

HOUSE BILL REPORT

SB 5249

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to creating a bond issuance exemption for qualifying local revitalization financing projects.

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

Sponsors: Senators Darneille, Conway and Miloscia.

Brief History:

Committee Activity:

Technology & Economic Development: 3/11/15, 3/12/15 [DP].

Brief Summary of Bill

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

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 11 members: Representatives Morris, Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Fey, Harmsworth, Hudgins, Magendanz, Nealey, Ryu and Wylie.

Minority Report: Without recommendation. Signed by 2 members: Representatives Santos and Young.

Staff: Kirsten Lee (786-7133).

Background:

Local Revitalization Financing Program.

In 2009 the Legislature created the Local Revitalization Financing (LRF) program. The LRF program authorizes cities and counties to create "revitalization areas" and allows certain increases in local sales and use tax revenues and local property tax revenues generated from

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within the revitalization area, additional funds from other local public sources, and a state contribution to be used for payment of bonds issued for financing local public improvements within the revitalization area.

The Department of Revenue (Department) is responsible for the administration of the LRF program. To seek a state contribution, the local government that created a revitalization area must apply to the Department. In 2009 seven demonstration projects were initially funded with state contributions, totaling \$2.25 million. The maximum amount of state contribution for each demonstration project ranged from \$200,000 to \$500,000 per project. An additional \$2.5 million was allocated for six projects approved on a first-come basis. The maximum state contribution for each project approved on a first-come basis was \$500,000.

In 2010 legislation amended the LRF statutes by increasing the state contribution for demonstration projects from \$2.25 million to \$4.2 million. Out of the initial seven demonstration projects, five resubmitted applications in 2010. The total LRF award amount for demonstration projects is \$4.16 million. A total of 18 revitalization areas are eligible to receive LRF awards totaling \$6.66 million statewide.

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

Summary of Bill:

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

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The legislation allows the City of Tacoma (City) to use money that has already been awarded to them on a cash basis, rather than on a bonded basis. The City would prefer to use cash instead of going into debt because through the recession, the City's bonding capacity was negatively affected. The City has exceeded its bonding capacity and is not able to issue bonds to use the money that has been awarded to them. In 2013, legislation gave the Local Infrastructure Financing Tool program projects the ability to fund improvements on a cash basis, instead of requiring bonds to be issued.

(Opposed) None.

Persons Testifying: Senator Darneille, prime sponsor; and Briahna Taylor, City of Tacoma.

Persons Signed In To Testify But Not Testifying: None.