

# SENATE BILL REPORT

## SHB 2592

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As Reported By Senate Committee On:  
Economic Development & Telecommunications, February 26, 2002

**Title:** An act relating to community revitalization financing under chapter 39.89 RCW.

**Brief Description:** Modifying community revitalization financing.

**Sponsors:** House Committee on Trade & Economic Development (originally sponsored by Representatives Gombosky, Ahern, Eickmeyer, Clements, Grant, Dunn, Fromhold, Mulliken, Wood, Ogden, Linville, Hatfield and Conway).

**Brief History:**

**Committee Activity:** Economic Development & Telecommunications: 2/26/02 [DP].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

**Majority Report:** Do pass.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Finkbeiner, Haugen and Stevens.

**Staff:** Kim Johnson (786-7486)

**Background:** The Community Revitalization Financing (CRF) program was created in 2001. The CRF authorizes local governments to create tax increment areas within their boundaries to finance community revitalization projects by diverting a portion of the incremental increase in the regular property taxes imposed by local governments within the tax increment area.

Community revitalization projects include: (1) traditional infrastructure improvements; (2) project-related studies and analysis; (3) professional management and promotion; (4) management and promotion of retail trade activities; (5) maintenance and security for common areas; and (6) historic preservation.

Regular property taxes imposed by all local governments within the tax increment area on 75 percent of any increase in assessed valuation occurring in that area after its creation are diverted to finance the community revitalization projects.

Regular property taxes imposed by any local government on all of the remaining value (the assessed valuation in the year before the tax increment area was created plus 25 percent of any increase in assessed valuation in the tax increment area) are distributed to the local government as if the tax increment area had not been created.

The expiration date for this act is July 1, 2010.

**Summary of Bill:** The CRF program is revised to clarify that a fire protection district must agree to participate in a community revitalization project in order for a local government to proceed with the financing of public improvements using the incremental increase in the local regular property tax.

A local government may issue non-recourse revenue bonds to finance revenue generating public infrastructure improvements, or portions of public infrastructure improvements that are located within a designated tax increment area. Any revenue bond issued by a local government to finance a revenue generating public improvement is not considered a debt of the local government. All payments of principal and interest on the non-recourse revenue bonds must only be payable from the revenues generated by the operation of the public infrastructure improvement. No non-recourse bond may be issued with a term that exceeds 30 years.

The CRF program expiration date of July 1, 2010 is repealed.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill will take care of a problem we found in last year's bill and makes it more user-friendly. A few technical changes have been incorporated to help to implement last year's bill.

**Testimony Against:** None.

**Testified:** Roy Kreger, Perkins Cove (pro); Bryan Wahl, Washington Association of Realtors (pro); Ron Newbry, Washington Association of Realtors (pro); Scott Taylor, Washington Public Ports Association (pro).