
SENATE BILL 5145

State of Washington

62nd Legislature

2011 Regular Session

By Senators White, Swecker, Shin, Nelson, and Harper

Read first time 01/17/11. Referred to Committee on Government Operations, Tribal Relations & Elections.

1 AN ACT Relating to landscape conservation and local infrastructure;
2 amending RCW 84.55.010, 84.55.120, and 36.70A.080; adding a new chapter
3 to Title 39 RCW; and creating a new section.

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

5 **PART I**
6 **FINDINGS**

7 NEW SECTION. **Sec. 101.** FINDINGS. (1) Recognizing that
8 uncoordinated and poorly planned growth poses a threat to the
9 environment, sustainable economic development, and the health, safety,
10 and high quality of life enjoyed by residents of this state, the
11 legislature passed the growth management act, chapter 36.70A RCW. The
12 planning goals adopted through the growth management act encourage
13 development in urban areas where public facilities and services exist
14 or can be provided efficiently, conservation of productive forest and
15 agricultural lands, and a reduction of sprawl.
16 (2) Under RCW 36.70A.090 and 43.362.005 the legislature has
17 encouraged:

1 (a) The use of innovative land use management techniques, including
2 the transfer of development rights, to meet growth management goals;
3 and

4 (b) The creation of a regional transfer of development rights
5 marketplace in the central Puget Sound to assist in conserving
6 agricultural and forest land, as well as other lands of state or
7 regional priority.

8 (3) The legislature finds that:

9 (a) Local governments are in need of additional resources to
10 provide public infrastructure to meet the needs of a growing
11 population, and that public infrastructure is fundamental to community
12 health, safety, and economic vitality. Investment in public
13 infrastructure in growing urban areas supports growth management goals,
14 encourages the redevelopment of underutilized or blighted urban areas,
15 stimulates business activity and helps create jobs, lowers the cost of
16 housing, promotes efficient land use, and improves residents' quality
17 of life;

18 (b) Transferring development rights from agricultural and forest
19 lands to urban areas where public facilities and services exist or can
20 be provided efficiently and cost-effectively will ensure vibrant,
21 economically viable communities. Directing growth to communities where
22 people can live close to where they work or have access to
23 transportation choices will also advance state goals regarding climate
24 change by reducing vehicle miles traveled and by reducing fuel
25 consumption and emissions that contribute to climate change. Directing
26 growth to these communities will further help avoid the impacts of
27 storm water runoff to Puget Sound by avoiding impervious surfaces
28 associated with development in watershed uplands;

29 (c) A transfer of development rights marketplace is particularly
30 appropriate for conserving agricultural and forest land of long-term
31 commercial significance. Transferring the development rights from
32 these lands of statewide importance to cities will help achieve a
33 specific goal of the growth management act by keeping them in farming
34 and forestry, thereby helping ensure these remain viable industries in
35 counties experiencing population growth. Transferring growth from
36 agricultural and forest land of long-term commercial significance will
37 also reduce costs to the counties that otherwise would be responsible

1 for the provision of infrastructure and services for development on
2 these lands, which are generally further from existing infrastructure
3 and services; and

4 (d) The state and its residents benefit from investment in public
5 infrastructure that is associated with urban growth facilitated by the
6 transfer of development from agricultural and forest lands of long-term
7 commercial significance. These activities advance multiple state
8 growth management goals and benefit the state and local economies. It
9 is in the public interest to enable local governments to finance such
10 infrastructure investments and to incentivize development right
11 transfers in the central Puget Sound through this act.

12 **PART II**
13 **DEFINITIONS**

14 NEW SECTION. **Sec. 201.** DEFINITIONS. The definitions in this
15 section apply throughout this chapter unless the context clearly
16 requires otherwise.

17 (1) "Eligible county" means any county that borders Puget Sound,
18 that has a population of six hundred thousand or more, and that has an
19 established program for transfer of development rights.

20 (2) "Employment" means total employment in a county or city, as
21 applicable, estimated by the office of financial management.

22 (3) "Exchange rate" means an increment of development beyond what
23 base zoning allows that is assigned to a development right by a
24 sponsoring city for use in a receiving area.

25 (4) "Local infrastructure project area" means the geographic area
26 identified by a sponsoring city under section 601 of this act.

27 (5) "Local infrastructure project financing" means the use of
28 property taxes distributed to the sponsoring city to pay or finance
29 public improvement costs within the local infrastructure project area
30 in accordance with section 701 of this act.

31 (6) "Population" means the population of a city or county, as
32 applicable, estimated by the office of financial management.

33 (7) "Public improvements" means:

34 (a) Infrastructure improvements within the local infrastructure
35 project area that include:

36 (i) Street, road, bridge, and rail construction and maintenance;

- 1 (ii) Water and sewer system construction and improvements;
- 2 (iii) Sidewalks, streetlights, landscaping, and streetscaping;
- 3 (iv) Parking, terminal, and dock facilities;
- 4 (v) Park and ride facilities of a transit authority and other
- 5 facilities that support transit-oriented development;
- 6 (vi) Park facilities, recreational areas, bicycle paths, and
- 7 environmental remediation;
- 8 (vii) Storm water and drainage management systems;
- 9 (viii) Electric, gas, fiber, and other utility infrastructures; and
- 10 (b) Expenditures for facilities and improvements that support
- 11 affordable housing as defined in RCW 43.185A.010;
- 12 (c) Providing maintenance and security for common or public areas
- 13 in the local infrastructure project area; or
- 14 (d) Historic preservation activities authorized under RCW
- 15 35.21.395.

16 Public improvements do not include the acquisition by a sponsoring
17 city of transferable development rights.

18 (8) "Receiving areas," for purposes of this act, are those
19 designated lands within local infrastructure project areas in which
20 transferable development rights from sending areas may be used.

21 (9) "Receiving city" means any incorporated city with population
22 plus employment equal to twenty-two thousand five hundred or greater
23 within an eligible county.

24 (10) "Receiving city allocated share" means the total number of
25 transferable development rights from agricultural and forest land of
26 long-term commercial significance and rural zoned lands designated
27 under section 303 of this act within the eligible counties allocated to
28 a receiving city under section 305 (1) and (2) of this act.

29 (11)(a) "Regular property taxes" means regular property taxes
30 imposed by taxing districts, as defined in this section. For the
31 purposes of this definition, regular property taxes imposed by counties
32 include regular property taxes subject to the limitation in RCW
33 84.52.043(1)(b), including any increase permitted under RCW
34 84.52.043(1), regular property taxes imposed by cities include regular
35 property taxes subject to the limitation in RCW 84.52.043(1)(d), and
36 regular property taxes imposed by port districts include regular
37 property taxes imposed under RCW 53.36.020 for general port purposes

1 and exclude any levy for the payment of the principal of and interest
2 of general bonded indebtedness of the port.

3 (b) "Regular property taxes" do not include: (i) Excess property
4 tax levies; (ii) property taxes that are specifically excluded through
5 an interlocal agreement between the sponsoring city and a taxing
6 district; and (iii) regular property taxes authorized by RCW 84.55.050
7 that are limited to a specific purpose.

8 (12) "Sending areas" means those lands within an eligible county
9 that meet conservation criteria as described in sections 301 and 303 of
10 this act.

11 (13) "Sponsoring city" means a receiving city that accepts all or
12 a portion of its receiving city allocated share, adopts a plan for
13 development of infrastructure within one or more proposed local
14 infrastructure project areas in accordance with section 401 of this
15 act, and creates one or more local infrastructure project areas, as
16 specified in section 305(4) of this act.

17 (14) "Sponsoring city allocated share" means the total number of
18 transferable development rights a sponsoring city agrees to accept,
19 under section 305(4) of this act, from agricultural and forest land of
20 long-term commercial significance and rural zoned lands designated
21 under section 303 of this act within the eligible counties, plus the
22 total number of transferable development rights transferred to the
23 sponsoring city from another receiving city under section 305(5) of
24 this act.

25 (15) "Sponsoring city specified portion" means the portion of a
26 sponsoring city allocated share which may be used within one or more
27 local infrastructure project areas, as set forth in the sponsoring
28 city's plan for development of infrastructure under section 401 of this
29 act.

30 (16) "Taxing district" means a city, a county, or a port district.

31 (17) "Transfer of development rights" includes methods for
32 protecting land from development by voluntarily removing the
33 development rights from a sending area and transferring them to one or
34 more receiving areas for the purpose of increasing development density
35 or intensity.

36 (18) "Transferable development rights" means a right to develop one
37 or more residential units in a sending area that can be sold and
38 transferred.

PART III
SENDING AREAS

1
2
3 NEW SECTION. **Sec. 301.** DESIGNATION OF SENDING AREAS--INCLUSION OF
4 AGRICULTURAL AND FOREST LAND OF LONG-TERM COMMERCIAL SIGNIFICANCE. An
5 eligible county must designate all agricultural and forest land of
6 long-term commercial significance within its jurisdiction as sending
7 areas for conservation under the eligible county's program for transfer
8 of development rights. The development rights from all such
9 agricultural and forest land of long-term commercial significance
10 within the eligible counties must be available for transfer to
11 receiving cities under this chapter.

12 NEW SECTION. **Sec. 302.** DEVELOPMENT RIGHTS FROM AGRICULTURAL AND
13 FOREST LAND OF LONG-TERM COMMERCIAL SIGNIFICANCE. (1) An eligible
14 county must calculate the number of development rights from
15 agricultural and forest land of long-term commercial significance that
16 are eligible for transfer to receiving areas. An eligible county must
17 determine transferable development rights for allocation purposes in
18 this program by:

- 19 (a) Base zoning in effect as of January 1, 2011; or
20 (b) An allocation other than base zoning as reflected by an
21 eligible county's transfer of development rights program or an
22 interlocal agreement with a receiving city in effect as of January 1,
23 2011.

24 (2) The number of transferable development rights includes the
25 development rights from agricultural and forest lands of long-term
26 commercial significance that have been previously issued under the
27 eligible county's program for transfer of development rights, but that
28 have not as yet been utilized to increase density or intensity in a
29 development as of January 1, 2011.

30 (3) The number of transferable development rights does not include
31 development rights from agricultural and forest lands of long-term
32 commercial significance that have previously been removed or
33 extinguished, such as through an existing conservation easement, except
34 when consistent with subsection (2) of this section.

35 NEW SECTION. **Sec. 303.** DESIGNATION OF SENDING AREAS--INCLUSION OF
36 RURAL ZONED LANDS UNDER CERTAIN CIRCUMSTANCES. (1) Subject to the

1 requirements of this section, an eligible county may designate a
2 portion of its rural zoned lands as sending areas for conservation
3 under the eligible county's program for transfer of development rights
4 available for transfer to receiving cities under this chapter.

5 (2) An eligible county may designate rural zoned lands as available
6 for transfer to receiving cities under this chapter only if, and at
7 such time as, fifty percent or more of the total acreage of land
8 classified as agricultural and forest land of long-term commercial
9 significance in the county, as of January 1, 2011, has been protected
10 through either a permanent conservation easement, ownership in fee by
11 the county for land protection or conservation purposes, or ownership
12 in fee by a nongovernmental land conservation organization.

13 (3) To be designated as available for transfer to receiving cities
14 under this chapter, rural zoned lands must either:

15 (a) Be identified by the county as top conservation priorities
16 because they:

17 (i) Provide ecological effectiveness in achieving water resource
18 inventory area goals;

19 (ii) Provide contiguous habitat protection, are adjacent to already
20 protected habitat areas, or improve ecological function;

21 (iii) Are of sufficient size and location in the landscape to yield
22 strategic growth management benefits;

23 (iv) Provide improved access for regional recreational opportunity;

24 (v) Prevent forest fragmentation or are appropriate for forest
25 management;

26 (vi) Provide flood protection or reduce flood risk; or

27 (vii) Have other attributes that meet natural resource preservation
28 program priorities; or

29 (b) Be identified by the state or in regional conservation plans as
30 highly important to the water quality of Puget Sound.

31 (4) The portion of rural zoned lands in an eligible county
32 designated as sending areas for conservation under the eligible
33 county's program for transfer of development rights available for
34 transfer to receiving cities under this chapter must not exceed one
35 thousand five hundred development rights.

36 NEW SECTION. **Sec. 304.** DETERMINATION OF TOTAL NUMBER OF
37 TRANSFERABLE DEVELOPMENT RIGHTS FOR AGRICULTURAL AND FOREST LAND OF

1 LONG-TERM COMMERCIAL SIGNIFICANCE AND DESIGNATED RURAL ZONED LANDS. On
2 or before September 1, 2011, each eligible county must report to the
3 Puget Sound regional council the total number of transferable
4 development rights from agricultural and forest land of long-term
5 commercial significance and designated rural zoned lands within the
6 eligible county that may be available for allocation to receiving
7 cities under this act, as determined under sections 302 and 303 of this
8 act.

9 NEW SECTION. **Sec. 305.** ALLOCATION AMONG LOCAL GOVERNMENTS OF
10 TRANSFERABLE DEVELOPMENT RIGHTS FROM AGRICULTURAL AND FOREST LAND OF
11 LONG-TERM COMMERCIAL SIGNIFICANCE AND DESIGNATED RURAL ZONED LANDS.

12 (1) The Puget Sound regional council must allocate among receiving
13 cities the total number of development rights reported by eligible
14 counties under section 304 of this act. Each receiving city allocated
15 share must be determined by the Puget Sound regional council, in
16 consultation with eligible counties and receiving cities, based on
17 growth targets, determined by established growth management processes,
18 and other relevant factors as determined by the Puget Sound regional
19 council in conjunction with the counties and receiving cities.

20 (2) The Puget Sound regional council must report to each receiving
21 city its receiving city allocated share on or before March 1, 2012.

22 (3) The Puget Sound regional council must report each receiving
23 city allocated share to the department of commerce on or before March
24 1, 2012.

25 (4) A receiving city may become a sponsoring city by accepting all
26 or a portion of its receiving city allocated share, adopting a plan in
27 accordance with section 401 of this act, and creating one or more local
28 infrastructure project areas to pay or finance costs of public
29 improvements.

30 (5) A receiving city may, by interlocal agreement, transfer all or
31 a portion of its receiving city allocated share to another sponsoring
32 city. The transferred portion of the receiving city allocated share
33 must be included in the other sponsoring city allocated share.

34 **PART IV**
35 **RECEIVING AREAS**

1 NEW SECTION. **Sec. 401.** DEVELOPMENT PLAN FOR INFRASTRUCTURE. (1)

2 Before adopting an ordinance or resolution creating one or more local
3 infrastructure project areas, a sponsoring city must adopt a plan for
4 development of public infrastructure within one or more proposed local
5 infrastructure project areas sufficient to utilize, on an aggregate
6 basis, a sponsoring city specified portion that is equal to or greater
7 than twenty percent of the sponsoring city allocated share.

8 (2) The plan must be developed in consultation with the taxing
9 district where the local infrastructure project area to be created is
10 located, be consistent with any transfer of development rights policies
11 or development regulations adopted by the sponsoring city under section
12 402 of this act, specify the public improvements to be financed using
13 local infrastructure project financing under section 601 of this act,
14 estimate the number of any transferable development rights that will be
15 used within the local infrastructure project area or areas and estimate
16 the cost of the public improvements.

17 (3) A plan adopted under this section may be revised from time to
18 time by the sponsoring city, in consultation with the county and port
19 district where the local infrastructure project area or areas are
20 located, to increase the sponsoring city specified portion.

21 NEW SECTION. **Sec. 402.** PROGRAM FOR TRANSFER OF DEVELOPMENT RIGHTS
22 INTO RECEIVING AREAS--REQUIREMENTS. (1) Before adopting an ordinance
23 or resolution creating one or more local infrastructure project areas,
24 a sponsoring city must:

25 (a) Adopt transfer of development rights policies or implement
26 development regulations as required by subsection (2) of this section;
27 or

28 (b) Make a finding that the sponsoring city will:

29 (i) Receive its sponsoring city specified portion within one or
30 more local infrastructure project areas; or

31 (ii) Purchase its sponsoring city specified portion should the
32 sponsoring city not be able to receive its sponsoring city specified
33 portion within one or more local infrastructure project areas such that
34 purchased development rights can be held in reserve by the sponsoring
35 city and used in future development.

36 (2) Any adoption of transfer of development rights policies or
37 implementation of development regulations must:

- 1 (a) Comply with chapter 36.70A RCW;
- 2 (b) Designate a receiving area or areas;
- 3 (c) Adopt incentives consistent with subsection (4) of this section
4 for developers purchasing transferable development rights;
- 5 (d) Establish an exchange rate consistent with subsection (5) of
6 this section; and
- 7 (e) Require that the sale of a transferable development right from
8 agricultural or forest land of long-term commercial significance or
9 designated rural zoned lands under section 303 of this act be evidenced
10 by its permanent removal from the sending site, such as through a
11 conservation easement on the sending site.
- 12 (3) Any adoption of transfer of development rights policies or
13 implementation of development regulations must not be based upon a
14 downzone within one or more receiving areas solely to create a market
15 for the transferable development rights.
- 16 (4) Developer incentives should be designed to:
- 17 (a) Achieve the densities or intensities reasonably likely to
18 result from absorption of the sponsoring city specified portion
19 identified in the plan under section 401 of this act;
- 20 (b) Include streamlined permitting strategies such as by-right
21 permitting; and
- 22 (c) Include streamlined environmental review strategies such as
23 development and substantial environmental review of a subarea plan for
24 a receiving area that benefits projects that use transferable
25 development rights, with adoption as appropriate under RCW 43.21C.420
26 of optional elements of their comprehensive plan and optional
27 development regulations that apply within the receiving area, adoption
28 as appropriate of a categorical exemption for infill under RCW
29 43.21C.229 for a receiving area, and adoption as appropriate of a
30 planned action under RCW 43.21C.031 for the receiving area.
- 31 (5) Each sponsoring city may determine, at its option, what
32 developer incentives to adopt within its jurisdiction.
- 33 (6) Exchange rates should be designed to:
- 34 (a) Create a marketplace in which transferable development rights
35 are priced at a level at which sending site landowners are willing to
36 sell and developers are willing to buy transferable development rights;
- 37 (b) Achieve the densities or intensities anticipated by the plan
38 adopted under section 401 of this act;

1 (c) Provide for translation to commodities in addition to
2 residential density, such as building height, commercial floor area,
3 parking ratio, impervious surface, parkland and open space, setbacks,
4 and floor area ratio; and

5 (d) Allow for appropriate exemptions from other land use or
6 building requirements.

7 (7) A sponsoring city must designate all agricultural and forest
8 land of long-term commercial significance and designated rural zoned
9 lands under section 303 of this act within the eligible counties as
10 available sending areas.

11 (8) A sponsoring city, in accordance with its existing
12 comprehensive planning and development regulation authority under
13 chapter 36.70A RCW, and in accordance with RCW 36.70A.080, may elect to
14 adopt an optional comprehensive plan element and optional development
15 regulations that apply within one or more local infrastructure project
16 areas under this act.

17 NEW SECTION. **Sec. 403.** DEVELOPMENT RIGHTS AVAILABLE FOR TRANSFER
18 TO RECEIVING CITIES. Only development rights from agricultural and
19 forest land of long-term commercial significance within the eligible
20 counties as determined under section 302 of this act, and rural-zoned
21 lands within the eligible counties designated under section 303 of this
22 act, may be available for transfer to receiving cities in accordance
23 with this act.

24 **PART V**

25 **QUANTITATIVE AND QUALITATIVE PERFORMANCE MEASURES**

26 NEW SECTION. **Sec. 501.** QUANTITATIVE AND QUALITATIVE PERFORMANCE
27 MEASURES--REPORTING--POSTING ON WEB SITE. The Puget Sound regional
28 council in collaboration with the eligible counties must develop
29 quantitative and qualitative performance measures for monitoring the
30 landscape conservation and local infrastructure program under this
31 chapter. The performance measures must address conservation of
32 agricultural and forest land of long-term commercial significance
33 within the eligible counties, redevelopment of underutilized or
34 blighted urban areas, job creation or other measures of increased
35 business activity, creation of compact communities within the receiving

1 cities, and state financial benefit derived from local infrastructure
2 project areas, such as through increased state sales and property tax
3 receipts and other measures identified by the Puget Sound regional
4 council in collaboration with the eligible counties. The department of
5 commerce must require eligible counties and sponsoring cities to report
6 on these performance measures biannually. The department of commerce
7 must compile any performance measure information that has been reported
8 by the eligible counties and sponsoring cities and post it on its web
9 site. The department of commerce must report to sponsoring cities, the
10 treasurer and the office of financial management biannually the
11 performance measure information addressing state financial benefit
12 derived from local infrastructure project areas as reported to the
13 department of commerce by the eligible counties and sponsoring cities.

14 **PART VI**

15 **ESTABLISHMENT OF LOCAL INFRASTRUCTURE PROJECT AREAS**

16 NEW SECTION. **Sec. 601.** CREATING A LOCAL INFRASTRUCTURE PROJECT
17 AREA. (1) Before adopting an ordinance or resolution creating one or
18 more local infrastructure project areas, a sponsoring city must:

19 (a) Provide notice to the county assessor, county treasurer, and
20 each taxing district within the proposed local infrastructure project
21 area of the sponsoring city's intent to create one or more local
22 infrastructure project areas. Notice must be provided in writing to
23 the county assessor, county treasurer, and chief executive officer of
24 the taxing district at least one hundred eighty days in advance of the
25 public hearing as required by (b) of this subsection;

26 (b) Hold a public hearing on the proposed formation of the local
27 infrastructure project area.

28 (2) To create one or more local infrastructure project areas, a
29 sponsoring city must adopt an ordinance or resolution that:

30 (a) Describes the proposed public improvements, identified in the
31 plan under section 401 of this act, to be financed in each local
32 infrastructure project area; and

33 (b) Describes the boundaries of each local infrastructure project
34 area, subject to the limitations in section 602 of this act.

35 (3) The sponsoring city must deliver a certified copy of the

1 adopted ordinance or resolution to the county assessor, county
2 treasurer, and chief executive officer of the taxing district within
3 which the local infrastructure project area is located.

4 NEW SECTION. **Sec. 602.** LIMITATIONS ON LOCAL INFRASTRUCTURE
5 PROJECT AREAS. The designation of any local infrastructure project
6 area is subject to the following limitations:

7 (1) A local infrastructure project area is limited to contiguous
8 tracts, lots, pieces, or parcels of land without the creation of
9 islands of territory not included in the local infrastructure project
10 area;

11 (2) The public improvements to be financed with local
12 infrastructure project financing must be located in the local
13 infrastructure project area and must, in the determination of the
14 sponsoring city, further the intent of this act;

15 (3) Local infrastructure project areas created by a sponsoring city
16 may not comprise an area containing more than twenty-five percent of
17 the total assessed value of taxable property within the sponsoring city
18 at the time the local infrastructure project areas are created;

19 (4) The boundaries of each local infrastructure project area may
20 not overlap and may not be changed during the time period that local
21 infrastructure project financing is used within the local
22 infrastructure project area, as provided under this chapter; and

23 (5) All local infrastructure project areas created by the
24 sponsoring city must comprise, in the aggregate, an area that the
25 sponsoring city determines (a) is sufficient to use the sponsoring city
26 specified portion, unless the sponsoring city satisfies its sponsoring
27 city allocated share under section 402(1)(b)(ii) of this act, and (b)
28 is no larger than reasonably necessary to use the sponsoring city
29 specified portion in projected future developments.

30 NEW SECTION. **Sec. 603.** PARTICIPATING TAXING DISTRICTS. (1) A
31 taxing district must set its regular property tax levy to include
32 seventy-five percent of the additional dollar amount determined under
33 RCW 84.55.010(2), to the extent that including such amount does not
34 cause the taxing district to exceed the constitutional and statutory
35 limitations that apply to its levy rate. This amount is to be
36 distributed to the sponsoring city under section 701(1)(a) of this act

1 and may be used by the sponsoring city only for the purpose of local
2 infrastructure project financing. The distribution to the sponsoring
3 city of property taxes under section 701(1)(a) of this act for the
4 purpose of local infrastructure project financing is declared to be a
5 public purpose of and benefit to the sponsoring city and each taxing
6 district.

7 (2) Subject to constitutional and statutory limitations on the levy
8 rate that can be imposed by a taxing district, a taxing district may
9 set its regular property tax levy to include all or a portion of the
10 remaining twenty-five percent of the additional dollar amount
11 determined under RCW 84.55.010(2). All or a portion of this amount is
12 to be distributed to the taxing district under section 701(1)(b) of
13 this act and may be used by the taxing district for any purpose of the
14 taxing district.

15 **PART VII**

16 **LOCAL INFRASTRUCTURE PROJECT FINANCING**

17 **USE OF PROPERTY TAX REVENUES TO PAY OR FINANCE**

18 **COSTS OF PUBLIC IMPROVEMENTS**

19 NEW SECTION. **Sec. 701.** ALLOCATION OF PROPERTY TAX REVENUES. (1)
20 Beginning in the first calendar year that is at least six months after
21 the date on which the sponsoring city certifies to the county treasurer
22 that a local infrastructure project area has been created and that the
23 local property tax threshold level 1 has been met, the county treasurer
24 must distribute receipts from regular property taxes imposed by taxing
25 districts located in the local infrastructure project area as follows:

26 (a) The sponsoring city must receive seventy-five percent of the
27 additional dollar amount determined under RCW 84.55.010(2), to the
28 extent the sponsoring city has included this amount in its levy.

29 (b) Each taxing district must receive the remainder of the
30 additional dollar amount determined under RCW 84.55.010(2), up to the
31 additional dollar amount the taxing district has included in its levy.

32 (2)(a) Distributions under subsection (1) of this section must
33 cease on the date that is the earlier of:

34 (i) The date when local infrastructure project financing is no
35 longer used for costs of the public improvements as certified by the
36 sponsoring city to the county treasurer; or

1 (ii) The final termination date as determined under this subsection
2 (2).

3 (b) The final termination date is determined as follows:

4 (i) Except as provided otherwise in this subsection (2)(b), if the
5 sponsoring city certifies to the county treasurer that the local
6 property tax threshold level 1 is met, the final termination date is
7 ten years after the date of the first distribution under subsection (1)
8 of this section;

9 (ii) If the sponsoring city certifies to the county treasurer that
10 the local property tax threshold level 2 is met at least six months
11 prior to the final termination date under subsection (b)(i) of this
12 subsection (2), the final termination date is fifteen years after the
13 date of the first distribution under subsection (1) of this section;

14 (iii) If the sponsoring city certifies to the county treasurer that
15 the local property tax threshold level 3 is met at least six months
16 prior to the final termination date under subsection (b)(ii) of this
17 subsection (2), the final termination date is twenty years after the
18 date of the first distribution under subsection (1) of this section;

19 (iv) If the sponsoring city certifies to the county treasurer that
20 the local property tax threshold level 4 is met at least six months
21 prior to the final termination date under subsection (b)(iii) of this
22 subsection (2), the final termination date is twenty-five years after
23 the date of the first distribution under subsection (1) of this
24 section.

25 (3) For purposes of this section:

26 (a) The "local property tax threshold level 1" is met when the
27 sponsoring city has either:

28 (i) Issued building permits for development within the local
29 infrastructure project area that, on an aggregate basis, uses at least
30 twenty-five percent of the sponsoring city specified portion; or

31 (ii) Acquired transferable development rights equal to at least
32 twenty-five percent of the sponsoring city specified portion for use in
33 the local infrastructure project area or for extinguishment.

34 (b) The "local property tax threshold level 2" is met when the
35 sponsoring city has either:

36 (i) Issued building permits for development within the local
37 infrastructure project area that, on an aggregate basis, uses at least
38 fifty percent of the sponsoring city specified portion; or

1 (ii) Acquired transferable development rights equal to at least
2 fifty percent of the sponsoring city specified portion for use in the
3 local infrastructure project area or for extinguishment.

4 (c) The "local property tax threshold level 3" is met when the
5 sponsoring city has either:

6 (i) Issued building permits for development within the local
7 infrastructure project area that, on an aggregate basis, uses at least
8 seventy-five percent of the sponsoring city specified portion; or

9 (ii) Acquired transferable development rights equal to at least
10 seventy-five percent of the sponsoring city specified portion for use
11 in the local infrastructure project area or for extinguishment.

12 (d) The "local property tax threshold level 4" is met when the
13 sponsoring city has either:

14 (i) Issued building permits for development within the local
15 infrastructure project area that, on an aggregate basis, uses at least
16 one hundred percent of the sponsoring city specified portion; or

17 (ii) Acquired transferable development rights equal to at least one
18 hundred percent of the sponsoring city specified portion for use in the
19 local infrastructure project area or for extinguishment.

20 **Sec. 702.** RCW 84.55.010 and 2006 c 184 s 1 are each amended to
21 read as follows:

22 (1) Except as provided in this chapter, the levy for a taxing
23 district in any year (~~shall~~) must be set so that the regular property
24 taxes payable in the following year (~~shall~~) do not exceed the limit
25 factor multiplied by the amount of regular property taxes lawfully
26 levied for such district in the highest of the three most recent years
27 in which such taxes were levied for such district adjusted to exclude
28 any additional dollar amount that was included in such levy pursuant to
29 section 603 of this act, plus an additional dollar amount calculated by
30 multiplying the increase in assessed value in that district resulting
31 from new construction, increases in assessed value due to construction
32 of electric generation wind turbine facilities classified as personal
33 property, improvements to property, and any increase in the assessed
34 value of state-assessed property by the regular property tax levy rate
35 of that district for the preceding year.

36 (2)(a) For taxing districts as defined in section 201 of this act,
37 an additional dollar amount must be added to the dollar amount

1 determined under subsection (1) of this section for each levy year in
2 which distributions may be made under section 701(1) of this act. This
3 additional dollar amount must equal:

4 (i) The increase in assessed value within any local infrastructure
5 project area, as defined in section 201 of this act, since the assessed
6 valuation placed on the tax rolls in the calendar year preceding the
7 date on which the sponsoring city certifies to the county treasurer
8 under section 701 of this act that the local property tax threshold
9 level 1 is met, that has not been taken into account under subsection
10 (1) of this section,

11 (ii) Multiplied by the sponsoring city ratio,

12 (iii) Multiplied by the regular property tax levy rate of that
13 taxing district for the preceding year.

14 (b) For the purposes of this subsection, "sponsoring city ratio"
15 means the ratio of the sponsoring city specified portion to the
16 sponsoring city allocated share, each as defined in section 201 of this
17 act.

18 **Sec. 703.** RCW 84.55.120 and 2006 c 184 s 6 are each amended to
19 read as follows:

20 (1) A taxing district, other than the state, that collects regular
21 levies (~~(shall)~~) must hold a public hearing on revenue sources for the
22 district's following year's current expense budget. The hearing must
23 include consideration of possible increases in property tax revenues
24 and (~~(shall)~~) must be held prior to the time the taxing district levies
25 the taxes or makes the request to have the taxes levied. The county
26 legislative authority, or the taxing district's governing body if the
27 district is a city, town, or other type of district, (~~(shall)~~) must
28 hold the hearing. For purposes of this section, "current expense
29 budget" means that budget which is primarily funded by taxes and
30 charges and reflects the provision of ongoing services. It does not
31 mean the capital, enterprise, or special assessment budgets of cities,
32 towns, counties, or special purpose districts.

33 (2) If the taxing district is otherwise required to hold a public
34 hearing on its proposed regular tax levy, a single public hearing may
35 be held on this matter.

36 (3) No increase in property tax revenue, other than that resulting
37 from the addition of new construction, increases in assessed value due

1 to construction of electric generation wind turbine facilities
2 classified as personal property, (~~and~~) improvements to property, any
3 increase in assessed value within any local infrastructure project
4 area, as defined in section 201 of this act, and any increase in the
5 value of state-assessed property, may be authorized by a taxing
6 district, other than the state, except by adoption of a separate
7 ordinance or resolution, pursuant to notice, specifically authorizing
8 the increase in terms of both dollars and percentage. The ordinance or
9 resolution may cover a period of up to two years, but the ordinance
10 shall specifically state for each year the dollar increase and
11 percentage change in the levy from the previous year.

12 **PART VIII**
13 **GROWTH MANAGEMENT ACT**
14 **COMPREHENSIVE PLAN OPTIONAL ELEMENTS**

15 **Sec. 801.** RCW 36.70A.080 and 1990 1st ex.s. c 17 s 8 are each
16 amended to read as follows:

17 (1) A comprehensive plan may include additional elements, items, or
18 studies dealing with other subjects relating to the physical
19 development within its jurisdiction, including, but not limited to:

- 20 (a) Conservation;
- 21 (b) Solar energy; and
- 22 (c) Recreation.

23 (2) A comprehensive plan may include, where appropriate, subarea
24 plans, each of which is consistent with the comprehensive plan.

25 (3)(a) Cities that qualify as a receiving city may adopt a
26 comprehensive plan element and associated development regulations that
27 apply within receiving areas under chapter 39.--- RCW (the new chapter
28 created in section 903 of this act).

29 (b) For purposes of this subsection, the terms "receiving city" and
30 "receiving area" have the same meanings as provided in section 201 of
31 this act.

32 **PART IX**
33 **MISCELLANEOUS**

1 NEW SECTION. **Sec. 901.** ADMINISTRATION BY THE DEPARTMENT OF
2 COMMERCE. The department of commerce may adopt any rules under chapter
3 34.05 RCW it considers necessary for the administration of this
4 chapter.

5 NEW SECTION. **Sec. 902.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

9 NEW SECTION. **Sec. 903.** Sections 101 through 701 of this act
10 constitute a new chapter in Title 39 RCW.

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