
HOUSE BILL 1115

State of Washington

57th Legislature

2001 Regular Session

By Representatives Reardon, Pennington, Cairnes, Morris, Linville and
Veloria

Read first time . Referred to Committee on .

1 AN ACT Relating to infrastructure financing; amending RCW
2 84.52.043, 84.52.065, 84.52.067, 36.33.220, 36.79.140, 36.82.040,
3 46.68.124, 82.03.130, 35.87A.010, 82.14.050, and 35.80.030; adding a
4 new section to chapter 82.14 RCW; adding a new section to chapter 27.12
5 RCW; adding a new section to chapter 35.61 RCW; adding a new section to
6 chapter 36.32 RCW; adding a new section to chapter 36.68 RCW; adding a
7 new section to chapter 36.69 RCW; adding a new section to chapter 36.75
8 RCW; adding a new section to chapter 52.12 RCW; adding a new section to
9 chapter 53.08 RCW; adding a new section to chapter 54.16 RCW; adding a
10 new section to chapter 67.38 RCW; adding a new section to chapter 68.52
11 RCW; adding a new section to chapter 70.44 RCW; adding a new section to
12 chapter 86.15 RCW; adding a new section to chapter 84.55 RCW; adding a
13 new section to chapter 35.80 RCW; adding a new chapter to Title 82 RCW;
14 adding a new chapter to Title 39 RCW; creating a new section; and
15 providing an expiration date.

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

17 NEW SECTION. **Sec. 1.** (1) The legislature finds that in order to
18 enhance income and employment opportunities for all residents, the
19 state's economic development programs must:

1 (a) Make strategic targeted investment of limited resources in
2 order to have meaningful impact;

3 (b) Invest public resources in those efforts that offer the
4 greatest return to the region or local community; and

5 (c) Promote strong public and private partnerships that enhance the
6 capacity for successful regional or local economic development.

7 (2) It is the goal of this chapter to provide financial resources
8 for a limited time to assist local governments in the financing of
9 public infrastructure improvements that are needed to:

10 (a) Encourage private development of selected areas;

11 (b) Prevent or arrest the decay of selected areas due to the
12 inability of existing financing methods to provide needed public
13 infrastructure improvements; and

14 (c) Encourage private investment designed to promote and facilitate
15 the orderly redevelopment of selected areas.

16 **PART I--COMMUNITY REVITALIZATION FINANCING**

17 NEW SECTION. **Sec. 2.** The definitions in this section apply
18 throughout this chapter unless the context clearly requires otherwise.

19 (1) "Apportionment district" means the geographic area from which
20 taxes are to be appropriated to finance a community revitalization
21 project.

22 (2) "Taxes" means either excise taxes or property taxes.

23 (3) "Excise taxes" means:

24 (a) Retail sales tax levied under chapter 82.08 RCW;

25 (b) Use tax levied under chapter 82.12 RCW; or

26 (c) Local retail sales and use taxes levied under RCW 82.14.030.

27 "Excise taxes" do not include sales and use taxes levied under RCW
28 82.14.340 and 82.14.350.

29 (4) "Property taxes" means regular property taxes as defined in RCW
30 84.04.140, including property taxes imposed by a port district or
31 public utility district.

32 (5) "Local government" means any city or town located in a county
33 with population densities greater than one hundred and one persons per
34 square mile as determined by the office financial management and
35 published each year by the department of revenue for the period July
36 1st to June 30th.

1 (6) "Ordinance" means any appropriate method of taking legislative
2 action by a local government.

3 (7) "Project agreement" means an agreement between an owner and a
4 municipality authorized under this chapter.

5 (8) "Sponsor" means a local government initiating and undertaking
6 a community revitalization project.

7 (9) "Tax allocation revenues" means those tax revenues allocated to
8 a sponsor under this chapter.

9 (10) "Taxing district" means a governmental entity that levies a
10 tax that is collected within a proposed or approved apportionment
11 district.

12 (11) "Community revitalization project" means:

13 (a) Infrastructure improvements within the apportionment district
14 that include, but are not limited to:

15 (i) Street and road construction and maintenance;

16 (ii) Water and sewer system construction and improvements;

17 (iii) Sidewalks and streetlights;

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

19 (v) Public transportation facilities; and

20 (vi) Park facilities and recreational areas;

21 (b) Health and safety improvements authorized to be publicly
22 financed under chapter 35.80 or 35.81 RCW;

23 (c) Publicly owned or leased facilities within the jurisdiction of
24 a local government which the sponsor has authority to provide; and

25 (d) Expenditure for any of the following purposes:

26 (i) Providing environmental analysis, professional management,
27 planning, and promotion within the apportionment district, including
28 the management and promotion of retail trade activities in the
29 apportionment district;

30 (ii) Providing maintenance and security for common or public areas
31 in the apportionment district; or

32 (iii) Historic preservation activities authorized under RCW
33 35.21.395.

34 (12) "Community revitalization project costs" means: The costs of
35 land use planning and associated environmental analysis, project design
36 and planning, acquisition, site preparation, construction,
37 reconstruction, rehabilitation, improvement, operation, and
38 installation of the community revitalization project; the costs of
39 relocation, maintenance, and operation of property pending construction

1 of the community revitalization project; the costs of financing,
2 including interest during construction, legal and other professional
3 services, taxes, and insurance; the costs of apportioning the taxes and
4 complying with this chapter and other applicable law; and the
5 administrative costs reasonably necessary and related to these costs.

6 (13) "Community revitalization project ordinance" means the
7 ordinance passed under section 5 of this act.

8 NEW SECTION. **Sec. 3.** The use of tax revenues to finance community
9 revitalization projects is subject to the following limitations:

10 (1) Regardless of the total number of community revitalization
11 projects approved by a local government, the aggregate total of revenue
12 available from the state for apportionment as the state's contribution
13 to an individual local government must not exceed five million dollars
14 annually. All revenue in excess of five million dollars in any given
15 year must be distributed to the appropriate taxing district as though
16 an apportionment district had not been created;

17 (2) Regardless of the number of community revitalization projects
18 approved by local governments, the aggregate total of revenue available
19 from the state for apportionment as the state's contribution is
20 annually limited to two-tenths of one percent of the state general fund
21 annual budget;

22 (3) An apportionment district may not be established that includes
23 a geographic area included within a previously established
24 apportionment district that has outstanding bonds payable in whole or
25 in part from tax revenues under this chapter, or section 12 of this
26 act, or chapter 39.-- RCW (sections 13 through 22 of this act); and

27 (4) Only one of the following taxes may be appropriated under this
28 chapter:

29 (a) The local retail sales and use tax offset imposed under section
30 12 of this act; or

31 (b) The incremental increase in excise taxes in an apportionment
32 district approved under this chapter; or

33 (c) The incremental increase in property taxes in an apportionment
34 district approved under chapter 39.-- RCW (sections 13 through 22 of
35 this act).

36 NEW SECTION. **Sec. 4.** (1)(a) A community revitalization project
37 may be undertaken and coordinated with other programs or efforts

1 undertaken by the sponsor or others and may be funded in whole or in
2 part from sources other than those provided by this chapter.

3 (b) The sponsor shall assume all risk if sources authorized by this
4 chapter are not adequate to fund the community revitalization project.

5 (2) A sponsor may contract with a nonprofit business association
6 operating within the boundaries of the apportionment district or a
7 parking and business improvement area, created under chapter 35.87A
8 RCW, to administer the community revitalization project. The
9 administration of the community revitalization project must comply with
10 all applicable provisions of federal, state, or local law.

11 NEW SECTION. **Sec. 5.** In order to establish an apportionment
12 district and secure an allocation of excise taxes to finance a
13 community revitalization project:

14 (1) A sponsor shall propose by ordinance a plan for the community
15 revitalization project that includes a description of the contemplated
16 community revitalization project, the estimated cost of the community
17 revitalization project, the boundaries of the apportionment district,
18 the estimated period during which tax revenue apportionment is
19 contemplated, and ways in which the sponsor plans to use tax allocation
20 revenues to finance the community revitalization project.

21 (2)(a) At least sixty days in advance of a public hearing at which
22 the ordinance creating the apportionment district is first considered,
23 the local government shall deliver notice of the hearing and the
24 information required in subsection (1) of this section to the
25 department of community, trade, and economic development and the
26 department of revenue. The department of revenue shall review the
27 information and determine whether there is sufficient revenue under the
28 revenue apportionment cap in section 3 of this act to accommodate the
29 proposed community revitalization project.

30 (b) No tax revenue generated from an apportionment district created
31 under this chapter, section 12 of this act, or chapter 39.-- RCW
32 (sections 13 through 22 of this act) may be used to finance a community
33 revitalization project until the department of community, trade, and
34 economic development, or a successor department, has reviewed and
35 approved a feasibility study paid for and submitted to the department
36 by the sponsor. The department's review process shall include the
37 following criteria:

1 (i) The community revitalization project meets the requirements of
2 this chapter or chapter 39.-- RCW (sections 13 through 22 of this act);
3 and

4 (ii) The feasibility study demonstrates that:

5 (A) There is a reasonable likelihood that the present value return
6 to the various taxing districts is in excess of forgone tax revenue as
7 a result of the community revitalization project, using a discounted
8 rate equal to the then current state borrowing rate;

9 (B) The community revitalization project is not feasible without
10 the tax revenue generated from the apportionment district;

11 (C) The expected tax revenue generated from the apportionment
12 district is likely to be sufficient to finance that portion of the
13 public sources necessary to finance the community revitalization
14 project;

15 (D) The community revitalization project will reasonably be
16 expected to cause private investment within the apportionment district
17 that probably would not have occurred without financing of the
18 community revitalization project;

19 (E) The community revitalization project will result in a net
20 increase in employment within the apportionment district; and

21 (F) There is sufficient management capacity and expertise of the
22 organization responsible for the management of the community
23 revitalization project; and

24 (iii) Other factors the department deems necessary to safeguard the
25 state's contribution of tax revenue into the community revitalization
26 project.

27 (3) The department of revenue and the department of community,
28 trade, and economic development shall notify the sponsoring local
29 government, and either the county legislative authority or, in a
30 charter county, the county executive, of the results of the evaluation
31 of the project at least fifteen days in advance of the public hearing
32 required in subsection (1) of this section.

33 (4) If there are more projects proposed than apportioned revenue is
34 available in a given year under the limit in section 3 of this act, the
35 department of community, trade, and economic development shall
36 establish rules to determine how the available revenue will be
37 allocated among qualified projects.

38 (5) At the time and place fixed for the hearing under subsection
39 (2) of this section, and at such times the hearing may be adjourned, a

1 sponsor shall receive and consider all statements and materials as
2 might be submitted, and objections and letters filed before and within
3 ten days after the hearing. Any time during the process leading to the
4 establishment of the apportionment district, the county legislative
5 authority may notify the sponsor that it does not wish to participate
6 in the district, and upon such notification all taxes due the county
7 from the apportionment district shall remain the county's and may not
8 be used for the community revitalization project without separate
9 county approval.

10 (6) Within one hundred twenty days after completion of the public
11 hearing, a sponsor shall pass an ordinance establishing the
12 apportionment district and authorizing the proposed community
13 revitalization project, including any modifications that in the
14 sponsor's opinion the hearing indicated should be made, that includes
15 the boundaries of the apportionment district, a description of the
16 community revitalization project, the estimated cost of the community
17 revitalization project, the method used to finance the state's portion
18 of the community revitalization project under section 3 of this act,
19 the portion of the estimated cost of the community revitalization
20 project to be paid from tax allocation revenues, the estimated time
21 during which the taxes are to be apportioned, the date when the
22 apportionment of taxes is to commence, and a finding that the community
23 revitalization project meets the conditions in section 3 of this act
24 and this section.

25 NEW SECTION. **Sec. 6.** (1) Except as provided in subsection (5) of
26 this section, upon the date established in the community revitalization
27 project ordinance, but not sooner than the first day of the calendar
28 year following the passage of the ordinance, the department shall
29 allocate and pay to the sponsor, or the sponsor's designated agent,
30 until all community revitalization project costs to be paid from the
31 tax allocation revenues have been paid, the following amounts:

32 (a) That portion of the tax levied in each year under chapter 82.08
33 or 82.12 RCW upon any retail sale or any use of an article of tangible
34 personal property within an apportionment district that is in excess of
35 the tax imposed under chapter 82.08 or 82.12 RCW on sales or uses
36 within the apportionment district in the year preceding the formation
37 of the apportionment district;

1 (b) That portion of the tax levied in each year under RCW 82.14.030
2 upon any retail sale or any use of an article of tangible personal
3 property within an apportionment district that is in excess of the tax
4 imposed under RCW 82.14.030 on sales or uses within the apportionment
5 district in the year preceding the formation of the apportionment
6 district, less any amounts that the department is entitled to retain as
7 provided in RCW 82.14.050 for administration and collection expenses
8 incurred by the department.

9 (2) The date upon which the apportionment district was established
10 is considered the date that the community revitalization project
11 ordinance was enacted by the sponsor.

12 (3) The apportionment of taxes under this section must cease when
13 the tax allocation revenues are no longer necessary or obligated to pay
14 community revitalization project costs or to pay principal and interest
15 on bonds issued to finance community revitalization project costs to
16 which tax allocation revenues are pledged. At the time of termination
17 of the apportionment, any excess money and any earnings held by the
18 sponsor must be distributed to the taxing districts that were subject
19 to the allocation in proportion to their tax receipts due for the year
20 in which the funds are returned.

21 (4) The amount of taxes determined to be collected in the year
22 preceding the formation of the apportionment district shall be adjusted
23 upward or downward to reflect increases or decreases in the rate of
24 taxation to determine the amount of excess taxes to be apportioned in
25 accordance with subsection (1)(b) of this section.

26 (5) The sponsor may agree to receive less than the full amount
27 provided in subsection (1) of this section, in which case the
28 department shall distribute the balance to the respective taxing
29 districts in accordance with law in the same manner as if this section
30 did not exist.

31 NEW SECTION. **Sec. 7.** (1) Tax allocation revenues may be applied
32 as follows:

33 (a) To pay community revitalization costs;

34 (b) To pay into bond redemption funds established to pay the
35 principal and interest on general obligation bonds issued to finance a
36 community revitalization project that is specified in the community
37 revitalization project ordinance and constructed following the
38 establishment of the apportionment district; or

1 (c) To pay any combination of (a) and (b) of this subsection.

2 (2) Tax allocation revenues may be pledged to the payment of bonds
3 issued to finance a community revitalization project.

4 (3) No city may lower their tax rates after the creation of an
5 apportionment district and using tax allocation revenues to finance a
6 community revitalization project.

7 NEW SECTION. **Sec. 8.** The department of community, trade, and
8 economic development, in consultation with the department of revenue,
9 shall submit an annual report to appropriate legislative committees on
10 the amount of tax revenue allocated to local governments under the
11 community revitalization financing program created in this act. The
12 report shall also contain information on: (1) The number, description,
13 and location of requests for community revitalization projects, (2) the
14 number of community revitalization projects approved by the department,
15 and (3) an evaluation of how the community revitalization project is
16 meeting criteria of the feasibility study required in section 5 of this
17 act.

18 NEW SECTION. **Sec. 9.** This chapter supplements and neither
19 restricts nor limits any powers that the state or any municipal
20 corporation might otherwise have under laws of this state.

21 NEW SECTION. **Sec. 10.** The authority to establish an apportionment
22 district under this chapter expires July 1, 2008.

23 NEW SECTION. **Sec. 11.** This chapter may be known and cited as the
24 community revitalization financing act.

25 **PART II--SALES AND USE TAX DEDUCTION FOR**
26 **COMMUNITY REVITALIZATION PROJECTS**

27 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14 RCW
28 to read as follows:

29 (1)(a) The legislative authority of a city located in a county with
30 population densities between one hundred and one and three hundred and
31 ninety-nine may impose a sales and use tax in accordance with terms of
32 this chapter. The tax is in addition to other taxes authorized by law
33 and shall be collected from those persons who are taxable by the state

1 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
2 event within the city. The rate of tax shall not exceed 0.033 percent
3 of the selling price in the case of a sales tax or value of the article
4 used in the case of a use tax.

5 (b) The legislative authority of a city located in a county with
6 population densities between four hundred and six hundred and ninety-
7 nine may impose a sales and use tax in accordance with the terms of
8 this chapter. The tax is in addition to other taxes authorized by law
9 and shall be collected from those persons who are taxable by the state
10 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
11 event within the city. The rate of tax shall not exceed 0.025 percent
12 of the selling price in the case of a sales tax or value of the article
13 used in the case of a use tax.

14 (c) The legislative authority of a city located in a county with
15 population densities greater than seven hundred may impose a sales and
16 use tax in accordance with the terms of this chapter. The tax is in
17 addition to other taxes authorized by law and shall be collected from
18 those persons who are taxable by the state under chapters 82.08 and
19 82.12 RCW upon the occurrence of any taxable event within the city.
20 The rate of tax shall not exceed 0.017 percent of the selling price in
21 the case of a sales tax or value of the article used in the case of a
22 use tax.

23 (2) The tax imposed under subsection (1) of this section shall be
24 deducted from the amount of tax otherwise required to be collected or
25 paid over to the department of revenue under chapter 82.08 or 82.12
26 RCW. The department of revenue shall perform the collection of the
27 taxes on behalf of the county at no cost to the county.

28 (3) Moneys collected under this section shall only be used as the
29 state's contribution toward the financing of a community revitalization
30 project under chapter 82.-- RCW (sections 1 through 11 of this act).
31 Only those community revitalization projects approved under section 5
32 of this act may be financed with moneys collected under this section.

33 (4) No tax may be collected under this section before July 1, 2002.
34 No tax may be collected under this section by a city more than twenty-
35 five years after the date that a tax is first imposed under this
36 section.

37 (5) For purposes of this section, "population density" means the
38 number of persons per square mile as determined by the office of
39 financial management and published each year by the department of

1 community, trade, and economic development for the period July 1st to
2 June 30th.

3 **PART III--PROPERTY TAX INCREMENT FINANCING**

4 **SUBPART A-PROPERTY TAX INCREMENT FINANCING AUTHORIZED**

5 NEW SECTION. **Sec. 13.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires otherwise.

7 (1) "Assessed value of real property" means the valuation of real
8 property as placed on the last completed assessment roll.

9 (2) "Local government" has the same meaning as in section 2 of this
10 act.

11 (3) "Ordinance" has the same meaning as in section 2 of this act.

12 (4) "Public improvements" has the same meaning as "community
13 revitalization project" in section 2 of this act.

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

34 (6) "Regular property taxes" means regular property taxes as
35 defined in RCW 84.04.140, except: (a) Regular property taxes levied by
36 port districts or public utility districts specifically for the purpose
37 of making required payments of principal and interest on general

1 indebtedness; and (b) regular property taxes levied by the state for
2 the support of the common schools under RCW 84.52.065.

3 (7) "Tax allocation base value" means the true and fair value of
4 real property located within a tax increment area for taxes imposed in
5 the year in which the tax increment area is created, plus fifty percent
6 of any increase in the true and fair value of real property located
7 within a tax increment area that is placed on the assessment rolls
8 after the tax increment area is created.

9 (8) "Tax allocation revenues" means those tax revenues derived from
10 the imposition of regular property taxes on the tax increment value and
11 distributed to finance public improvements.

12 (9) "Tax increment area" has the same meaning as "apportionment
13 district" in section 2 of this act.

14 (10) "Tax increment value" means fifty percent of any increase in
15 the true and fair value of real property in a tax increment area that
16 is placed on the tax rolls after the tax increment area is created.

17 (11) "Taxing districts" means a governmental entity that levies or
18 has levied for it regular property taxes upon real property located
19 within a proposed or approved tax increment area.

20 (12) "Value of taxable property" means value of the taxable
21 property as defined in RCW 39.36.015.

22 NEW SECTION. **Sec. 14.** A local government may finance public
23 improvements using tax increment financing subject to the following
24 conditions:

25 (1) The local government adopts an ordinance designating a tax
26 increment area within its boundaries and specifying the public
27 improvements proposed to be financed in whole or in part with the use
28 of tax increment financing;

29 (2) The public improvements proposed to be financed in whole or in
30 part using tax increment financing are expected to encourage private
31 development within the tax increment area and increasing the fair
32 market value of real property within the tax increment area;

33 (3) Private development that is anticipated to occur within the tax
34 increment area, as a result of the public improvements, will be
35 consistent with the countywide planning policy adopted by the county
36 under RCW 36.70A.210 and the local government's comprehensive plan and
37 development regulations adopted under chapter 36.70A RCW;

1 (4) Every taxing district within which the tax increment area is
2 located approves the tax increment financing of the project under
3 section 16(1) of this act; and

4 (5) The combined amount of tax increment value in this tax
5 increment area, and all other tax increment areas located in the same
6 local government, constitute less than two percent of the assessed
7 value of any taxing district within which the tax increment area is
8 located.

9 NEW SECTION. **Sec. 15.** Public improvements that are financed with
10 tax increment financing may be undertaken and coordinated with other
11 programs or efforts undertaken by the local government and other taxing
12 districts and may be funded in part from revenue sources other than tax
13 increment financing.

14 NEW SECTION. **Sec. 16.** Before adopting an ordinance creating the
15 tax increment area, a local government must:

16 (1) Obtain written agreement for the use of tax increment financing
17 to finance all or a portion of the costs of the designated public
18 improvements from each taxing district within which the tax increment
19 area is located. Signing a written agreement constitutes concurrence
20 in the public improvement and participation in the public improvement
21 to the extent of providing limited funding under tax increment
22 financing authorized under this chapter. The agreement must be
23 authorized by the governing body of each taxing district and by the
24 director of the office of financial management for the state;

25 (2) Hold a public hearing on the proposed financing of the public
26 improvement in whole or in part with tax increment financing. Notice
27 of the public hearing must be published in the official local
28 government newspaper at least ten days before the public hearing and
29 posted in at least six conspicuous public places located in the
30 proposed tax increment area. Notices must describe the contemplated
31 public improvements, estimate the costs of the public improvements,
32 describe the portion of the costs of the public improvements to be
33 borne by tax increment financing, describe any other sources of revenue
34 to finance the public improvements, describe the boundaries of the
35 proposed tax increment area, and estimate the period during which tax
36 increment financing is contemplated to be used. The public hearing may
37 be held by either the governing body of the local government, or a

1 committee of the governing body that includes at least a majority of
2 the whole governing body; and

3 (3) Adopt an ordinance establishing the tax increment area that
4 describes the public improvements, describes the boundaries of the tax
5 increment area, estimates the cost of the public improvements and the
6 portion of these costs to be financed by tax increment financing,
7 estimates the time during which regular property taxes are to be
8 apportioned, provides the date when the apportionment of the regular
9 property taxes will commence, and finds that the conditions of section
10 14 of this act are met.

11 NEW SECTION. **Sec. 17.** Within fifteen days after a local
12 government adopts an ordinance creating the tax increment area and
13 authorizing tax increment financing, the local government shall:

14 (1) Publish notice in a legal newspaper circulated within the tax
15 increment area that describes the public improvement, describes the
16 boundaries of the tax increment area, and identifies the location and
17 times where the ordinance and other public information concerning the
18 public improvement may be inspected; and

19 (2) Deliver a certified copy of the ordinance to the county
20 treasurer, the county assessor, and the governing body of each taxing
21 district within which the tax increment area is located.

22 NEW SECTION. **Sec. 18.** (1) Commencing on the later of either the
23 date established in the ordinance creating the tax increment area, or
24 the first day of the calendar year following the passage of the
25 ordinance, the county treasurer shall distribute receipts from regular
26 taxes imposed on real property located in the tax increment area as
27 follows:

28 (a) Each taxing district shall receive that portion of its regular
29 property taxes produced by the rate of tax levied by or for the taxing
30 district on the tax allocation base value for that tax increment
31 financing project in the taxing district, or upon the total assessed
32 value of real property in the taxing district, whichever is smaller;
33 and

34 (b) The local government that created the tax increment area shall
35 receive an additional portion of the regular property taxes levied by
36 or for each taxing district upon the tax increment value within the tax
37 increment area. However, the local government that created the tax

1 increment area may agree to receive less than the full amount of this
2 portion as long as bond debt service, reserve, and other bond covenant
3 requirements are satisfied, in which case the balance of these tax
4 receipts shall be allocated to the taxing districts that imposed
5 regular property taxes, or have regular property taxes imposed for
6 them, in the tax increment area for collection that year in proportion
7 to their regular tax levy rates for collection that year. The local
8 government may request that the treasurer transfer this additional
9 portion of the property taxes to its designated agent. The portion of
10 the tax receipts distributed to the local government or its agent under
11 this subsection (1)(b) may only be expended to finance public
12 improvement costs associated with the public improvements financed in
13 whole or in part by tax increment financing.

14 (2) The county assessor shall allocate fifty percent of any
15 increased real property value occurring in the tax increment area to
16 the tax allocation base value and the other fifty percent to the tax
17 increment value. This section does not authorize revaluations of real
18 property by the assessor for property taxation that are not made in
19 accordance with the assessor's revaluation plan under chapter 84.41 RCW
20 or under other authorized revaluation procedures.

21 (3) The apportionment of increases in assessed valuation in a tax
22 increment area, and the associated distribution to the local government
23 of receipts from regular property taxes that are imposed on the tax
24 increment value, must cease when tax allocation revenues are no longer
25 necessary or obligated to pay the costs of the public improvements.
26 Any excess tax allocation revenues and earnings on the tax allocation
27 revenues remaining at the time the apportionment of tax receipts
28 terminates must be returned to the county treasurer and distributed to
29 the taxing districts that imposed regular property taxes, or had
30 regular property taxes imposed for it, in the tax increment area for
31 collection that year, in proportion to the rates of their regular
32 property tax levies for collection that year.

33 NEW SECTION. **Sec. 19.** (1) A local government designating a tax
34 increment area and authorizing the use of tax increment financing may
35 incur general indebtedness, and issue general obligation bonds, to
36 finance the public improvements and retire the indebtedness in whole or
37 in part from tax allocation revenues it receives, subject to the
38 following requirements:

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

5 (b) The local government includes this statement of the intent in
6 all notices required by section 16 of this act.

7 (2) The general indebtedness incurred under subsection (1) of this
8 section may be payable from other tax revenues, the full faith and
9 credit of the local government, and nontax income, revenues, fees, and
10 rents from the public improvements, as well as contributions, grants,
11 and nontax money available to the local government for payment of costs
12 of the public improvements or associated debt service on the general
13 indebtedness.

14 (3) The ordinance creating the tax increment area and authorizing
15 the use of tax increment financing is subject to potential referendum
16 action by the voters of the local government if the ordinance
17 authorizes the local government to incur non-voter-approved general
18 indebtedness payable from tax increment receipts. If the voters of the
19 local government otherwise possess the general power of referendum on
20 local government matters, the ordinance is subject to that procedure.
21 If the voters of the local government do not otherwise possess the
22 general power of referendum on local government matters, the referendum
23 shall conform to the requirements and procedures for referendum
24 petitions provided for code cities in RCW 35A.11.100.

25 NEW SECTION. **Sec. 20.** A direct or collateral attack on a public
26 improvement, public improvement ordinance, or tax increment area
27 purported to be authorized or created in conformance with applicable
28 legal requirements, including this chapter, may not be commenced more
29 than thirty days after publication of notice as required by section 17
30 of this act.

31 NEW SECTION. **Sec. 21.** This chapter supplements and neither
32 restricts nor limits any powers which the state or any local government
33 might otherwise have under any laws of this state.

34 NEW SECTION. **Sec. 22.** This chapter expires July 1, 2008.

1 This section does not limit the authority of a county to otherwise
2 participate in the public improvements if that authority exists
3 elsewhere.

4 NEW SECTION. Sec. 27. A new section is added to chapter 36.68 RCW
5 to read as follows:

6 In addition to other authority that a park and recreation service
7 area possesses, a park and recreation service area may provide any
8 public improvement as defined under section 13 of this act, but this
9 additional authority is limited to participating in the financing of
10 the public improvements by agreeing to the tax increment financing as
11 provided under section 16 of this act.

12 This section does not limit the authority of a park and recreation
13 service area to otherwise participate in the public improvements if
14 that authority exists elsewhere.

15 NEW SECTION. Sec. 28. A new section is added to chapter 36.69 RCW
16 to read as follows:

17 In addition to other authority that a park and recreation district
18 possesses, a park and recreation district may provide any public
19 improvement as defined under section 13 of this act, but this
20 additional authority is limited to participating in the financing of
21 the public improvements by agreeing to the tax increment financing as
22 provided under section 16 of this act.

23 This section does not limit the authority of a park and recreation
24 district to otherwise participate in the public improvements if that
25 authority exists elsewhere.

26 NEW SECTION. Sec. 29. A new section is added to chapter 36.75 RCW
27 to read as follows:

28 In addition to other authority that a road district possesses, a
29 road district may provide any public improvement as defined under
30 section 13 of this act, but this additional authority is limited to
31 participating in the financing of the public improvements by agreeing
32 to the tax increment financing as provided under section 16 of this
33 act.

34 This section does not limit the authority of a road district to
35 otherwise participate in the public improvements if that authority
36 exists elsewhere.

1 NEW SECTION. **Sec. 30.** A new section is added to chapter 52.12 RCW
2 to read as follows:

3 In addition to other authority that a fire protection district
4 possesses, a fire protection district may provide any public
5 improvement as defined under section 13 of this act, but this
6 additional authority is limited to participating in the financing of
7 the public improvements by agreeing to the tax increment financing as
8 provided under section 16 of this act.

9 This section does not limit the authority of a fire protection
10 district to otherwise participate in the public improvements if that
11 authority exists elsewhere.

12 NEW SECTION. **Sec. 31.** A new section is added to chapter 53.08 RCW
13 to read as follows:

14 In addition to other authority that a port district possesses, a
15 port district may provide any public improvement as defined under
16 section 13 of this act, but this additional authority is limited to
17 participating in the financing of the public improvements by agreeing
18 to the tax increment financing as provided under section 16 of this
19 act.

20 This section does not limit the authority of a port district to
21 otherwise participate in the public improvements if that authority
22 exists elsewhere.

23 NEW SECTION. **Sec. 32.** A new section is added to chapter 54.16 RCW
24 to read as follows:

25 In addition to other authority that a public utility district
26 possesses, a public utility district may provide any public improvement
27 as defined under section 13 of this act, but this additional authority
28 is limited to participating in the financing of the public improvements
29 by agreeing to the tax increment financing as provided under section 16
30 of this act.

31 This section does not limit the authority of a public utility
32 district to otherwise participate in the public improvements if that
33 authority exists elsewhere.

34 NEW SECTION. **Sec. 33.** A new section is added to chapter 67.38 RCW
35 to read as follows:

1 In addition to other authority that a cultural arts, stadium, and
2 convention center district possesses, a cultural arts, stadium, and
3 convention center district may provide any public improvement as
4 defined under section 13 of this act, but this additional authority is
5 limited to participating in the financing of the public improvements by
6 agreeing to the tax increment financing as provided under section 16 of
7 this act.

8 This section does not limit the authority of a cultural arts,
9 stadium, and convention center district to otherwise participate in the
10 public improvements if that authority exists elsewhere.

11 NEW SECTION. **Sec. 34.** A new section is added to chapter 68.52 RCW
12 to read as follows:

13 In addition to other authority that a cemetery district possesses,
14 a cemetery district may provide any public improvement as defined under
15 section 13 of this act, but this additional authority is limited to
16 participating in the financing of the public improvements by agreeing
17 to the tax increment financing as provided under section 16 of this
18 act.

19 This section does not limit the authority of a cemetery district to
20 otherwise participate in the public improvements if that authority
21 exists elsewhere.

22 NEW SECTION. **Sec. 35.** A new section is added to chapter 70.44 RCW
23 to read as follows:

24 In addition to other authority that a public hospital district
25 possesses, a public hospital district may provide any public
26 improvement as defined under section 13 of this act, but this
27 additional authority is limited to participating in the financing of
28 the public improvements by agreeing to the tax increment financing as
29 provided under section 16 of this act.

30 This section does not limit the authority of a public hospital
31 district to otherwise participate in the public improvements if that
32 authority exists elsewhere.

33 NEW SECTION. **Sec. 36.** A new section is added to chapter 86.15 RCW
34 to read as follows:

35 In addition to other authority that a flood control zone district
36 possesses, a flood control zone district may provide any public

1 improvement as defined under section 13 of this act, but this
2 additional authority is limited to participating in the financing of
3 the public improvements by agreeing to the tax increment financing as
4 provided under section 16 of this act.

5 This section does not limit the authority of a flood control zone
6 district to otherwise participate in the public improvements if that
7 authority exists elsewhere.

8 SUBPART C-PROPERTY TAX INCREMENT FINANCING TECHNICAL PROVISIONS

9 NEW SECTION. **Sec. 37.** A new section is added to chapter 84.55 RCW
10 to read as follows:

11 Limitations on regular property taxes that are provided in this
12 chapter shall continue in a taxing district whether or not a tax
13 increment area exists within the taxing district as provided under
14 chapter 39.-- RCW (sections 13 through 22 of this act).

15 **Sec. 38.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read
16 as follows:

17 Within and subject to the limitations imposed by RCW 84.52.050 as
18 amended, the regular ad valorem tax levies upon real and personal
19 property by the taxing districts hereafter named shall be as follows:

20 (1) Levies of the senior taxing districts shall be as follows: (a)
21 The levy by the state shall not exceed three dollars and sixty cents
22 per thousand dollars of assessed value adjusted to the state equalized
23 value in accordance with the indicated ratio fixed by the state
24 department of revenue to be used exclusively for the support of the
25 common schools, except that a portion of this levy may be used as
26 provided in chapter 39.-- RCW (sections 13 through 22 of this act); (b)
27 the levy by any county shall not exceed one dollar and eighty cents per
28 thousand dollars of assessed value; (c) the levy by any road district
29 shall not exceed two dollars and twenty-five cents per thousand dollars
30 of assessed value; and (d) the levy by any city or town shall not
31 exceed three dollars and thirty-seven and one-half cents per thousand
32 dollars of assessed value. However any county is hereby authorized to
33 increase its levy from one dollar and eighty cents to a rate not to
34 exceed two dollars and forty-seven and one-half cents per thousand
35 dollars of assessed value for general county purposes if the total
36 levies for both the county and any road district within the county do

1 not exceed four dollars and five cents per thousand dollars of assessed
2 value, and no other taxing district has its levy reduced as a result of
3 the increased county levy.

4 (2) The aggregate levies of junior taxing districts and senior
5 taxing districts, other than the state, shall not exceed five dollars
6 and ninety cents per thousand dollars of assessed valuation. The term
7 "junior taxing districts" includes all taxing districts other than the
8 state, counties, road districts, cities, towns, port districts, and
9 public utility districts. The limitations provided in this subsection
10 shall not apply to: (a) Levies at the rates provided by existing law
11 by or for any port or public utility district; (b) excess property tax
12 levies authorized in Article VII, section 2 of the state Constitution;
13 (c) levies for acquiring conservation futures as authorized under RCW
14 84.34.230; (d) levies for emergency medical care or emergency medical
15 services imposed under RCW 84.52.069; (e) levies to finance affordable
16 housing for very low-income housing imposed under RCW 84.52.105; and
17 (f) the portions of levies by metropolitan park districts that are
18 protected under RCW 84.52.120.

19 **Sec. 39.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each amended
20 to read as follows:

21 Subject to the limitations in RCW 84.55.010, in each year the state
22 shall levy for collection in the following year for the support of
23 common schools of the state a tax of three dollars and sixty cents per
24 thousand dollars of assessed value upon the assessed valuation of all
25 taxable property within the state adjusted to the state equalized value
26 in accordance with the indicated ratio fixed by the state department of
27 revenue, except that a portion of this levy may be used as provided in
28 chapter 39.-- RCW (sections 13 through 22 of this act).

29 As used in this section, "the support of common schools" includes
30 the payment of the principal and interest on bonds issued for capital
31 construction projects for the common schools.

32 **Sec. 40.** RCW 84.52.067 and 2001 c 3 s 7 (Initiative Measure No.
33 728) are each amended to read as follows:

34 All property taxes levied by the state for the support of common
35 schools, that are not diverted under chapter 39.-- RCW (sections 13
36 through 22 of this act), shall be paid into the general fund of the
37 state treasury as provided in RCW 84.56.280, except for the amounts

1 collected under RCW 84.52.068 which shall be directly deposited into
2 the student achievement fund and distributed to school districts as
3 provided in RCW 84.52.068.

4 **Sec. 41.** RCW 36.33.220 and 1973 1st ex.s. c 195 s 142 are each
5 amended to read as follows:

6 The legislative authority of any county may budget, in accordance
7 with the provisions of chapter 36.40 RCW, and expend any portion of the
8 county road property tax revenues for any service to be provided in the
9 unincorporated area of the county notwithstanding any other provision
10 of law, including chapter 36.82 RCW and RCW 84.52.050 and 84.52.043.
11 County road property tax revenues that are diverted under chapter 39.--
12 RCW (sections 13 through 22 of this act) may be expended as provided
13 under chapter 39.-- RCW (sections 13 through 22 of this act).

14 **Sec. 42.** RCW 36.79.140 and 1997 c 81 s 6 are each amended to read
15 as follows:

16 At the time the board reviews the six-year program of each county
17 each even-numbered year, it shall consider and shall approve for
18 inclusion in its recommended budget, as required by RCW 36.79.130, the
19 portion of the rural arterial construction program scheduled to be
20 performed during the biennial period beginning the following July 1st.
21 Subject to the appropriations actually approved by the legislature, the
22 board shall as soon as feasible approve rural arterial trust account
23 funds to be spent during the ensuing biennium for preliminary proposals
24 in priority sequence as established pursuant to RCW 36.79.090. Only
25 those counties that during the preceding twelve months have spent all
26 revenues collected for road purposes only for such purposes, including
27 traffic law enforcement, as are allowed to the state by Article II,
28 section 40 of the state Constitution are eligible to receive funds from
29 the rural arterial trust account(~~(: PROVIDED HOWEVER)~~), except that:
30 (1) Counties with a population of less than eight thousand are exempt
31 from this eligibility restriction(~~(: AND PROVIDED FURTHER, That)~~); (2)
32 counties expending revenues collected for road purposes only on other
33 governmental services after authorization from the voters of that
34 county under RCW 84.55.050 are also exempt from this eligibility
35 restriction; and (3) this restriction shall not apply to any moneys
36 diverted from the road district levy under chapter 39.-- RCW (sections
37 13 through 22 of this act). The board shall authorize rural arterial

1 trust account funds for the construction project portion of a project
2 previously authorized for a preliminary proposal in the sequence in
3 which the preliminary proposal has been completed and the construction
4 project is to be placed under contract. At such time the board may
5 reserve rural arterial trust account funds for expenditure in future
6 years as may be necessary for completion of preliminary proposals and
7 construction projects to be commenced in the ensuing biennium.

8 The board may, within the constraints of available rural arterial
9 trust funds, consider additional projects for authorization upon a
10 clear and conclusive showing by the submitting county that the proposed
11 project is of an emergent nature and that its need was unable to be
12 anticipated at the time the six-year program of the county was
13 developed. The proposed projects shall be evaluated on the basis of
14 the priority rating factors specified in RCW 36.79.080.

15 **Sec. 43.** RCW 36.82.040 and 1973 1st ex.s. c 195 s 41 are each
16 amended to read as follows:

17 For the purpose of raising revenue for establishing, laying out,
18 constructing, altering, repairing, improving, and maintaining county
19 roads, bridges, and wharves necessary for vehicle ferriage and for
20 other proper county purposes, the board shall annually at the time of
21 making the levy for general purposes make a uniform tax levy throughout
22 the county, or any road district thereof, of not to exceed two dollars
23 and twenty-five cents per thousand dollars of assessed value of the
24 last assessed valuation of the taxable property in the county, or road
25 district thereof, unless other law of the state requires a lower
26 maximum levy, in which event such lower maximum levy shall control.
27 All funds accruing from such levy shall be credited to and deposited in
28 the county road fund except that revenue diverted under RCW 36.33.220
29 shall be placed in a separate and identifiable account within the
30 county current expense fund and except that revenue diverted under
31 chapter 39.-- RCW (sections 13 through 22 of this act) shall be
32 expended as provided under chapter 39.-- RCW (sections 13 through 22 of
33 this act).

34 **Sec. 44.** RCW 46.68.124 and 1990 c 33 s 586 are each amended to
35 read as follows:

36 (1) The equivalent population for each county shall be computed as
37 the sum of the population residing in the county's unincorporated area

1 plus twenty-five percent of the population residing in the county's
2 incorporated area. Population figures required for the computations in
3 this subsection shall be certified by the director of the office of
4 financial management on or before July 1st of each odd-numbered year.

5 (2) The total annual road cost for each county shall be computed as
6 the sum of one twenty-fifth of the total estimated county road
7 replacement cost, plus the total estimated annual maintenance cost.
8 Appropriate costs for bridges and ferries shall be included. The
9 county road administration board shall be responsible for establishing
10 a uniform system of roadway categories for both maintenance and
11 construction and also for establishing a single statewide cost per mile
12 rate for each roadway category. The total annual cost for each county
13 will be based on the established statewide cost per mile and associated
14 mileage for each category. The mileage to be used for these
15 computations shall be as shown in the county road log as maintained by
16 the county road administration board as of July 1, 1985, and each two
17 years thereafter. Each county shall be responsible for submitting
18 changes, corrections, and deletions as regards the county road log to
19 the county road administration board. Such changes, corrections, and
20 deletions shall be subject to verification and approval by the county
21 road administration board prior to inclusion in the county road log.

22 (3) The money need factor for each county shall be the county's
23 total annual road cost less the following four amounts:

24 (a) One-half the sum of the actual county road tax levied upon the
25 valuation of all taxable property within the county road districts
26 pursuant to RCW 36.82.040, including any amount of such tax diverted
27 under chapter 39.-- RCW (sections 13 through 22 of this act), for the
28 two calendar years next preceding the year of computation of the
29 allocation amounts as certified by the department of revenue;

30 (b) One-half the sum of all funds received by the county road fund
31 from the federal forest reserve fund pursuant to RCW 28A.520.010 and
32 28A.520.020 during the two calendar years next preceding the year of
33 computation of the allocation amounts as certified by the state
34 treasurer;

35 (c) One-half the sum of timber excise taxes received by the county
36 road fund pursuant to chapter 84.33 RCW in the two calendar years next
37 preceding the year of computation of the allocation amounts as
38 certified by the state treasurer;

1 (d) One-half the sum of motor vehicle license fees and motor
2 vehicle and special fuel taxes refunded to the county, pursuant to RCW
3 46.68.080 during the two calendar years next preceding the year of
4 computation of the allocation amounts as certified by the state
5 treasurer.

6 (4) The state treasurer and the department of revenue shall furnish
7 to the county road administration board the information required by
8 subsection (3) of this section on or before July 1st of each odd-
9 numbered year.

10 (5) The county road administration board, shall compute and provide
11 to the counties the allocation factors of the several counties on or
12 before September 1st of each year based solely upon the sources of
13 information herein before required: PROVIDED, That the allocation
14 factor shall be held to a level not more than five percent above or
15 five percent below the allocation factor in use during the previous
16 calendar year. Upon computation of the actual allocation factors of
17 the several counties, the county road administration board shall
18 provide such factors to the state treasurer to be used in the
19 computation of the counties' fuel tax allocation for the succeeding
20 calendar year. The state treasurer shall adjust the fuel tax
21 allocation of each county on January 1st of every year based solely
22 upon the information provided by the county road administration board.

23 **Sec. 45.** RCW 82.03.130 and 1998 c 54 s 1 are each amended to read
24 as follows:

25 (1) The board shall have jurisdiction to decide the following types
26 of appeals:

27 (a) Appeals taken pursuant to RCW 82.03.190.

28 (b) Appeals from a county board of equalization pursuant to RCW
29 84.08.130.

30 (c) Appeals by an assessor or landowner from an order of the
31 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if
32 filed with the board of tax appeals within thirty days after the
33 mailing of the order, the right to such an appeal being hereby
34 established.

35 (d) Appeals by an assessor or owner of an intercounty public
36 utility or private car company from determinations by the director of
37 revenue of equalized assessed valuation of property and the
38 apportionment thereof to a county made pursuant to chapter 84.12 and

1 84.16 RCW, if filed with the board of tax appeals within thirty days
2 after mailing of the determination, the right to such appeal being
3 hereby established.

4 (e) Appeals by an assessor, landowner, or owner of an intercounty
5 public utility or private car company from a determination of any
6 county indicated ratio for such county compiled by the department of
7 revenue pursuant to RCW 84.48.075: PROVIDED, That

8 (i) Said appeal be filed after review of the ratio under RCW
9 84.48.075(3) and not later than fifteen days after the mailing of the
10 certification; and

11 (ii) The hearing before the board shall be expeditiously held in
12 accordance with rules prescribed by the board and shall take precedence
13 over all matters of the same character.

14 (f) Appeals from the decisions of sale price of second class
15 shorelands on navigable lakes by the department of natural resources
16 pursuant to RCW 79.94.210.

17 ~~(g) ((Appeals from urban redevelopment property tax apportionment
18 district proposals established by governmental ordinances pursuant to
19 RCW 39.88.060.~~

20 ~~(h))~~ Appeals from interest rates as determined by the department
21 of revenue for use in valuing farmland under current use assessment
22 pursuant to RCW 84.34.065.

23 ~~((i))~~ (h) Appeals from revisions to stumpage value tables used to
24 determine value by the department of revenue pursuant to RCW 84.33.091.

25 ~~((j))~~ (i) Appeals from denial of tax exemption application by the
26 department of revenue pursuant to RCW 84.36.850.

27 ~~((k))~~ (j) Appeals pursuant to RCW 84.40.038(3).

28 (2) Except as otherwise specifically provided by law hereafter, the
29 provisions of RCW 1.12.070 shall apply to all notices of appeal filed
30 with the board of tax appeals.

31 **PART IV--MISCELLANEOUS**

32 **Sec. 46.** RCW 35.87A.010 and 2000 c 201 s 1 are each amended to
33 read as follows:

34 To aid general economic development and neighborhood
35 revitalization, and to facilitate the cooperation of merchants,
36 businesses, and residential property owners which assists trade,
37 economic viability, and liveability, the legislature hereby authorizes

1 all counties and all incorporated cities and towns, including
2 unclassified cities and towns operating under special charters:

3 (1) To establish, after a petition submitted by the operators
4 responsible for sixty percent of the assessments by businesses and
5 multifamily residential or mixed-use projects within the area, parking
6 and business improvement areas, hereafter referred to as area or areas,
7 for the following purposes:

8 (a) The acquisition, construction or maintenance of parking
9 facilities for the benefit of the area;

10 (b) Decoration of any public place in the area;

11 (c) Sponsorship or promotion of public events which are to take
12 place on or in public places in the area;

13 (d) Furnishing of music in any public place in the area;

14 (e) Providing professional management, planning, and promotion for
15 the area, including the management and promotion of retail trade
16 activities in the area; or

17 (f) Providing maintenance and security for common, public areas.

18 (2) To levy special assessments on all businesses and multifamily
19 residential or mixed-use projects within the area and specially
20 benefited by a parking and business improvement area to pay in whole or
21 in part the damages or costs incurred therein as provided in this
22 chapter.

23 (3) To enter into agreements with a legislative authority to
24 administer community revitalization projects within an apportionment
25 district established under sections 1 through 11 of this act.

26 **Sec. 47.** RCW 82.14.050 and 1999 c 165 s 14 are each amended to
27 read as follows:

28 The counties, cities, and transportation authorities under RCW
29 82.14.045 and public facilities districts under chapter 36.100 and
30 35.57 RCW shall contract, prior to the effective date of a resolution
31 or ordinance imposing a sales and use tax, the administration and
32 collection to the state department of revenue, which shall deduct a
33 percentage amount, as provided by contract, not to exceed two percent
34 of the taxes collected for administration and collection expenses
35 incurred by the department. Except as provided in section 6 of this
36 act, the remainder of any portion of any tax authorized by this chapter
37 which is collected by the department of revenue shall be deposited by
38 the state department of revenue in the local sales and use tax account

1 hereby created in the state treasury. Moneys in the local sales and
2 use tax account may be spent only for distribution to counties, cities,
3 transportation authorities, and public facilities districts imposing a
4 sales and use tax. All administrative provisions in chapters 82.03,
5 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be
6 amended, shall, insofar as they are applicable to state sales and use
7 taxes, be applicable to taxes imposed pursuant to this chapter. Except
8 as provided in RCW 43.08.190, all earnings of investments of balances
9 in the local sales and use tax account shall be credited to the local
10 sales and use tax account and distributed to the counties, cities,
11 transportation authorities, and public facilities districts monthly.

12 **Sec. 48.** RCW 35.80.030 and 1989 c 133 s 3 are each amended to read
13 as follows:

14 (1) Whenever the local governing body of a municipality finds that
15 one or more conditions of the character described in RCW 35.80.010
16 exist within its territorial limits, said governing body may adopt
17 ordinances relating to such dwellings, buildings, structures, or
18 premises. Such ordinances may provide for the following:

19 (a) That an "improvement board" or officer be designated or
20 appointed to exercise the powers assigned to such board or officer by
21 the ordinance as specified herein. Said board or officer may be an
22 existing municipal board or officer in the municipality, or may be a
23 separate board or officer appointed solely for the purpose of
24 exercising the powers assigned by said ordinance.

25 If a board is created, the ordinance shall specify the terms,
26 method of appointment, and type of membership of said board, which may
27 be limited, if the local governing body chooses, to public officers as
28 herein defined.

29 (b) If a board is created, a public officer, other than a member of
30 the improvement board, may be designated to work with the board and
31 carry out the duties and exercise the powers assigned to said public
32 officer by the ordinance.

33 (c) That if, after a preliminary investigation of any dwelling,
34 building, structure, or premises, the board or officer finds that it is
35 unfit for human habitation or other use, he shall cause to be served
36 either personally or by certified mail, with return receipt requested,
37 upon all persons having any interest therein, as shown upon the records
38 of the auditor's office of the county in which such property is

1 located, and shall post in a conspicuous place on such property, a
2 complaint stating in what respects such dwelling, building, structure,
3 or premises is unfit for human habitation or other use. If the
4 whereabouts of any of such persons is unknown and the same cannot be
5 ascertained by the board or officer in the exercise of reasonable
6 diligence, and the board or officer makes an affidavit to that effect,
7 then the serving of such complaint or order upon such persons may be
8 made either by personal service or by mailing a copy of the complaint
9 and order by certified mail, postage prepaid, return receipt requested,
10 to each such person at the address of the building involved in the
11 proceedings, and mailing a copy of the complaint and order by first
12 class mail to any address of each such person in the records of the
13 county assessor or the county auditor for the county where the property
14 is located. Such complaint shall contain a notice that a hearing will
15 be held before the board or officer, at a place therein fixed, not less
16 than ten days nor more than thirty days after the serving of said
17 complaint; and that all parties in interest shall be given the right to
18 file an answer to the complaint, to appear in person, or otherwise, and
19 to give testimony at the time and place in the complaint. The rules of
20 evidence prevailing in courts of law or equity shall not be controlling
21 in hearings before the board or officer. A copy of such complaint
22 shall also be filed with the auditor of the county in which the
23 dwelling, building, structure, or (~~premise~~ ~~[premises]~~) premises is
24 located, and such filing of the complaint or order shall have the same
25 force and effect as other lis pendens notices provided by law.

26 (d) That the board or officer may determine that a dwelling,
27 building, structure, or premises is unfit for human habitation or other
28 use if it finds that conditions exist in such dwelling, building,
29 structure, or premises which are dangerous or injurious to the health
30 or safety of the occupants of such dwelling, building, structure, or
31 premises, the occupants of neighboring dwellings, or other residents of
32 such municipality. Such conditions may include the following, without
33 limitations: Defects therein increasing the hazards of fire or
34 accident; inadequate ventilation, light, or sanitary facilities,
35 dilapidation, disrepair, structural defects, uncleanliness,
36 overcrowding, or inadequate drainage. The ordinance shall state
37 reasonable and minimum standards covering such conditions, including
38 those contained in ordinances adopted in accordance with
39 (~~subdivision~~) subsection (7)(a) (~~herein~~) of this section, to guide

1 the board or the public officer and the agents and employees of either,
2 in determining the fitness of a dwelling for human habitation, or
3 building, structure, or premises for other use.

4 (e) That the determination of whether a dwelling, building,
5 structure, or premises should be repaired or demolished, shall be based
6 on specific stated standards on (i) the degree of structural
7 deterioration of the dwelling, building, structure, or premises, or
8 (ii) the relationship that the estimated cost of repair bears to the
9 value of the dwelling, building, structure, or premises, with the
10 method of determining this value to be specified in the ordinance.

11 (f) That if, after the required hearing, the board or officer
12 determines that the dwelling is unfit for human habitation, or building
13 or structure or premises is unfit for other use, it shall state in
14 writing its findings of fact in support of such determination, and
15 shall issue and cause to be served upon the owner or party in interest
16 thereof, as is provided in (~~subdivision (1)~~)(c) of this subsection,
17 and shall post in a conspicuous place on said property, an order which
18 (i) requires the owner or party in interest, within the time specified
19 in the order, to repair, alter, or improve such dwelling, building,
20 structure, or premises to render it fit for human habitation, or for
21 other use, or to vacate and close the dwelling, building, structure, or
22 premises, if such course of action is deemed proper on the basis of the
23 standards set forth as required in (~~subdivision (1)~~)(e) of this
24 subsection; or (ii) requires the owner or party in interest, within the
25 time specified in the order, to remove or demolish such dwelling,
26 building, structure, or premises, if this course of action is deemed
27 proper on the basis of said standards. If no appeal is filed, a copy
28 of such order shall be filed with the auditor of the county in which
29 the dwelling, building, structure, or premises is located.

30 (g) The owner or any party in interest, within thirty days from the
31 date of service upon the owner and posting of an order issued by the
32 board under the provisions of (~~subdivision~~) (c) of this subsection,
33 may file an appeal with the appeals commission.

34 The local governing body of the municipality shall designate or
35 establish a municipal agency to serve as the appeals commission. The
36 local governing body shall also establish rules of procedure adequate
37 to assure a prompt and thorough review of matters submitted to the
38 appeals commission, and such rules of procedure shall include the
39 following, without being limited thereto: (i) All matters submitted to

1 the appeals commission must be resolved by the commission within sixty
2 days from the date of filing therewith and (ii) a transcript of the
3 findings of fact of the appeals commission shall be made available to
4 the owner or other party in interest upon demand.

5 The findings and orders of the appeals commission shall be reported
6 in the same manner and shall bear the same legal consequences as if
7 issued by the board, and shall be subject to review only in the manner
8 and to the extent provided in (~~subdivision~~) subsection (2) of this
9 section.

10 If the owner or party in interest, following exhaustion of his
11 rights to appeal, fails to comply with the final order to repair,
12 alter, improve, vacate, close, remove, or demolish the dwelling,
13 building, structure, or premises, the board or officer may direct or
14 cause such dwelling, building, structure, or premises to be repaired,
15 altered, improved, vacated, and closed, removed, or demolished.

16 (h) That the amount of the cost of such repairs, alterations or
17 improvements; or vacating and closing; or removal or demolition by the
18 board or officer, shall be assessed against the real property upon
19 which such cost was incurred unless such amount is previously paid.
20 Upon certification to him by the treasurer of the municipality in cases
21 arising out of the city or town or by the county improvement board or
22 officer, in cases arising out of the county, of the assessment amount
23 being due and owing, the county treasurer shall enter the amount of
24 such assessment upon the tax rolls against the property for the current
25 year and the same shall become a part of the general taxes for that
26 year to be collected at the same time and with interest at such rates
27 and in such manner as provided for in RCW 84.56.020, as now or
28 hereafter amended, for delinquent taxes, and when collected to be
29 deposited to the credit of the general fund of the municipality. If
30 the dwelling, building, structure, or premises is removed or demolished
31 by the board or officer, the board or officer shall, if possible, sell
32 the materials of such dwelling, building, structure, (~~or~~) or
33 premises in accordance with procedures set forth in said ordinance, and
34 shall credit the proceeds of such sale against the cost of the removal
35 or demolition and if there be any balance remaining, it shall be paid
36 to the parties entitled thereto, as determined by the board or officer,
37 after deducting the costs incident thereto.

38 The assessment shall constitute a lien against the property which
39 shall be of equal rank with state, county, and municipal taxes and

1 shall have a first priority and shall be paid before the payment of
2 other state, county, and municipal taxes from any tax payments
3 collected or the proceeds of any sale of the property through
4 foreclosure or sale by the county including, but not limited to, the
5 proceeds of sales of any property acquired by the county by tax deed.

6 (2) Any person affected by an order issued by the appeals
7 commission pursuant to ~~((subdivision))~~ subsection (1)(f) ~~((hereof))~~ of
8 this section may, within thirty days after the posting and service of
9 the order, petition to the superior court for an injunction restraining
10 the public officer or members of the board from carrying out the
11 provisions of the order. In all such proceedings the court is
12 authorized to affirm, reverse, or modify the order and such trial shall
13 be heard de novo.

14 (3) An ordinance adopted by the local governing body of the
15 municipality may authorize the board or officer to exercise such powers
16 as may be necessary or convenient to carry out and effectuate the
17 purposes and provisions of this section. These powers shall include
18 the following in addition to others herein granted: (a)(i) To
19 determine which dwellings within the municipality are unfit for human
20 habitation; (ii) to determine which buildings, structures, or premises
21 are unfit for other use; (b) to administer oaths and affirmations,
22 examine witnesses and receive evidence; and (c) to investigate the
23 dwelling and other property conditions in the municipality or county
24 and to enter upon premises for the purpose of making examinations when
25 the board or officer has reasonable ground for believing they are unfit
26 for human habitation, or for other use: PROVIDED, That such entries
27 shall be made in such manner as to cause the least possible
28 inconvenience to the persons in possession, and to obtain an order for
29 this purpose after submitting evidence in support of an application
30 which is adequate to justify such an order from a court of competent
31 jurisdiction in the event entry is denied or resisted.

32 (4) The local governing body of any municipality adopting an
33 ordinance pursuant to this chapter may appropriate the necessary funds
34 to administer such ordinance.

35 (5) Nothing in this section shall be construed to abrogate or
36 impair the powers of the courts or of any department of any
37 municipality to enforce any provisions of its charter or its ordinances
38 or regulations, nor to prevent or punish violations thereof; and the

1 powers conferred by this section shall be in addition and supplemental
2 to the powers conferred by any other law.

3 (6) Nothing in this section shall be construed to impair or limit
4 in any way the power of the municipality to define and declare
5 nuisances and to cause their removal or abatement, by summary
6 proceedings or otherwise.

7 (7) Any municipality may (by ordinance adopted by its governing
8 body) (a) prescribe minimum standards for the use and occupancy of
9 dwellings throughout the municipality, or county, (b) prescribe minimum
10 standards for the use or occupancy of any building, structure, or
11 premises used for any other purpose, (c) prevent the use or occupancy
12 of any dwelling, building, structure, or premises, which is injurious
13 to the public health, safety, morals, or welfare, and (d) prescribe
14 punishment for the violation of any provision of such ordinance.

15 NEW SECTION. **Sec. 49.** A new section is added to chapter 35.80 RCW
16 to read as follows:

17 (1) The municipality, as an alternative or additional remedy, may
18 acquire by negotiation the substandard building, structure, or premises
19 and the land on which it is located, and after the acquisition may
20 utilize public or other available funds to improve the property
21 acquired and the property may be used or transferred, as authorized
22 under chapter 35.80A RCW, as if the property were acquired under RCW
23 35.80A.010, if the owner or the owner's representative notifies the
24 municipality in writing that the owner refuses or is unable to proceed
25 or fails to: (a) Repair, alter, or improve a substandard building,
26 structure, or premises; or (b) remove or demolish a substandard
27 building, structure, or premises as required by the order of the board
28 or officer under RCW 35.80.030.

29 (2) If the substandard building to be acquired is part of a
30 community revitalization project, the municipality may acquire property
31 adjacent to the substandard building, as necessary to provide for the
32 implementation of the approved community revitalization project, upon
33 a finding by resolution of the local governing body that the
34 acquisition is necessary in order to cure the problems associated with
35 the substandard building or buildings, and that redevelopment of the
36 site is not feasible unless the adjacent property is acquired. This
37 subsection provides supplemental and alternative authority for
38 acquisition of property by a municipality.

1 (3)(a) If the owner of a substandard building presents evidence
2 satisfactory to the municipality that the owner does not have available
3 sufficient funds or is unable to obtain financing on reasonable terms
4 to repair, alter, or improve a substandard building as required by the
5 order of the board or officer, under RCW 35.80.030, and in a manner
6 that will place the substandard building in a condition that will cure
7 the functional obsolescence of the building for its intended use, then
8 the municipality may, through its local governing body, approve a
9 project agreement with the owner that may provide for:

10 (i) Repair, alterations, and improvement of the substandard
11 building so as to comply with the order of the board or officer, under
12 RCW 35.80.030, and with the terms and conditions of the project
13 agreement;

14 (ii) The manner in which work under the project agreement will be
15 accomplished and how payment will be made, that may include, but is not
16 limited to, work let by the municipality and payment by the
17 municipality for work completed on the substandard building in
18 accordance with the project agreement; and

19 (iii) Repayment by the owner of the costs incurred by the
20 municipality under the project agreement which repayment may be made in
21 installments with interest on the unpaid portion as fixed by the local
22 legislative body or paid in such other manner as may be provided in the
23 project agreement.

24 (b) If not otherwise provided in the project agreement, the amount
25 of costs incurred by the municipality in accordance with the project
26 agreement must be treated as if it were an assessment on an approved
27 final assessment roll for improvements constructed within a local
28 improvement district, under chapter 35.44 RCW, and the costs shall be
29 a lien on the property improved, in the same manner and to the same
30 extent as a local improvement district assessment lien, and shall be
31 collected in the same manner as assessments, installment payments,
32 interest, and penalties are collected under chapter 35.49 RCW.

33 (c) The project agreement may provide that the lien for the
34 repayment of all or a portion of the costs incurred by the municipality
35 under the project agreement may be subordinated to a deed of trust
36 securing the loan of private funds to the owner for payment of project
37 costs incurred by the owner under the project agreement.

38 (4) The municipality or a public corporation created by a
39 municipality under RCW 35.21.660 or 35.21.730 may provide for the

1 payment of the costs and expenses incurred by the municipality under a
2 project agreement by revenue or general obligation bonds or notes
3 payable in whole or in part from the repayment of project costs by
4 owners and through enforcement of the assessments against the property
5 benefited or from any other federal, public, or private funds that may
6 be made available for such purposes.

7 NEW SECTION. **Sec. 50.** Sections 1 through 11 of this act
8 constitute a new chapter in Title 82 RCW.

9 NEW SECTION. **Sec. 51.** Part headings as used in this act do not
10 constitute any part of the law.

11 NEW SECTION. **Sec. 52.** If any provision of this act or its
12 application to any person or circumstance is held invalid, the
13 remainder of the act or the application of the provision to other
14 persons or circumstances is not affected.

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