Spokane County Kendall Yards
35 Urban Development Project award must not exceed three hundred fifty
36 thousand dollars per year. The board must approve by September 15,
37 2014, such demonstration project application submitted by July 1, 2014.

1 **Sec. 8.** RCW 39.102.060 and 2007 c 229 s 4 are each amended to read
2 as follows:

3 The designation of a revenue development area is subject to the
4 following limitations:

5 (1) The taxable real property within the revenue development area
6 boundaries may not exceed one billion dollars in assessed value at the
7 time the revenue development area is designated;

8 (2) The average assessed value per square foot of taxable land
9 within the revenue development area boundaries, as of January 1st of
10 the year the application is submitted to the board under RCW
11 39.102.040, may not exceed seventy dollars at the time the revenue
12 development area is designated;

13 (3) No revenue development area shall have within its geographic
14 boundaries any part of a hospital benefit zone under chapter 39.100 RCW
15 or any part of another revenue development area created under this
16 chapter;

17 (4) A revenue development area is limited to contiguous tracts,
18 lots, pieces, or parcels of land without the creation of islands of
19 property not included in the revenue development area;

20 (5) The boundaries may not be drawn to purposely exclude parcels
21 where economic growth is unlikely to occur;

22 (6) The public improvements financed through local infrastructure
23 financing must be located in the revenue development area;

24 (7) A revenue development area cannot comprise an area containing
25 more than twenty-five percent of the total assessed value of the
26 taxable real property within the boundaries of the sponsoring local
27 government, including any cosponsoring local government, at the time
28 the revenue development area is designated;

29 (8) The boundaries of the revenue development area shall not be
30 changed for the time period that local infrastructure financing is
31 used; and

32 (9)(a) Except as provided in (b) of this subsection, a revenue
33 development area cannot include any part of an increment area created
34 under chapter 39.89 RCW, except those increment areas created prior to
35 January 1, 2006.

36 (b) A revenue development area's boundaries may include all or a
37 portion of an existing increment area if:

1 (i) The state of Washington has loaned money for environmental
2 cleanup in such area in order to stimulate redevelopment of
3 brownfields;

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

6 (iii) The sponsoring local government determines the creation of
7 the revenue development is necessary for redevelopment and protecting
8 the state's investment by increasing property tax revenue.

9 **Sec. 9.** RCW 39.102.120 and 2009 c 267 s 4 are each amended to read
10 as follows:

11 (1) Commencing in the second calendar year following board approval
12 of a revenue development area, except for the Spokane County Kendall
13 Yards Urban Development Project which shall commence January 1, 2016,
14 the county treasurer shall distribute receipts from regular taxes
15 imposed on real property located in the revenue development area as
16 follows:

17 (a) Each participating taxing district and the sponsoring local
18 government shall receive that portion of its regular property taxes
19 produced by the rate of tax levied by or for the taxing district on the
20 property tax allocation revenue base value for that local
21 infrastructure financing project in the taxing district; and

22 (b) The sponsoring local government shall receive an additional
23 portion of the regular property taxes levied by it and by or for each
24 participating taxing district upon the property tax allocation revenue
25 value within the revenue development area. However, if there is no
26 property tax allocation revenue value, the sponsoring local government
27 shall not receive any additional regular property taxes under this
28 subsection (1)(b). The sponsoring local government may agree to
29 receive less than the full amount of the additional portion of regular
30 property taxes under this subsection (1)(b) as long as bond debt
31 service, reserve, and other bond covenant requirements are satisfied,
32 in which case the balance of these tax receipts shall be allocated to
33 the participating taxing districts that levied regular property taxes,
34 or have regular property taxes levied for them, in the revenue
35 development area for collection that year in proportion to their
36 regular tax levy rates for collection that year. The sponsoring local
37 government may request that the treasurer transfer this additional

1 portion of the property taxes to its designated agent. The portion of
2 the tax receipts distributed to the sponsoring local government or its
3 agent under this subsection (1)(b) may only be expended to finance
4 public improvement costs associated with the public improvements
5 financed in whole or in part by local infrastructure financing.

6 (2) The county assessor shall determine the property tax allocation
7 revenue value and property tax allocation revenue base value. This
8 section does not authorize revaluations of real property by the
9 assessor for property taxation that are not made in accordance with the
10 assessor's revaluation plan under chapter 84.41 RCW or under other
11 authorized revaluation procedures.

12 (3) The distribution of local property tax allocation revenue to
13 the sponsoring local government must cease when local property tax
14 allocation revenues are no longer obligated to pay the costs of the
15 public improvements. Any excess local property tax allocation revenues
16 and earnings on such revenues remaining at the time the distribution of
17 local property tax allocation revenue terminates must be returned to
18 the county treasurer and distributed to the participating taxing
19 districts that imposed regular property taxes, or had regular property
20 taxes imposed for it, in the revenue development area for collection
21 that year, in proportion to the rates of their regular property tax
22 levies for collection that year.

23 (4) The allocation to the revenue development area of that portion
24 of the sponsoring local government's and each participating taxing
25 district's regular property taxes levied by or for each taxing district
26 upon the property tax allocation revenue value within that revenue
27 development area is declared to be a public purpose of and benefit to
28 the sponsoring local government and each participating taxing district.

29 (5) The distribution of local property tax allocation revenues
30 pursuant to this section shall not affect or be deemed to affect the
31 rate of taxes levied by or within any sponsoring local government and
32 participating taxing district or the consistency of any such levies
33 with the uniformity requirement of Article VII, section 1 of the state
34 Constitution.

35 (6) This section does not apply to those revenue development areas
36 that include any part of an increment area created under chapter 39.89
37 RCW."

ADOPTED 04/27/2013

1 On page 1, line 2 of the title, after "program;" strike the
2 remainder of the title and insert "amending RCW 82.14.475, 39.102.150,
3 39.102.020, 39.102.060, and 39.102.120; reenacting and amending RCW
4 39.102.140; adding new sections to chapter 39.102 RCW; repealing RCW
5 39.102.904; and providing expiration dates."

EFFECT: Adds the Spokane County Kendall Yards Urban Development Project to list of the demonstration projects to be funded under the lift program.

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