

E2SHB 2673 - S AMD
By Senator

ADOPTED AS AMENDED 03/07/06

1 Strike everything after the enacting clause and insert the
2 following:

3 "PART I
4 INTENT AND DEFINITIONS

5 NEW SECTION. Sec. 101. INTENT. The legislature recognizes that
6 the state as a whole benefits from investment in public infrastructure
7 because it promotes community and economic development. Public
8 investment stimulates business activity and helps create jobs;
9 stimulates the redevelopment of brownfields and blighted areas in the
10 inner city; lowers the cost of housing; and promotes efficient land
11 use. The legislature finds that these activities generate revenue for
12 the state and that it is in the public interest to invest in these
13 projects through a credit against the state sales and use tax and an
14 allocation of property tax revenue to those sponsoring local
15 governments that can demonstrate the expected returns to the state.

16 NEW SECTION. Sec. 102. DEFINITIONS. The definitions in this
17 section apply throughout this chapter unless the context clearly
18 requires otherwise.

19 (1) "Annual state contribution limit" means five million dollars
20 statewide per fiscal year.

21 (2) "Assessed value" means the valuation of taxable real property
22 as placed on the last completed assessment roll.

23 (3) "Base year" means the first calendar year following the
24 creation of a revenue development area. For a local government that
25 meets the requirements of section 202(2) of this act, "base year" is
26 the calendar year after it amends its ordinance as provided in section
27 202(2) of this act.

1 (4) "Board" means the community economic revitalization board under
2 chapter 43.160 RCW.

3 (5) "Demonstration project" means one of the following projects:

4 (a) Bellingham waterfront redevelopment project;

5 (b) Spokane river district project at Liberty Lake; and

6 (c) Vancouver riverwest project.

7 (6) "Department" means the department of revenue.

8 (7) "Fiscal year" means the twelve-month period beginning July 1st
9 and ending the following June 30th.

10 (8) "Local excise taxes" means local revenues derived from the
11 imposition of sales and use taxes authorized in RCW 82.14.030 at the
12 tax rate that was in effect at the time the revenue development area
13 was created, except that if a local government reduces the rate of such
14 tax after the revenue development area was created, "local excise
15 taxes" means the local revenues derived from the imposition of the
16 sales and use taxes authorized in RCW 82.14.030 at the lower tax rate.

17 (9) "Local excise tax allocation revenue" means the amount of local
18 excise taxes received by the local government during the measurement
19 year from taxable activity within the revenue development area over and
20 above the amount of local excise taxes received by the local government
21 during the base year from taxable activity within the revenue
22 development area, except that:

23 (a) If a sponsoring local government creates a revenue development
24 area and reasonably determines that no activity subject to tax under
25 chapters 82.08 and 82.12 RCW occurred in the twelve months immediately
26 preceding the creation of the revenue development area within the
27 boundaries of the area that became the revenue development area, "local
28 excise tax allocation revenue" means the entire amount of local excise
29 taxes received by the sponsoring local government during a calendar
30 year period beginning with the calendar year immediately following the
31 creation of the revenue development area and continuing with each
32 measurement year thereafter; and

33 (b) For revenue development areas created in calendar year 2006
34 that do not meet the requirements in (a) of this subsection and if
35 legislation is enacted in this state by July 1, 2006, that adopts the
36 sourcing provisions of the streamlined sales and use tax agreement,
37 "local excise tax allocation revenue" means the amount of local excise
38 taxes received by the sponsoring local government during the

1 measurement year from taxable activity within the revenue development
2 area over and above an amount of local excise taxes received by the
3 sponsoring local government during the 2007 base year adjusted by the
4 department for any estimated impacts from retail sales and use tax
5 sourcing changes effective July 1, 2007. The amount of base year
6 adjustment determined by the department is final.

7 (10) "Local government" means any city, town, county, port
8 district, and any federally recognized Indian tribe.

9 (11) "Local infrastructure financing" means the use of revenues
10 received from local excise tax allocation revenues, local property tax
11 allocation revenues, dedicated revenues from local public sources, and
12 revenues received from the local option sales and use tax authorized in
13 section 401 of this act to pay the principal and interest on bonds
14 authorized under section 501 of this act.

15 (12) "Local property tax allocation revenue" means those tax
16 revenues derived from the receipt of regular property taxes levied on
17 the property tax allocation revenue value and used for local
18 infrastructure financing.

19 (13) "Revenues from local public sources" means federal and private
20 monetary contributions, amounts of local excise tax allocation
21 revenues, and amounts of local property tax allocation revenues
22 dedicated by participating taxing districts and participating local
23 governments for local infrastructure financing.

24 (14) "Low-income housing" means residential housing for low-income
25 persons or families who lack the means which is necessary to enable
26 them, without financial assistance, to live in decent, safe, and
27 sanitary dwellings, without overcrowding. For the purposes of this
28 subsection, "low income" means income that does not exceed eighty
29 percent of the median family income for the standard metropolitan
30 statistical area in which the revenue development area is located.

31 (15) "Measurement year" means a calendar year, beginning with the
32 calendar year following the base year and each calendar year
33 thereafter, that is used annually to measure state and local excise tax
34 allocation revenues.

35 (16) "Ordinance" means any appropriate method of taking legislative
36 action by a local government.

37 (17) "Participating local government" means a local government
38 having a revenue development area within its geographic boundaries that

1 has entered into a written agreement with a sponsoring local government
2 as provided in section 206 of this act to allow the use of all or some
3 of its local excise tax allocation revenues or other revenues from
4 local public sources dedicated for local infrastructure financing.

5 (18) "Participating taxing district" means a local government
6 having a revenue development area within its geographic boundaries that
7 has entered into a written agreement with a sponsoring local government
8 as provided in section 206 of this act to allow the use of some or all
9 of its local property tax allocation revenues or other revenues from
10 local public sources dedicated for local infrastructure financing.

11 (19)(a) "Property tax allocation revenue value" means seventy-five
12 percent of any increase in the assessed value of real property in a
13 revenue development area resulting from the placement of new
14 construction, improvements, or both to property on the assessment rolls
15 after the revenue development area is created, where the new
16 construction or improvements occur entirely after the revenue
17 development area is created.

18 (b) If any new construction added to the assessment rolls consists
19 of entire buildings, "property tax allocation revenue value" includes
20 seventy-five percent of any increase in the assessed value of the
21 buildings in the years following their initial placement on the
22 assessment rolls.

23 (c) "Property tax allocation revenue value" does not include any
24 increase in the assessed value of improvements to property or new
25 construction that do not consist of an entire building, occurring after
26 their initial placement on the assessment rolls.

27 (d) There is no property tax allocation revenue value if the
28 assessed value of real property in a revenue development area has not
29 increased due to new construction or improvements to property occurring
30 after the revenue development area is created.

31 (20) "Taxing district" means a government entity that levies or has
32 levied for it regular property taxes upon real property located within
33 a proposed or approved revenue development area.

34 (21) "Public improvements" means:

35 (a) Infrastructure improvements within the revenue development area
36 that include:

37 (i) Street, bridge, and road construction and maintenance,
38 including highway interchange construction;

- 1 (ii) Water and sewer system construction and improvements,
- 2 including wastewater reuse facilities;
- 3 (iii) Sidewalks, traffic controls, and streetlights;
- 4 (iv) Parking, terminal, and dock facilities;
- 5 (v) Park and ride facilities of a transit authority;
- 6 (vi) Park facilities and recreational areas, including trails; and
- 7 (vii) Storm water and drainage management systems;
- 8 (b) Expenditures for facilities and improvements that support
- 9 affordable housing as defined in RCW 43.63A.510.

10 (22) "Public improvement costs" means the cost of: (a) Design,

11 planning, acquisition including land acquisition, site preparation

12 including land clearing, construction, reconstruction, rehabilitation,

13 improvement, and installation of public improvements; (b) demolishing,

14 relocating, maintaining, and operating property pending construction of

15 public improvements; (c) the local government's portion of relocating

16 utilities as a result of public improvements; (d) financing public

17 improvements, including interest during construction, legal and other

18 professional services, taxes, insurance, principal and interest costs

19 on general indebtedness issued to finance public improvements, and any

20 necessary reserves for general indebtedness; (e) assessments incurred

21 in revaluing real property for the purpose of determining the property

22 tax allocation revenue base value that are in excess of costs incurred

23 by the assessor in accordance with the revaluation plan under chapter

24 84.41 RCW, and the costs of apportioning the taxes and complying with

25 this chapter and other applicable law; and (f) administrative expenses

26 and feasibility studies reasonably necessary and related to these

27 costs, including related costs that may have been incurred before

28 adoption of the ordinance authorizing the public improvements and the

29 use of local infrastructure financing to fund the costs of the public

30 improvements.

31 (23) "Regular property taxes" means regular property taxes as

32 defined in RCW 84.04.140, except: (a) Regular property taxes levied by

33 public utility districts specifically for the purpose of making

34 required payments of principal and interest on general indebtedness;

35 (b) regular property taxes levied by the state for the support of the

36 common schools under RCW 84.52.065; and (c) regular property taxes

37 authorized by RCW 84.55.050 that are limited to a specific purpose.

1 "Regular property taxes" do not include excess property tax levies that
2 are exempt from the aggregate limits for junior and senior taxing
3 districts as provided in RCW 84.52.043.

4 (24) "Property tax allocation revenue base value" means the
5 assessed value of real property located within a revenue development
6 area for taxes levied in the year in which the revenue development area
7 is created for collection in the following year, plus one hundred
8 percent of any increase in the assessed value of real property located
9 within a revenue development area that is placed on the assessment
10 rolls after the revenue development area is created, less the property
11 tax allocation revenue value.

12 (25) "Relocating a business" means the closing of a business and
13 the reopening of that business, or the opening of a new business that
14 engages in the same activities as the previous business, in a different
15 location within a one-year period, when an individual or entity has an
16 ownership interest in the business at the time of closure and at the
17 time of opening or reopening. "Relocating a business" does not include
18 the closing and reopening of a business in a new location where the
19 business has been acquired and is under entirely new ownership at the
20 new location, or the closing and reopening of a business in a new
21 location as a result of the exercise of the power of eminent domain.

22 (26) "Revenue development area" means the geographic area created
23 by a sponsoring local government from which local excise and property
24 tax allocation revenues are derived for local infrastructure financing.

25 (27) "Small business" has the same meaning as provided in RCW
26 19.85.020.

27 (28) "Sponsoring local government" means a city, town, or county,
28 and for the purpose of this chapter a federally recognized Indian tribe
29 or any combination thereof, that creates a revenue development area and
30 applies to the board to use local infrastructure financing.

31 (29) "State contribution" means the lesser of:

32 (a) One million dollars;

33 (b) The state excise tax allocation revenue and state property tax
34 allocation revenue received by the state during the preceding calendar
35 year;

36 (c) The amount of local excise tax allocation revenues, local
37 property tax allocation revenues, and revenues from local public

1 sources, that are dedicated by a sponsoring local government in the
2 preceding calendar year to the payment of principal and interest on
3 bonds issued under section 501 of this act; or

4 (d) The amount of project award granted by the board in the notice
5 of approval to use local infrastructure financing under section 202 of
6 this act.

7 (30) "State excise taxes" means revenues derived from state retail
8 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount
9 of tax distributions from all local retail sales and use taxes imposed
10 on the same taxable events that are credited against the state retail
11 sales and use taxes under chapters 82.08 and 82.12 RCW.

12 (31) "State excise tax allocation revenue" means the amount of
13 state excise taxes received by the state during the measurement year
14 from taxable activity within the revenue development area over and
15 above the amount of state excise taxes received by the state during the
16 base year from taxable activity within the revenue development area,
17 except that:

18 (a) If a sponsoring local government creates a revenue development
19 area and reasonably determines that no activity subject to tax under
20 chapters 82.08 and 82.12 RCW occurred in the twelve months immediately
21 preceding the creation of the revenue development area within the
22 boundaries of the area that became the revenue development area, "state
23 excise tax allocation revenue" means the entire amount of state excise
24 taxes received by the state during a calendar year period beginning
25 with the calendar year immediately following the creation of the
26 revenue development area and continuing with each measurement year
27 thereafter; and

28 (b) For revenue development areas created in calendar year 2006
29 that do not meet the requirements in (a) of this subsection and if
30 legislation is enacted in this state by July 1, 2006, that adopts the
31 sourcing provisions of the streamlined sales and use tax agreement,
32 "state excise tax allocation revenue" means the amount of state excise
33 taxes received by the state during the measurement year from taxable
34 activity within the revenue development area over and above an amount
35 of state excise taxes received by the state during the 2007 base year
36 adjusted by the department for any estimated impacts from retail sales
37 and use tax sourcing changes effective July 1, 2007. The amount of
38 base year adjustment determined by the department is final.

1 (32) "State property tax allocation revenue" means those tax
2 revenues derived from the imposition of property taxes levied by the
3 state for the support of common schools under RCW 84.52.065 on the
4 property tax allocation revenue value.

5 **PART II**

6 **LOCAL INFRASTRUCTURE FINANCING TOOL**

7 NEW SECTION. **Sec. 201.** CREATION OF THE LOCAL INFRASTRUCTURE
8 FINANCING TOOL PROGRAM. The local infrastructure financing tool
9 program is created to assist local governments in financing authorized
10 public infrastructure projects designed to promote economic development
11 in the jurisdiction. The local infrastructure financing tool program
12 is not created to enable existing Washington-based businesses from
13 outside a revenue development area to relocate into a revenue
14 development area.

15 NEW SECTION. **Sec. 202.** LOCAL INFRASTRUCTURE FINANCING TOOL
16 PROGRAM APPLICATION. (1) Prior to applying to the board to use local
17 infrastructure financing, a sponsoring local government shall:

18 (a) Designate a revenue development area within the limitations in
19 section 204 of this act;

20 (b) Certify that the conditions in section 205 of this act are met;

21 (c) Complete the process in section 206 of this act;

22 (d) Provide public notice as required in section 208 of this act;

23 and

24 (e) Pass an ordinance adopting the revenue development area as
25 required in section 207 of this act.

26 (2) Any local government that has created an increment area under
27 chapter 39.89 RCW that has not issued bonds to finance any public
28 improvement shall be considered a revenue development area under this
29 chapter without creating a new increment area under sections 207 and
30 208 of this act if it amends its ordinance to comply with section
31 207(1) of this act and otherwise meets the conditions and limitations
32 under this chapter.

33 (3) As a condition to imposing a sales and use tax under section
34 401 of this act, a sponsoring local government, including any
35 cosponsoring local government seeking authority to impose a sales and

1 use tax under section 401 of this act, must apply to the board and be
2 approved for a project award amount. The application shall be in a
3 form and manner prescribed by the board and include but not be limited
4 to information establishing that the applicant is an eligible candidate
5 to impose the local sales and use tax under section 401 of this act,
6 the anticipated effective date for imposing the tax, the estimated
7 number of years that the tax will be imposed, and the estimated amount
8 of tax revenue to be received in each fiscal year that the tax will be
9 imposed. The board shall make available forms to be used for this
10 purpose. As part of the application, each applicant must provide to
11 the board a copy of the ordinance or ordinances creating the revenue
12 development area as required in section 207 of this act. A notice of
13 approval to use local infrastructure financing shall contain a project
14 award that represents the maximum amount of state contribution that the
15 applicant, including any cosponsoring local governments, can earn each
16 year that local infrastructure financing is used. The total of all
17 project awards shall not exceed the annual state contribution limit.
18 The determination of a project award shall be made based on information
19 contained in the application and the remaining amount of annual state
20 contribution limit to be awarded. Determination of a project award by
21 the board is final.

22 (4) Sponsoring local governments, and any cosponsoring local
23 governments, must submit completed applications to the board no later
24 than July 1, 2007. By September 15, 2007, in consultation with the
25 department of revenue and the department of community, trade, and
26 economic development, the board shall approve qualified projects, up to
27 the annual state contribution limit. Except as provided in section 203
28 of this act, approvals shall be based on the following criteria:

29 (a) The project potential to enhance the sponsoring local
30 government's regional and/or international competitiveness;

31 (b) The project's ability to encourage mixed use development and
32 the redevelopment of a geographic area;

33 (c) Achieving an overall distribution of projects statewide that
34 reflect geographic diversity;

35 (d) The estimated wages and benefits for the project is greater
36 than the average labor market area;

37 (e) The estimated state and local net employment change over the
38 life of the project;

1 (f) The estimated state and local net property tax change over the
2 life of the project; and

3 (g) The estimated state and local sales and use tax increase over
4 the life of the project.

5 (5) A revenue development area is considered created when the
6 sponsoring local government, including any cosponsoring local
7 government, has adopted an ordinance creating the revenue development
8 area and the board has approved the sponsoring local government to use
9 local infrastructure financing. If a sponsoring local government
10 receives approval from the board after the fifteenth day of October to
11 use local infrastructure financing, the revenue development area is
12 considered created in the calendar year following the approval. Once
13 the board has approved the sponsoring local government, and any
14 cosponsoring local governments, to use local infrastructure financing,
15 notification shall be sent to the sponsoring local government, and any
16 cosponsoring local governments, authorizing the sponsoring local
17 government, and any cosponsoring local governments, to impose the local
18 sales and use tax authorized under section 401 of this act, subject to
19 the conditions in section 401 of this act.

20 NEW SECTION. **Sec. 203.** In addition to a competitive process,
21 demonstration projects are provided to determine the feasibility of the
22 local infrastructure financing tool. Notwithstanding section 202 of
23 this act, the board shall approve each demonstration project before
24 approving any other application. The Bellingham waterfront
25 redevelopment project award shall not exceed one million dollars per
26 year, the Spokane river district project award shall not exceed one
27 million dollars per year, and the Vancouver riverwest project award
28 shall not exceed five hundred thousand dollars per year.

29 NEW SECTION. **Sec. 204.** LIMITATIONS ON REVENUE DEVELOPMENT AREAS.
30 The designation of a revenue development area is subject to the
31 following limitations:

32 (1) The taxable real property within the revenue development area
33 boundaries may not exceed one billion dollars in assessed value at the
34 time the revenue development area is designated;

35 (2) The average assessed value per square foot of taxable land

1 within the revenue development area boundaries may not exceed seventy
2 dollars at the time the revenue development area is designated;

3 (3) No more than one revenue development area may be created in a
4 county;

5 (4) A revenue development area is limited to contiguous tracts,
6 lots, pieces, or parcels of land without the creation of islands of
7 property not included in the revenue development area;

8 (5) The boundaries may not be drawn to purposely exclude parcels
9 where economic growth is unlikely to occur;

10 (6) The public improvements financed through local infrastructure
11 financing must be located in the revenue development area;

12 (7) A revenue development area cannot comprise an area containing
13 more than twenty-five percent of the total assessed value of the
14 taxable real property within the boundaries of the sponsoring local
15 government, including any cosponsoring local government, at the time
16 the revenue development area is designated;

17 (8) The boundaries of the revenue development area shall not be
18 changed for the time period that local infrastructure financing is
19 used; and

20 (9) A revenue development area cannot include any part of an
21 increment area created under chapter 39.89 RCW, except those increment
22 areas created prior to January 1, 2006.

23 NEW SECTION. **Sec. 205.** CONDITIONS. The use of local
24 infrastructure financing under this chapter is subject to the following
25 conditions:

26 (1) No funds may be used to finance, design, acquire, construct,
27 equip, operate, maintain, remodel, repair, or reequip public facilities
28 funded with taxes collected under RCW 82.14.048;

29 (2)(a) Except as provided in (b) of this subsection no funds may be
30 used for public improvements other than projects identified within the
31 capital facilities, utilities, housing, or transportation element of a
32 comprehensive plan required under chapter 36.70A RCW;

33 (b) Funds may be used for public improvements that are historical
34 preservation activities as defined in RCW 39.89.020;

35 (3) The public improvements proposed to be financed in whole or in
36 part using local infrastructure financing are expected to encourage

1 private development within the revenue development area and to increase
2 the fair market value of real property within the revenue development
3 area;

4 (4) A sponsoring local government, participating local government,
5 or participating taxing district has entered or expects to enter into
6 a contract with a private developer relating to the development of
7 private improvements within the revenue development area or has
8 received a letter of intent from a private developer relating to the
9 developer's plans for the development of private improvements within
10 the revenue development area;

11 (5) Private development that is anticipated to occur within the
12 revenue development area, as a result of the public improvements, will
13 be consistent with the countywide planning policy adopted by the county
14 under RCW 36.70A.210 and the local government's comprehensive plan and
15 development regulations adopted under chapter 36.70A RCW;

16 (6) The governing body of the sponsoring local government, and any
17 cosponsoring local government, must make a finding that local
18 infrastructure financing:

19 (a) Is not expected to be used for the purpose of relocating a
20 business from outside the revenue development area, but within this
21 state, into the revenue development area; and

22 (b) Will improve the viability of existing business entities within
23 the revenue development area;

24 (7) The governing body of the sponsoring local government, and any
25 cosponsoring local government, finds that the public improvements
26 proposed to be financed in whole or in part using local infrastructure
27 financing are reasonably likely to:

28 (a) Increase private residential and commercial investment within
29 the revenue development area;

30 (b) Increase employment within the revenue development area;

31 (c) Improve the viability of any existing communities that are
32 based on mixed-use development within the revenue development area; and

33 (d) Generate, over the period of time that the local option sales
34 and use tax will be imposed under section 401 of this act, state excise
35 tax allocation revenues and state property tax allocation revenues
36 derived from the revenue development area that are equal to or greater
37 than the respective state contributions made under this chapter;

1 (8) The sponsoring local government may only use local
2 infrastructure financing in areas deemed in need of economic
3 development or redevelopment within boundaries of the sponsoring local
4 government.

5 NEW SECTION. **Sec. 206.** PROCESS. Before adopting an ordinance
6 creating the revenue development area, a sponsoring local government
7 must:

8 (1) Obtain written agreement from any participating local
9 government and participating taxing district to use dedicated amounts
10 of local excise tax allocation revenues, local property tax allocation
11 revenues, and other revenues from local public sources in whole or in
12 part, for local infrastructure financing authorized under this chapter.
13 The agreement to opt into the local infrastructure financing public
14 improvement project must be authorized by the governing body of such
15 participating local government and participating taxing district;

16 (2) Estimate the impact of the revenue development area on small
17 business and low-income housing and develop a mitigation plan for the
18 impacted businesses and housing. In analyzing the impact of the
19 revenue development area, the sponsoring local government must develop:

20 (a) An inventory of existing low-income housing units, and
21 businesses and retail activity within the revenue development area;

22 (b) A reasonable estimate of the number of low-income housing
23 units, small businesses, and other commercial activity that may be
24 vulnerable to displacement within the revenue development area;

25 (c) A reasonable estimate of projected net job growth and net
26 housing growth caused by creation of the revenue development area when
27 compared to the existing jobs or housing balance for the area; and

28 (d) A reasonable estimate of the impact of net housing growth on
29 the current housing price mix.

30 NEW SECTION. **Sec. 207.** ORDINANCE. (1) To create a revenue
31 development area, a sponsoring local government, and any cosponsoring
32 local government, must adopt an ordinance establishing the revenue
33 development area that:

34 (a) Describes the public improvements proposed to be made in the
35 revenue development area;

1 (b) Describes the boundaries of the revenue development area,
2 subject to the limitations in section 204 of this act;

3 (c) Estimates the cost of the proposed public improvements and the
4 portion of these costs to be financed by local infrastructure
5 financing;

6 (d) Estimates the time during which local excise tax allocation
7 revenues, local property tax allocation revenues, and other revenues
8 from local public sources are to be used for local infrastructure
9 financing;

10 (e) Provides the date when the use of local excise tax allocation
11 revenues and local property tax allocation revenues will commence; and

12 (f) Finds that the conditions in section 205 of this act are met
13 and the findings in section 206 of this act are complete.

14 (2) The sponsoring local government, and any cosponsoring local
15 government, must hold a public hearing on the proposed financing of the
16 public improvements in whole or in part with local infrastructure
17 financing at least thirty days before passage of the ordinance
18 establishing the revenue development area. The public hearing may be
19 held by either the governing body of the sponsoring local government
20 and the governing body of any cosponsoring local government, or by a
21 committee of those governing bodies that includes at least a majority
22 of the whole governing body or bodies. The public hearing is subject
23 to the notice requirements in section 208 of this act.

24 (3) The sponsoring local government, and any cosponsoring local
25 government, shall deliver a certified copy of the adopted ordinance to
26 the county treasurer, the governing body of each participating local
27 government and participating taxing district within which the revenue
28 development area is located, the board, and the department.

29 NEW SECTION. **Sec. 208.** NOTICE REQUIREMENTS. Prior to adopting
30 the ordinance creating the revenue development area and to meet the
31 requirements of section 501(1)(b) of this act, a sponsoring local
32 government and any cosponsoring local government must provide public
33 notice.

34 (1) Notice of the public hearing must be published in a legal
35 newspaper of general circulation within the proposed revenue
36 development area at least ten days before the public hearing and posted

1 in at least six conspicuous public places located in the proposed
2 revenue development area.

3 (2) Notice must also be sent by United States mail to the property
4 owners, all identifiable community-based organizations with involvement
5 in the proposed revenue development area, and the business enterprises
6 located within the proposed revenue development area at least thirty
7 days prior to the hearing. In implementing provisions under this
8 chapter, the local governing body may also consult with community-based
9 groups, business organizations, including the local chamber of
10 commerce, and the office of minority and women's business enterprises
11 to assist with providing appropriate notice to business enterprises and
12 property owners for whom English is a second language.

13 (3) Notices must describe the contemplated public improvements,
14 estimate the public improvement costs, describe the portion of the
15 public improvement costs to be borne by local infrastructure financing,
16 describe any other sources of revenue to finance the public
17 improvements, describe the boundaries of the proposed revenue
18 development area, estimate the impact that the public improvements will
19 have on small businesses and low-income housing, and estimate the
20 period during which local infrastructure financing is contemplated to
21 be used.

22 (4) Notices must inform the public where to obtain the information
23 that shows how the limitations, conditions, and findings required in
24 sections 204 through 206 of this act are met.

25 (5) The sponsoring local government and any cosponsoring local
26 government shall deliver a certified copy of the proposed ordinance to
27 the county treasurer, the governing body of each participating local
28 government and participating taxing district within which the revenue
29 development area is located, the board, and the department.

30 **PART III**
31 **TAX ALLOCATION REVENUES**

32 NEW SECTION. **Sec. 301.** LOCAL EXCISE TAX ALLOCATION REVENUES. (1)
33 A sponsoring local government or participating local government that
34 has received approval by the board to use local infrastructure
35 financing may use annually its local excise tax allocation revenues to
36 finance public improvements in the revenue development area financed in

1 whole or in part by local infrastructure financing. The use of local
2 excise tax allocation revenues dedicated by participating local
3 governments must cease when such allocation revenues are no longer
4 necessary or obligated to pay bonds issued to finance the public
5 improvements in the revenue development area. Any participating local
6 government is authorized to dedicate local excise tax allocation
7 revenues to the sponsoring local government as authorized in section
8 206(1) of this act.

9 (2) A sponsoring local government shall provide the board accurate
10 information describing the geographical boundaries of the revenue
11 development area at the time of application. The information shall be
12 provided in an electronic format or manner as prescribed by the
13 department. The sponsoring local government shall ensure that the
14 boundary information provided to the board and department is kept
15 current.

16 (3) In the event a city annexes a county area located within a
17 county-sponsored revenue development area, the city shall remit to the
18 county the portion of the local excise tax allocation revenue that the
19 county would have received had the area not been annexed to the county.
20 The city shall remit such revenues until such time as the bonds issued
21 under section 501 of this act are retired.

22 NEW SECTION. **Sec. 302.** LOCAL PROPERTY TAX ALLOCATION REVENUES.

23 (1) Commencing in the second calendar year following the passage of the
24 ordinance creating a revenue development area and authorizing the use
25 of local infrastructure financing, the county treasurer shall
26 distribute receipts from regular taxes imposed on real property located
27 in the revenue development area as follows:

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

35 (b) The sponsoring local government shall receive an additional
36 portion of the regular property taxes levied by it and by or for each
37 participating taxing district upon the property tax allocation revenue

1 value within the revenue development area. However, if there is no
2 property tax allocation revenue value, the sponsoring local government
3 shall not receive any additional regular property taxes under this
4 subsection (1)(b). The sponsoring local government may agree to
5 receive less than the full amount of the additional portion of regular
6 property taxes under this subsection (1)(b) as long as bond debt
7 service, reserve, and other bond covenant requirements are satisfied,
8 in which case the balance of these tax receipts shall be allocated to
9 the participating taxing districts that levied regular property taxes,
10 or have regular property taxes levied for them, in the revenue
11 development area for collection that year in proportion to their
12 regular tax levy rates for collection that year. The sponsoring local
13 government may request that the treasurer transfer this additional
14 portion of the property taxes to its designated agent. The portion of
15 the tax receipts distributed to the sponsoring local government or its
16 agent under this subsection (1)(b) may only be expended to finance
17 public improvement costs associated with the public improvements
18 financed in whole or in part by local infrastructure financing.

19 (2) The county assessor shall allocate any increase in the assessed
20 value of real property occurring in the revenue development area to the
21 property tax allocation revenue value and property tax allocation
22 revenue base value as appropriate. This section does not authorize
23 revaluations of real property by the assessor for property taxation
24 that are not made in accordance with the assessor's revaluation plan
25 under chapter 84.41 RCW or under other authorized revaluation
26 procedures.

27 (3) The apportionment of increases in assessed valuation in a
28 revenue development area, and the associated distribution to the
29 sponsoring local government of receipts from regular property taxes
30 that are imposed on the property tax allocation revenue value, must
31 cease when property tax allocation revenues are no longer necessary or
32 obligated to pay the costs of the public improvements. Any excess
33 local property tax allocation revenues derived from regular property
34 taxes and earnings on these tax allocation revenues, remaining at the
35 time the allocation of tax receipts terminates, must be returned to the
36 county treasurer and distributed to the participating taxing districts
37 that imposed regular property taxes, or had regular property taxes

1 imposed for it, in the revenue development area for collection that
2 year, in proportion to the rates of their regular property tax levies
3 for collection that year.

4 (4) The allocation to the revenue development area of portions of
5 the local regular property taxes levied by or for each taxing district
6 upon the property tax allocation revenue value within that revenue
7 development area is declared to be a public purpose of and benefit to
8 each such taxing district.

9 (5) The allocation of local property tax allocation revenues
10 pursuant to this section shall not affect or be deemed to affect the
11 rate of taxes levied by or within any taxing district or the
12 consistency of any such levies with the uniformity requirement of
13 Article VII, section 1 of the state Constitution.

14 (6) This section does not apply to those revenue development areas
15 that include any part of an increment area created under chapter 39.89
16 RCW.

17 **PART IV**
18 **STATE CONTRIBUTIONS**

19 NEW SECTION. **Sec. 401.** A new section is added to chapter 82.14
20 RCW to read as follows:

21 **SALES AND USE TAX.** (1) A sponsoring local government, and any
22 cosponsoring local government, that has been approved by the board to
23 use local infrastructure financing may impose a sales and use tax in
24 accordance with the terms of this chapter and subject to the criteria
25 set forth in this section. Except as provided in this section, the tax
26 is in addition to other taxes authorized by law and shall be collected
27 from those persons who are taxable by the state under chapters 82.08
28 and 82.12 RCW upon the occurrence of any taxable event within the
29 taxing jurisdiction of the sponsoring local government or cosponsoring
30 local government. The rate of tax shall not exceed the rate provided
31 in RCW 82.08.020(1), less the aggregate rates of any other local sales
32 and use taxes imposed on the same taxable events that are credited
33 against the state sales and use taxes imposed under chapters 82.08 and
34 82.12 RCW. The rate of tax may be changed only on the first day of a
35 fiscal year as needed. Notice of rate changes must be provided to the

1 department on the first day of March to be effective on July 1st of the
2 next fiscal year.

3 (2) The tax authorized under subsection (1) of this section shall
4 be credited against the state taxes imposed under chapter 82.08 or
5 82.12 RCW. The department shall perform the collection of such taxes
6 on behalf of the sponsoring local government or cosponsoring local
7 government at no cost to the sponsoring local government or
8 cosponsoring local government and shall remit the taxes as provided in
9 RCW 82.14.060.

10 (3)(a) No tax may be imposed under this section:

11 (i) Before July 1, 2008;

12 (ii) Before approval by the board under section 202 of this act;
13 and

14 (iii) Except as provided in (b) of this subsection, unless the
15 sponsoring local government has received and dedicated to the payment
16 of bonds authorized in section 501 of this act, in whole or in part,
17 both local excise tax allocation revenues and local property tax
18 allocation revenues during the preceding calendar year.

19 (b) The requirement to receive local property tax allocation
20 revenues under (a) of this subsection is waived if the revenue
21 development area coincides with or is contained entirely within the
22 boundaries of an increment area adopted by a local government under the
23 authority of chapter 39.89 RCW for the purposes of utilizing community
24 revitalization financing.

25 (c) The tax imposed under this section shall expire when the bonds
26 issued under the authority of section 501 of this act are retired, but
27 not more than twenty-five years after the tax is first imposed.

28 (4) An ordinance adopted by the legislative authority of a
29 sponsoring local government or cosponsoring local government imposing
30 a tax under this section shall provide that:

31 (a) The tax shall first be imposed on the first day of a fiscal
32 year;

33 (b) The cumulative amount of tax received by the sponsoring local
34 government, and any cosponsoring local government, in any fiscal year
35 shall not exceed the amount of the state contribution;

36 (c) The tax shall cease to be distributed for the remainder of any
37 fiscal year in which either:

1 (i) The amount of tax received by the sponsoring local government,
2 and any cosponsoring local government, equals the amount of the state
3 contribution;

4 (ii) The amount of revenue from taxes imposed under this section by
5 all sponsoring and cosponsoring local governments equals the annual
6 state contribution limit; or

7 (iii) The amount of tax received by the sponsoring local government
8 equals the amount of project award granted in the approval notice
9 described in section 202 of this act;

10 (d) Except when the requirement to receive local property tax
11 allocation revenues is waived as provided in subsection (3)(b) of this
12 section, neither the local excise tax allocation revenues nor the local
13 property tax allocation revenues can be more than eighty percent of the
14 total local funds as described in section 102(29)(c) of this act;

15 (e) The tax shall be distributed again, should it cease to be
16 distributed for any of the reasons provided in (c) of this subsection,
17 at the beginning of the next fiscal year, subject to the restrictions
18 in this section; and

19 (f) Any revenue generated by the tax in excess of the amounts
20 specified in (c) of this subsection shall belong to the state of
21 Washington.

22 (5) If a county and city cosponsor a revenue development area, the
23 combined rates of the city and county tax shall not exceed the rate
24 provided in RCW 82.08.020(1), less the aggregate rates of any other
25 local sales and use taxes imposed on the same taxable events that are
26 credited against the state sales and use taxes imposed under chapters
27 82.08 and 82.12 RCW. The combined amount of distributions received by
28 both the city and county may not exceed the state contribution.

29 (6) The department shall determine the amount of tax receipts
30 distributed to each sponsoring local government, and any cosponsoring
31 local government, imposing sales and use tax under this section and
32 shall advise a sponsoring or cosponsoring local government when tax
33 distributions for the fiscal year equal the amount of state
34 contribution for that fiscal year as provided in subsection (8) of this
35 section. Determinations by the department of the amount of tax
36 distributions attributable to each sponsoring or cosponsoring local
37 government are final and shall not be used to challenge the validity of
38 any tax imposed under this section. The department shall remit any tax

1 receipts in excess of the amounts specified in subsection (4)(c) of
2 this section to the state treasurer who shall deposit the money in the
3 general fund.

4 (7) If a sponsoring or cosponsoring local government fails to
5 comply with section 403 of this act, no tax may be distributed in the
6 subsequent fiscal year until such time as the sponsoring or
7 cosponsoring local government complies and the department calculates
8 the state contribution amount for such fiscal year.

9 (8) Each year, the amount of taxes approved by the department for
10 distribution to a sponsoring or cosponsoring local government in the
11 next fiscal year shall be equal to the state contribution and shall be
12 no more than the total local funds as described in section 102(29)(c)
13 of this act. The department shall consider information from reports
14 described in section 403 of this act when determining the amount of
15 state contributions for each fiscal year. A sponsoring or cosponsoring
16 local government shall not receive, in any fiscal year, more revenues
17 from taxes imposed under the authority of this section than the amount
18 approved annually by the department. The department shall not approve
19 the receipt of more distributions of sales and use tax under this
20 section to a sponsoring or cosponsoring local government than is
21 authorized under subsection (4) of this section.

22 (9) The amount of tax distributions received from taxes imposed
23 under the authority of this section by all sponsoring and cosponsoring
24 local governments is limited annually to not more than five million
25 dollars. The tax distributions shall be available to the sponsoring
26 local government, and any cosponsoring local government, imposing a tax
27 under this section only as long as the sponsoring local government has
28 outstanding indebtedness under section 501 of this act.

29 (10) The definitions in section 102 of this act apply to this
30 section unless the context clearly requires otherwise.

31 (11) If a sponsoring local government is a federally recognized
32 Indian tribe, the distribution of the sales and use tax authorized
33 under this section shall be authorized through an interlocal agreement
34 pursuant to chapter 39.34 RCW.

35 NEW SECTION. **Sec. 402.** USE OF FUNDS. Money collected from the
36 taxes imposed under section 401 of this act shall be used only for the

1 purpose of principal and interest payments on bonds issued under the
2 authority of section 501 of this act.

3 NEW SECTION. **Sec. 403.** REPORTING REQUIREMENTS. (1) A sponsoring
4 local government shall provide a report to the board and the department
5 by March 1st of each year. The report shall contain the following
6 information:

7 (a) The amount of local excise tax allocation revenues, and local
8 property tax allocation revenues, taxes under section 401 of this act,
9 and revenues from local public sources received by the sponsoring local
10 government during the preceding calendar year that were dedicated to
11 pay the public improvements financed in whole or in part with local
12 infrastructure financing, and a summary of how these revenues were
13 expended;

14 (b) The names of any businesses locating within the revenue
15 development area as a result of the public improvements undertaken by
16 the sponsoring local government and financed in whole or in part with
17 local infrastructure financing;

18 (c) The total number of permanent jobs created in the revenue
19 development area as a result of the public improvements undertaken by
20 the sponsoring local government and financed in whole or in part with
21 local infrastructure financing;

22 (d) The average wages and benefits received by all employees of
23 businesses locating within the revenue development area as a result of
24 the public improvements undertaken by the sponsoring local government
25 and financed in whole or in part with local infrastructure financing;
26 and

27 (e) That the sponsoring local government is in compliance with
28 section 205 of this act.

29 (2) The board shall make a report available to the public and the
30 legislature by June 1st of each year. The report shall include a list
31 of public improvements undertaken by sponsoring local governments and
32 financed in whole or in part with local infrastructure financing and it
33 shall also include a summary of the information provided to the
34 department by sponsoring local governments under subsection (1) of this
35 section.

36 **PART V**

1 **BOND AUTHORIZATION**

2 NEW SECTION. **Sec. 501.** BOND ISSUANCE. (1) A sponsoring local
3 government that has designated a revenue development area and been
4 authorized the use of local infrastructure financing may incur general
5 indebtedness, and issue general obligation bonds, to finance the public
6 improvements and retire the indebtedness in whole or in part from tax
7 allocation revenues it receives, subject to the following requirements:

8 (a) The ordinance adopted by the sponsoring local government and
9 authorizing the use of local infrastructure financing indicates an
10 intent to incur this indebtedness and the maximum amount of this
11 indebtedness that is contemplated; and

12 (b) The sponsoring local government includes this statement of the
13 intent in all notices required by section 207 of this act.

14 (2)(a) Except as provided in (b) of this subsection, the general
15 indebtedness incurred under subsection (1) of this section may be
16 payable from other tax revenues, the full faith and credit of the local
17 government, and nontax income, revenues, fees, and rents from the
18 public improvements, as well as contributions, grants, and nontax money
19 available to the local government for payment of costs of the public
20 improvements or associated debt service on the general indebtedness.

21 (b) A sponsoring local government that issues bonds under this
22 section shall not pledge any money received from the state of
23 Washington for the payment of such bonds, other than the local sales
24 and use taxes imposed under the authority of section 401 of this act
25 and collected by the department.

26 (3) In addition to the requirements in subsection (1) of this
27 section, a sponsoring local government designating a revenue
28 development area and authorizing the use of local infrastructure
29 financing may require the nonpublic participant to provide adequate
30 security to protect the public investment in the public improvement
31 within the revenue development area.

32 (4) Bonds issued under this section shall be authorized by
33 ordinance of the governing body of the sponsoring local government and
34 may be issued in one or more series and shall bear such date or dates,
35 be payable upon demand or mature at such time or times, bear interest
36 at such rate or rates, be in such denomination or denominations, be in
37 such form either coupon or registered as provided in RCW 39.46.030,

1 carry such conversion or registration privileges, have such rank or
2 priority, be executed in such manner, be payable in such medium of
3 payment, at such place or places, and be subject to such terms of
4 redemption with or without premium, be secured in such manner, and have
5 such other characteristics, as may be provided by such ordinance or
6 trust indenture or mortgage issued pursuant thereto.

7 (5) The sponsoring local government may annually pay into a fund to
8 be established for the benefit of bonds issued under this section a
9 fixed proportion or a fixed amount of any local excise tax allocation
10 revenues and local property tax allocation revenues derived from
11 property or business activity within the revenue development area
12 containing the public improvements funded by the bonds, such payment to
13 continue until all bonds payable from the fund are paid in full. The
14 local government may also annually pay into the fund established in
15 this section a fixed proportion or a fixed amount of any revenues
16 derived from taxes imposed under section 401 of this act, such payment
17 to continue until all bonds payable from the fund are paid in full.
18 Revenues derived from taxes imposed under section 401 of this act are
19 subject to the use restriction in section 402 of this act.

20 (6) In case any of the public officials of the sponsoring local
21 government whose signatures appear on any bonds or any coupons issued
22 under this chapter shall cease to be such officials before the delivery
23 of such bonds, such signatures shall, nevertheless, be valid and
24 sufficient for all purposes, the same as if such officials had remained
25 in office until such delivery. Any provision of any law to the
26 contrary notwithstanding, any bonds issued under this chapter are fully
27 negotiable.

28 (7) Notwithstanding subsections (4) through (6) of this section,
29 bonds issued under this section may be issued and sold in accordance
30 with chapter 39.46 RCW.

31 NEW SECTION. **Sec. 502.** USE OF TAX REVENUE FOR BOND REPAYMENT. A
32 sponsoring local government that issues bonds under section 501 of this
33 act to finance public improvements may pledge for the payment of such
34 bonds all or part of any local excise tax allocation revenues and all
35 or part of any local property tax allocation revenues dedicated by the
36 sponsoring local government, any participating local government, or
37 participating taxing district. The sponsoring local government may

1 also pledge all or part of any revenues derived from taxes imposed
2 under section 401 of this act and held in connection with the public
3 improvements. All of such tax revenues are subject to the use
4 restrictions in sections 202 through 205 of this act, and the process
5 requirements in section 206(1) of this act.

6 NEW SECTION. **Sec. 503.** BONDS ISSUED NOT AN OBLIGATION OF THE
7 STATE OF WASHINGTON. The bonds issued by a sponsoring local government
8 under section 501 of this act to finance public improvements shall not
9 constitute an obligation of the state of Washington, either general or
10 special.

11 NEW SECTION. **Sec. 504.** GENERAL INDEBTEDNESS--SECURITY. (1) A
12 sponsoring local government designating a revenue development area and
13 authorizing the use of local infrastructure financing may incur general
14 indebtedness, and issue general obligation bonds, to finance the public
15 improvements and retire the indebtedness in whole or in part from local
16 excise tax allocation revenues and local property tax allocation
17 revenues it receives, subject to the following requirements:

18 (a) The ordinance adopted by the sponsoring local government
19 creating the revenue development area and authorizing the use of local
20 infrastructure financing indicates an intent to incur this indebtedness
21 and the maximum amount of this indebtedness that is contemplated; and

22 (b) The sponsoring local government includes this statement of the
23 intent in all notices required by sections 205 and 206 of this act.

24 (2) The general indebtedness incurred under subsection (1) of this
25 section may be payable from other tax revenues, the full faith and
26 credit of the sponsoring local government, and nontax income, revenues,
27 fees, and rents from the public improvements, as well as contributions,
28 grants, and nontax money available to the sponsoring local government
29 for payment of costs of the public improvements or associated debt
30 service on the general indebtedness.

31 (3) In addition to the requirements in subsection (1) of this
32 section, a sponsoring local government designating a revenue
33 development area and authorizing the use of local infrastructure
34 financing may require the nonpublic participant to provide adequate
35 security to protect the public investment in the public improvement
36 within the revenue development area.

1 NEW SECTION. **Sec. 505.** REVENUE BONDS. (1) A sponsoring local
2 government may issue revenue bonds to fund revenue-generating public
3 improvements, or portions of public improvements, that are located
4 within a revenue development area. Whenever revenue bonds are to be
5 issued, the legislative authority of the sponsoring local government
6 shall create or have created a special fund or funds from which, along
7 with any reserves created pursuant to RCW 39.44.140, the principal and
8 interest on these revenue bonds shall exclusively be payable. The
9 legislative authority of the sponsoring local government may obligate
10 the sponsoring local government to set aside and pay into the special
11 fund or funds a fixed proportion or a fixed amount of the revenues from
12 the public improvements that are funded by the revenue bonds. This
13 amount or proportion is a lien and charge against these revenues,
14 subject only to operating and maintenance expenses. The sponsoring
15 local government shall have due regard for the cost of operation and
16 maintenance of the public improvements that are funded by the revenue
17 bonds, and shall not set aside into the special fund or funds a greater
18 amount or proportion of the revenues that in its judgment will be
19 available over and above the cost of maintenance and operation and the
20 amount or proportion, if any, of the revenue previously pledged. The
21 sponsoring local government may also provide that revenue bonds payable
22 out of the same source or sources of revenue may later be issued on a
23 parity with any revenue bonds being issued and sold.

24 (2) Revenue bonds issued pursuant to this section are not an
25 indebtedness of the sponsoring local government issuing the bonds, and
26 the interest and principal on the bonds shall only be payable from the
27 revenues lawfully pledged to meet the principal and interest
28 requirements and any reserves created pursuant to RCW 39.44.140. The
29 owner or bearer of a revenue bond or any interest coupon issued
30 pursuant to this section shall not have any claim against the
31 sponsoring local government arising from the bond or coupon except for
32 payment from the revenues lawfully pledged to meet the principal and
33 interest requirements and any reserves created pursuant to RCW
34 39.44.140. The substance of the limitations included in this
35 subsection shall be plainly printed, written, or engraved on each bond
36 issued pursuant to this section.

37 (3) Revenue bonds with a maturity in excess of twenty-five years
38 shall not be issued. The legislative authority of the sponsoring local

1 government shall by resolution determine for each revenue bond issue
2 the amount, date, form, terms, conditions, denominations, maximum fixed
3 or variable interest rate or rates, maturity or maturities, redemption
4 rights, registration privileges, manner of execution, manner of sale,
5 callable provisions, if any, and covenants including the refunding of
6 existing revenue bonds. Facsimile signatures may be used on the bonds
7 and any coupons. Refunding revenue bonds may be issued in the same
8 manner as revenue bonds are issued.

9 (4) Notwithstanding subsections (1) through (3) of this section,
10 bonds issued under this section may be issued and sold in accordance
11 with chapter 39.46 RCW.

12 **PART VI**

13 **JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE REPORTS**

14 NEW SECTION. **Sec. 601.** JOINT LEGISLATIVE AUDIT AND REVIEW
15 COMMITTEE REPORTS. Beginning September 1, 2013, and continuing every
16 five years thereafter, the joint legislative audit and review committee
17 shall submit a report to the appropriate committees of the legislature.

18 (1) The report shall, at a minimum, evaluate the effectiveness of
19 the local infrastructure financing tool program, including a
20 project-by-project review. The report shall evaluate the project's
21 interim results based on the selection criteria. The report shall also
22 measure:

- 23 (a) Employment changes in the revenue development area;
24 (b) Property tax changes in the revenue development area;
25 (c) Sales and use tax changes in the revenue development area;
26 (d) Property value changes in the revenue development area; and
27 (e) Changes in housing and existing commercial activities based on
28 the impact analysis and mitigation plan required in section 206(2) of
29 this act.

30 (2) The report that is due September 1, 2028, should also include
31 any recommendations regarding whether or not the program should be
32 expanded statewide and what impact the expansion would have on economic
33 development in Washington.

34 **PART VII**

35 **MISCELLANEOUS**

1 NEW SECTION. **Sec. 701.** PERIODIC EVALUATION. The department of
2 revenue and the community economic revitalization board shall evaluate
3 and periodically report on the implementation of the local
4 infrastructure financing program to the governor and legislature as the
5 department and the board deems appropriate and recommend such
6 amendments, changes in, and modifications of this act as seem proper.

7 NEW SECTION. **Sec. 702.** GOVERNANCE AND SELECTION CRITERIA STUDY.
8 The office of financial management shall contract with the appropriate
9 vendor to study and report on similar programs in other states. The
10 report shall include an overview of the programs in other states,
11 including project selection criteria and program governance. The
12 report shall include recommendations regarding project selection and
13 governance that address Washington's unique needs. The report shall
14 also include recommendations for reporting information on future
15 projects. The report is due to the governor and the legislature by
16 December 1, 2006.

17 NEW SECTION. **Sec. 703.** CAPTIONS. Captions and part headings used
18 in this act are not any part of the law.

19 NEW SECTION. **Sec. 704.** SEVERABILITY. If any provision of this
20 act or its application to any person or circumstance is held invalid,
21 the remainder of the act or the application of the provision to other
22 persons or circumstances is not affected.

23 NEW SECTION. **Sec. 705.** PORT DISTRICTS. Nothing in this act shall
24 be construed to give port districts the authority to impose a sales or
25 use tax under chapter 82.14 RCW.

26 NEW SECTION. **Sec. 706.** EFFECTIVE DATE. This act takes effect
27 July 1, 2006.

28 NEW SECTION. **Sec. 707.** EXPIRATION DATE. This act expires June
29 30, 2039.

30 NEW SECTION. **Sec. 708.** NEW CHAPTER. Sections 101 through 302 and
31 402 through 601 of this act constitute a new chapter in Title 39 RCW."

ADOPTED 03/07/06

1 On page 1, line 2 of the title, after "program;" strike the
2 remainder of the title and insert "adding a new section to chapter
3 82.14 RCW; adding a new chapter to Title 39 RCW; creating new sections;
4 providing an effective date; and providing an expiration date."

--- END ---