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**Technology & Economic Development  
Committee**

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**HB 1265**

**Brief Description:** Creating a bond issuance exemption for qualifying local revitalization financing projects.

**Sponsors:** Representatives Fey, Kochmar, Jinkins and Gregory.

**Brief Summary of Bill**

- Eliminates the requirement that a city or county issue bonds for certain Local Revitalization Financing program demonstration projects.

**Hearing Date:** 1/28/15

**Staff:** Kirsten Lee (786-7133).

**Background:**

Local Revitalization Financing Program.

In 2009 the Legislature created the Local Revitalization Financing program (LRF). The LRF program authorizes cities and counties to create “revitalization areas” and allows certain increases in local sales and use tax revenues and local property tax revenues generated from within the revitalization area, additional funds from other local public sources, and a state contribution to be used for payment of bonds issued for financing local public improvements within the revitalization area. The state contribution is provided through a new local sales and use tax that is credited against the state sales and use tax.

The Department of Revenue (Department) is responsible for the administration of the LRF program. To seek a state contribution, the local government that created a revitalization area must apply to the Department. Seven projects were initially funded with state contributions.

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*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.*

Additional projects may continue to apply on a first-come basis. Applications are no longer accepted when the annual state contribution limit is reached.

The maximum amount allowed statewide for state contributions to the LRF program is \$4.75 million per state fiscal year. Of this amount, \$2.25 million is allocated for the seven demonstration projects, and \$2.5 million is allocated for the other projects approved on a first-come basis. The maximum amount of state contribution for each demonstration project ranges from \$200,000 to \$500,000 per project. The maximum state contribution for each project approved on a first-come basis is \$500,000.

For LRF program demonstration projects, cities and counties may not impose taxes until bonds have been issued to finance public improvements and to retire the indebtedness in whole or in part from the local revitalization financing they receive.

**Summary of Bill:**

A city or county is no longer required to issue bonds for the Tacoma International Financial Services Area/Tacoma Dome Demonstration Project, or for local revitalization financing projects of less than \$150,000.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.