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**SUBSTITUTE SENATE BILL 5115**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kilmer, Kastama, Kauffman, Marr, Shin, Eide, Rasmussen and Regala; by request of Governor Gregoire)

READ FIRST TIME 02/21/07.

1 AN ACT Relating to expanding competitive local infrastructure  
2 financing tools projects; amending RCW 39.102.020, 39.102.040,  
3 39.102.050, 39.102.060, 39.102.070, 39.102.090, 39.102.110, 39.102.120,  
4 82.14.475, 39.102.140, 39.102.150, and 39.102.130; adding a new section  
5 to chapter 39.102 RCW; creating a new section; repealing RCW  
6 39.102.180; and providing an expiration date.

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

8 **Sec. 1.** RCW 39.102.020 and 2006 c 181 s 102 are each amended to  
9 read as follows:

10 The definitions in this section apply throughout this chapter  
11 unless the context clearly requires otherwise.

12 (1) "Annual state contribution limit" means ((five)) ten million  
13 dollars statewide per fiscal year.

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

16 (3) "Base year" means the first calendar year following the  
17 ~~((creation of a revenue development area. For a local government that~~  
18 ~~meets the requirements of RCW 39.102.040(2), "base year" is the~~  
19 ~~calendar year after it amends its ordinance as provided in RCW~~

1 ~~39.102.040(2))~~ calendar year in which a sponsoring local government,  
2 and any cosponsoring local government, receives approval by the board  
3 for a project award, provided that the approval is granted before  
4 October 15th. If approval by the board is received on or after October  
5 15th but on or before December 31st, the "base year" is the second  
6 calendar year following the calendar year in which a sponsoring local  
7 government, and any cosponsoring local government, receives approval by  
8 the board for a project award.

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

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

12 (a) Bellingham waterfront redevelopment project;

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

14 (c) Vancouver riverwest project.

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

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

18 (8) "Local excise taxes" means local revenues derived from the  
19 imposition of sales and use taxes authorized in RCW 82.14.030 at the  
20 tax rate that was in effect at the time the revenue development area  
21 was ~~((created))~~ approved by the board, except that if a local  
22 government reduces the rate of such tax after the revenue development  
23 area was ~~((created))~~ approved by the board, "local excise taxes" means  
24 the local revenues derived from the imposition of the sales and use  
25 taxes authorized in RCW 82.14.030 at the lower tax rate.

26 (9) "Local excise tax allocation revenue" means the amount of local  
27 excise taxes received by the local government during the measurement  
28 year from taxable activity within the revenue development area over and  
29 above the amount of local excise taxes received by the local government  
30 during the base year from taxable activity within the revenue  
31 development area, except that:

32 ~~((If a sponsoring local government creates a revenue~~  
33 ~~development area and reasonably determines that no activity subject to~~  
34 ~~tax under chapters 82.08 and 82.12 RCW occurred in the twelve months~~  
35 ~~immediately preceding the creation of the revenue development area~~  
36 ~~within the boundaries of the area that became the revenue development~~  
37 ~~area,))~~ "Local excise tax allocation revenue" means the entire amount  
38 of local excise taxes received by the sponsoring local government

1 during a calendar year period beginning with the calendar year  
2 immediately following the (~~creation~~) approval of the revenue  
3 development area by the board and continuing with each measurement year  
4 thereafter, if a sponsoring local government adopts a revenue  
5 development area and reasonably determines that: (i) No activity  
6 subject to tax under chapters 82.08 and 82.12 RCW occurred within the  
7 boundaries of the revenue development area in the twelve months  
8 immediately preceding the approval of the revenue development area by  
9 the board; or (ii) an average of less than five hundred thousand  
10 dollars of annual retail sales subject to tax under chapters 82.08 and  
11 82.12 RCW occurred within the boundaries of the revenue development  
12 areas in the thirty-six months immediately preceding the approval of  
13 the revenue development area by the board; and

14 (b) For revenue development areas (~~created~~) approved by the board  
15 in calendar years 2006 and 2007 that do not meet the requirements in  
16 (a) of this subsection and if legislation is enacted in this state (~~by~~  
17 ~~July 1, 2006,~~) during the 2007 legislative session that adopts the  
18 sourcing provisions of the streamlined sales and use tax agreement,  
19 "local excise tax allocation revenue" means the amount of local excise  
20 taxes received by the sponsoring local government during the  
21 measurement year from taxable activity within the revenue development  
22 area over and above an amount of local excise taxes received by the  
23 sponsoring local government during the 2007 or 2008 base year, as the  
24 case may be, adjusted by the department for any estimated impacts from  
25 retail sales and use tax sourcing changes effective (~~(July 1, 2007)~~) in  
26 2008. The amount of base year adjustment determined by the department  
27 is final.

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

30 (11) "Local infrastructure financing" means the use of revenues  
31 received from local excise tax allocation revenues, local property tax  
32 allocation revenues, (~~dedicated~~) other revenues from local public  
33 sources, and revenues received from the local option sales and use tax  
34 authorized in RCW 82.14.475, dedicated to pay either the principal and  
35 interest on bonds authorized under RCW 39.102.150 or to pay public  
36 improvement costs on a pay-as-you-go basis as provided in RCW  
37 82.14.475(12), or both.

1 (12) "Local property tax allocation revenue" means those tax  
2 revenues derived from the receipt of regular property taxes levied on  
3 the property tax allocation revenue value and used for local  
4 infrastructure financing.

5 (13)(a) "Revenues from local public sources" means ((federal and  
6 private monetary contributions, amounts of local excise tax allocation  
7 revenues, and amounts of local property tax allocation revenues  
8 dedicated by participating taxing districts and participating local  
9 governments for local infrastructure financing)):

10 (i) Amounts of local excise tax allocation revenues and local  
11 property tax allocation revenues, dedicated by sponsoring local  
12 governments, participating local governments, and participating taxing  
13 districts, for local infrastructure financing; and

14 (ii) Any other local revenues, except as provided in (b) of this  
15 subsection, including revenues derived from federal and private  
16 sources.

17 (b) Revenues from local public sources do not include any local  
18 funds derived from state grants, state loans, or any other state moneys  
19 including any local sales and use taxes credited against the state  
20 sales and use taxes imposed under chapter 82.08 or 82.12 RCW.

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

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

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

34 (17) "Participating local government" means a local government  
35 having a revenue development area within its geographic boundaries that  
36 has entered into a written agreement with a sponsoring local government  
37 as provided in RCW 39.102.080 to allow the use of all or some of its

1 local excise tax allocation revenues or other revenues from local  
2 public sources dedicated for local infrastructure financing.

3 (18) "Participating taxing district" means a local government  
4 having a revenue development area within its geographic boundaries that  
5 has entered into a written agreement with a sponsoring local government  
6 as provided in RCW 39.102.080 to allow the use of some or all of its  
7 local property tax allocation revenues or other revenues from local  
8 public sources dedicated for local infrastructure financing.

9 (19)(a)(i) "Property tax allocation revenue value" means  
10 seventy-five percent of any increase in the assessed value of real  
11 property in a revenue development area resulting from:

12 (A) The placement of new construction, improvements(~~(, or both)~~) to  
13 property, ~~or both,~~ on the assessment roll(~~(s after the revenue~~  
14 development area is created)), where the new construction (~~(or)~~) and  
15 improvements (~~(occur entirely after the revenue development area is~~  
16 created)) are initiated after the revenue development area is approved  
17 by the board;

18 (B) The cost of new housing construction, conversion, and  
19 rehabilitation improvements, when such cost is treated as new  
20 construction for purposes of chapter 84.55 RCW as provided in RCW  
21 84.14.020, and the new housing construction, conversion, and  
22 rehabilitation improvements are initiated after the revenue development  
23 area is approved by the board;

24 (C) The cost of rehabilitation of historic property, when such cost  
25 is treated as new construction for purposes of chapter 84.55 RCW as  
26 provided in RCW 84.26.070, and the rehabilitation is initiated after  
27 the revenue development area is approved by the board.

28 (ii) Increases in the assessed value of real property in a revenue  
29 development area resulting from (a)(i)(A) through (C) of this  
30 subsection are included in the property tax allocation revenue value in  
31 the initial year. These same amounts are also included in the property  
32 tax allocation revenue value in subsequent years unless the property  
33 becomes exempt from property taxation.

34 ~~(b) ((If any new construction added to the assessment rolls~~  
35 ~~consists of entire buildings, "property tax allocation revenue value"~~  
36 ~~includes seventy five percent of any increase in the assessed value of~~  
37 ~~the buildings in the years following their initial placement on the~~  
38 ~~assessment rolls.~~

1       ~~(c) "Property tax allocation revenue value" does not include any~~  
2 ~~increase in the assessed value of improvements to property or new~~  
3 ~~construction that do not consist of an entire building, occurring after~~  
4 ~~their initial placement on the assessment rolls))~~ "Property tax  
5 allocation revenue value" includes seventy-five percent of any increase  
6 in the assessed value of new construction consisting of an entire  
7 building in the years following the initial year, unless the building  
8 becomes exempt from property taxation.

9       (c) Except as provided in (b) of this subsection, "property tax  
10 allocation revenue value" does not include any increase in the assessed  
11 value of real property after the initial year.

12       (d) There is no property tax allocation revenue value if the  
13 assessed value of real property in a revenue development area has not  
14 increased ~~((due to new construction or improvements to property~~  
15 ~~occurring after the revenue development area is created))~~ as a result  
16 of any of the reasons specified in (a)(i)(A) through (C) of this  
17 subsection.

18       (e) For purposes of this subsection, "initial year" means:

19       (i) For new construction and improvements to property added to the  
20 assessment roll, the year during which the new construction and  
21 improvements are initially placed on the assessment roll;

22       (ii) For the cost of new housing construction, conversion, and  
23 rehabilitation improvements, when such cost is treated as new  
24 construction for purposes of chapter 84.55 RCW, the year when such cost  
25 is treated as new construction for purposes of levying taxes for  
26 collection in the following year; and

27       (iii) For the cost of rehabilitation of historic property, when  
28 such cost is treated as new construction for purposes of chapter 84.55  
29 RCW, the year when such cost is treated as new construction for  
30 purposes of levying taxes for collection in the following year.

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  
26 expenses and feasibility studies reasonably necessary and related to  
27 these costs(~~(, including related)~~); and (g) any of the above-described  
28 costs that may have been incurred before adoption of the ordinance  
29 authorizing the public improvements and the use of local infrastructure  
30 financing to fund the costs of the public 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~~) adopted for collection in the following year, plus one  
8 hundred percent of any increase in the assessed value of real property  
9 located within a revenue development area that is placed on the  
10 assessment rolls after the revenue development area is (~~created~~)  
11 adopted, less the property 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  
23 (~~created~~) adopted by a sponsoring local government and approved by  
24 the board, from which local excise and property tax allocation revenues  
25 are derived for local infrastructure financing.

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

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

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

34 (a) One million dollars;

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



1 (c) The total amount of local excise tax allocation revenues, local  
2 property tax allocation revenues, and other revenues from local public  
3 sources, that are dedicated by a sponsoring local government, any  
4 participating local governments, and participating taxing districts, in  
5 the preceding calendar year to the payment of principal and interest on  
6 bonds issued under RCW 39.102.150 or to pay public improvement costs on  
7 a pay-as-you-go basis as provided in RCW 82.14.475(12), or both; or

8 (d) The amount of project award granted by the board in the notice  
9 of approval to use local infrastructure financing under RCW 39.102.040.

10 (30) "State excise taxes" means revenues derived from state retail  
11 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount  
12 of tax distributions from all local retail sales and use taxes, other  
13 than the local sales and use taxes authorized by RCW 82.14.475, imposed  
14 on the same taxable events that are credited against the state retail  
15 sales and use taxes under chapters 82.08 and 82.12 RCW.

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

22 (a) (~~((If a sponsoring local government creates a revenue~~  
23 ~~development area and reasonably determines that no activity subject to~~  
24 ~~tax under chapters 82.08 and 82.12 RCW occurred in the twelve months~~  
25 ~~immediately preceding the creation of the revenue development area~~  
26 ~~within the boundaries of the area that became the revenue development~~  
27 ~~area,))~~ "State excise tax allocation revenue" means the entire amount  
28 of state excise taxes received by the state during a calendar year  
29 period beginning with the calendar year immediately following the  
30 ~~((creation))~~ approval of the revenue development area by the board and  
31 continuing with each measurement year thereafter, if a sponsoring local  
32 government adopts a revenue development area and reasonably determines  
33 that: (i) No activity subject to tax under chapters 82.08 and 82.12  
34 RCW occurred within the boundaries of the revenue development area in  
35 the twelve months immediately preceding the approval of the revenue  
36 development area by the board; or (ii) an average of less than five  
37 hundred thousand dollars of annual retail sales subject to tax under  
38 chapters 82.08 and 82.12 RCW occurred within the boundaries of the

1 revenue development areas in the thirty-six months immediately  
2 preceding the approval of the revenue development area by the board;  
3 and

4 (b) For revenue development areas (~~(created)~~) approved by the board  
5 in calendar years 2006 and 2007 that do not meet the requirements in  
6 (a) of this subsection and if legislation is enacted in this state (~~(by~~  
7 ~~July 1, 2006,~~) during the 2007 legislative session that adopts the  
8 sourcing provisions of the streamlined sales and use tax agreement,  
9 "state excise tax allocation revenue" means the amount of state excise  
10 taxes received by the state during the measurement year from taxable  
11 activity within the revenue development area over and above an amount  
12 of state excise taxes received by the state during the 2007 or 2008  
13 base year, as the case may be, adjusted by the department for any  
14 estimated impacts from retail sales and use tax sourcing changes  
15 effective (~~(July 1, 2007)~~) in 2008. The amount of base year adjustment  
16 determined by the department is final.

17 (32) "State property tax allocation revenue" means those tax  
18 revenues derived from the imposition of property taxes levied by the  
19 state for the support of common schools under RCW 84.52.065 on the  
20 property tax allocation revenue value.

21 (33) "Real property" has the same meaning as in RCW 84.04.090 and  
22 also includes any privately owned improvements located on publicly  
23 owned land that are subject to property taxation.

24 **Sec. 2.** RCW 39.102.040 and 2006 c 181 s 202 are each amended to  
25 read as follows:

26 (1) Prior to applying to the board to use local infrastructure  
27 financing, a sponsoring local government shall:

28 (a) Designate a revenue development area within the limitations in  
29 RCW 39.102.060;

30 (b) Certify that the conditions in RCW 39.102.070 are met;

31 (c) Complete the process in RCW 39.102.080;

32 (d) Provide public notice as required in RCW 39.102.100; and

33 (e) Pass an ordinance adopting the revenue development area as  
34 required in RCW 39.102.090.

35 (2) Any local government that has created an increment area under  
36 chapter 39.89 RCW (~~(that)~~) and has not issued bonds to finance any  
37 public improvement (~~(shall be)~~) may apply to the board and have its

1 increment area considered for approval as a revenue development area  
2 under this chapter without ~~((creating))~~ adopting a new ~~((increment))~~  
3 revenue development area under RCW 39.102.090 and 39.102.100 if it  
4 amends its ordinance to comply with RCW 39.102.090(1) and otherwise  
5 meets the conditions and limitations under this chapter.

6 (3) As a condition to imposing a sales and use tax under RCW  
7 82.14.475, a sponsoring local government, including any cosponsoring  
8 local government seeking authority to impose a sales and use tax under  
9 RCW 82.14.475, must apply to the board and be approved for a project  
10 award amount. The application shall be in a form and manner prescribed  
11 by the board and include but not be limited to information establishing  
12 that the applicant is an eligible candidate to impose the local sales  
13 and use tax under RCW 82.14.475, the anticipated effective date for  
14 imposing the tax, the estimated number of years that the tax will be  
15 imposed, and the estimated amount of tax revenue to be received in each  
16 fiscal year that the tax will be imposed. The board shall make  
17 available forms to be used for this purpose. As part of the  
18 application, each applicant must provide to the board a copy of the  
19 ordinance or ordinances creating the revenue development area as  
20 required in RCW 39.102.090. A notice of approval to use local  
21 infrastructure financing shall contain a project award that represents  
22 the maximum amount of state contribution that the applicant, including  
23 any cosponsoring local governments, can earn each year that local  
24 infrastructure financing is used. The total of all project awards  
25 shall not exceed the annual state contribution limit. The  
26 determination of a project award shall be made based on information  
27 contained in the application and the remaining amount of annual state  
28 contribution limit to be awarded. Determination of a project award by  
29 the board is final.

30 (4)(a) Sponsoring local governments, and any cosponsoring local  
31 governments, applying in calendar year 2007 for a competitive project  
32 award, must submit completed applications to the board no later than  
33 July 1, 2007. By September 15, 2007, in consultation with the  
34 department of revenue and the department of community, trade, and  
35 economic development, the board shall approve ~~((qualified))~~ competitive  
36 project~~((s, up to the annual state contribution limit))~~ awards from  
37 competitive applications submitted by the 2007 deadline. No more than  
38 two million five hundred thousand dollars in competitive project awards

1 shall be approved in 2007. For projects not approved by the board in  
2 2007, sponsoring and cosponsoring local governments may apply again to  
3 the board in 2008 for approval of a project.

4 (b) Sponsoring local governments, and any cosponsoring local  
5 governments, applying in calendar year 2008 for a competitive project  
6 award, must submit completed applications to the board no later than  
7 July 1, 2008. By September 18, 2008, in consultation with the  
8 department of revenue and the department of community, trade, and  
9 economic development, the board shall approve competitive project  
10 awards from competitive applications submitted by the 2008 deadline.  
11 No more than two million five hundred thousand dollars in competitive  
12 project awards shall be approved in 2008, except as provided in RCW  
13 39.102.050(2). For projects not approved in 2008, sponsoring and  
14 cosponsoring local governments may apply again to the board for  
15 approval of a project.

16 (c) Sponsoring local governments, and any cosponsoring local  
17 governments, applying in calendar year 2009 for a competitive project  
18 award, must submit completed applications to the board no later than  
19 July 1, 2009. By September 15, 2009, in consultation with the  
20 department of revenue and the department of community, trade, and  
21 economic development, the board shall approve competitive project  
22 awards from competitive applications submitted by the 2009 deadline.

23 (d) Except as provided in RCW 39.102.050(2), a total of no more  
24 than seven million five hundred thousand dollars in competitive project  
25 awards shall be approved for local infrastructure financing. (~~Except~~  
26 as provided in RCW 39.102.050,))

27 (e) Approvals of competitive awards shall be based on the following  
28 criteria:

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

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

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

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

1       ~~((e))~~ (v) The estimated state and local net employment change  
2 over the life of the project;

3       ~~((f))~~ (vi) The estimated state and local net property tax change  
4 over the life of the project; and

5       ~~((g))~~ (vii) The estimated state and local sales and use tax  
6 increase over the life of the project; and

7       (viii) Evidence that the project will not contribute to sprawl and  
8 that the project's revenue development area either has or is  
9 immediately adjacent to an area that has a rich transportation  
10 infrastructure to serve it including: State highways, arterials,  
11 collectors, and distributors and other road capacity sufficient to meet  
12 the traffic needs and traffic congestion levels anticipated for the new  
13 development; and public transit and park and ride lots sufficient to  
14 meet the transport needs of a significant portion of the anticipated  
15 workforce in the revenue development area, special needs services, and  
16 other transportation services.

17       (5) ~~((A revenue development area is considered created when the~~  
18 ~~sponsoring local government, including any cosponsoring local~~  
19 ~~government, has adopted an ordinance creating the revenue development~~  
20 ~~area and the board has approved the sponsoring local government to use~~  
21 ~~local infrastructure financing. If a sponsoring local government~~  
22 ~~receives approval from the board after the fifteenth day of October to~~  
23 ~~use local infrastructure financing, the revenue development area is~~  
24 ~~considered created in the calendar year following the approval.)) Once~~  
25 the board has approved the sponsoring local government, and any  
26 cosponsoring local governments, to use local infrastructure financing,  
27 notification ~~((shall))~~ must be sent by the board to the sponsoring  
28 local government, and any cosponsoring local governments, authorizing  
29 the sponsoring local government, and any cosponsoring local  
30 governments, to impose the local sales and use tax authorized under RCW  
31 82.14.475, subject to the conditions in RCW 82.14.475.

32       **Sec. 3.** RCW 39.102.050 and 2006 c 181 s 203 are each amended to  
33 read as follows:

34       (1) In addition to a competitive process, demonstration projects  
35 are provided to determine the feasibility of the local infrastructure  
36 financing tool. Notwithstanding RCW 39.102.040, the board shall  
37 approve each demonstration project ~~((before approving any other~~

1 application)). Demonstration project applications must be received by  
2 the board no later than July 1, 2008. The Bellingham waterfront  
3 redevelopment project award shall not exceed one million dollars per  
4 year, the Spokane river district project award shall not exceed one  
5 million dollars per year, and the Vancouver riverwest project award  
6 shall not exceed five hundred thousand dollars per year. The board  
7 shall approve by September 15, 2007, demonstration project applications  
8 submitted no later than July 1, 2007. The board shall approve by  
9 September 18, 2008, demonstration project applications submitted by  
10 July 1, 2008.

11 (2) If before board approval of the final competitive project award  
12 in 2008, a demonstration project has not received approval by the  
13 board, the state dollars set aside for the demonstration project in  
14 subsection (1) of this section shall be available for the competitive  
15 application process. If a demonstration project has received a partial  
16 award before the approval of the final competitive project award, the  
17 remaining state dollars set aside for the demonstration project in  
18 subsection (1) of this section shall be available for the competitive  
19 process.

20 **Sec. 4.** RCW 39.102.060 and 2006 c 181 s 204 are each amended to  
21 read as follows:

22 The designation of a revenue development area is subject to the  
23 following limitations:

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

27 ~~(2) ((The average assessed value per square foot of taxable land~~  
28 ~~within the revenue development area boundaries may not exceed seventy~~  
29 ~~dollars at the time the revenue development area is designated;~~

30 ~~(3) No more than one revenue development area may be created in a~~  
31 ~~county)) No revenue development area shall have within its geographic~~  
32 ~~boundaries any part of a hospital benefit zone under chapter 39.100 RCW~~  
33 ~~or any part of another revenue development area created under this~~  
34 ~~chapter;~~

35 ~~((+4))~~ (3) A revenue development area is limited to contiguous  
36 tracts, lots, pieces, or parcels of land without the creation of  
37 islands of property not included in the revenue development area;

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

3       ~~(6))~~ (4) The public improvements financed through local  
4 infrastructure financing must be located in the revenue development  
5 area;

6       ~~((7))~~ (5) A revenue development area cannot comprise an area  
7 containing more than twenty-five percent of the total assessed value of  
8 the taxable real property within the boundaries of the sponsoring local  
9 government, including any cosponsoring local government, at the time  
10 the revenue development area is designated;

11       ~~((8))~~ (6) The boundaries of the revenue development area shall  
12 not be changed for the time period that local infrastructure financing  
13 is used; and

14       ~~((9))~~ (7) A revenue development area cannot include any part of  
15 an increment area created under chapter 39.89 RCW, except those  
16 increment areas created prior to January 1, 2006.

17       **Sec. 5.** RCW 39.102.070 and 2006 c 181 s 205 are each amended to  
18 read as follows:

19       The use of local infrastructure financing under this chapter is  
20 subject to the following conditions:

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

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

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

30       (3) The public improvements proposed to be financed in whole or in  
31 part using local infrastructure financing are expected to encourage  
32 private development within the revenue development area and to increase  
33 the fair market value of real property within the revenue development  
34 area;

35       (4) A sponsoring local government, participating local government,  
36 or participating taxing district has entered or expects to enter into  
37 a contract with a private developer relating to the development of

1 private improvements within the revenue development area or has  
2 received a letter of intent from a private developer relating to the  
3 developer's plans for the development of private improvements within  
4 the revenue development area;

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

10 (6) The governing body of the sponsoring local government, and any  
11 cosponsoring local government, must make a finding that local  
12 infrastructure financing:

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

16 (b) Will improve the viability of existing business entities within  
17 the revenue development area; and

18 (c) Will be used in a manner that will not encourage sprawl and  
19 will support development in or adjacent to areas with rich  
20 transportation infrastructure including: State highways, arterials,  
21 collectors, and distributors and other road capacity sufficient to meet  
22 the traffic needs and traffic congestion levels anticipated for the new  
23 development; and public transit and park and ride lots sufficient to  
24 meet the transport needs of a significant portion of the anticipated  
25 workforce in the revenue development area, special needs services, and  
26 other transportation services;

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

31 (a) Increase private residential and commercial investment within  
32 the revenue development area;

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

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

36 (d) Generate, over the period of time that the local option sales  
37 and use tax will be imposed under RCW 82.14.475, state excise tax



1 allocation revenues and state property tax allocation revenues derived  
2 from the revenue development area that are equal to or greater than the  
3 respective state contributions made under this chapter;

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

8 **Sec. 6.** RCW 39.102.090 and 2006 c 181 s 207 are each amended to  
9 read as follows:

10 (1) To (~~create~~) adopt a revenue development area, a sponsoring  
11 local government, and any cosponsoring local government, must adopt an  
12 ordinance establishing the revenue development area that:

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

15 (b) Describes the boundaries of the revenue development area,  
16 subject to the limitations in RCW 39.102.060;

17 (c) Estimates the cost of the proposed public improvements and the  
18 portion of these costs to be financed by local infrastructure  
19 financing;

20 (d) Estimates the time during which local excise tax allocation  
21 revenues, local property tax allocation revenues, and other revenues  
22 from local public sources are to be used for local infrastructure  
23 financing;

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

26 (f) Finds that the conditions in RCW 39.102.070 are met and the  
27 findings in RCW 39.102.080 are complete.

28 (2) The sponsoring local government, and any cosponsoring local  
29 government, must hold a public hearing on the proposed financing of the  
30 public improvements in whole or in part with local infrastructure  
31 financing (~~at least thirty days~~) before passage of the ordinance  
32 establishing the revenue development area. The public hearing may be  
33 held by either the governing body of the sponsoring local government  
34 and the governing body of any cosponsoring local government, or by a  
35 committee of those governing bodies that includes at least a majority  
36 of the whole governing body or bodies. The public hearing is subject  
37 to the notice requirements in RCW 39.102.100.

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

6 **Sec. 7.** RCW 39.102.110 and 2006 c 181 s 301 are each amended to  
7 read as follows:

8 (1) A sponsoring local government or participating local government  
9 that has received approval by the board to use local infrastructure  
10 financing may use annually its local excise tax allocation revenues to  
11 finance public improvements in the revenue development area financed in  
12 whole or in part by local infrastructure financing. The use of local  
13 excise tax allocation revenues dedicated by participating local  
14 governments must cease (~~when such allocation revenues are no longer~~  
15 ~~necessary or obligated to pay bonds issued to finance the public~~  
16 ~~improvements in the revenue development area)) on the date specified in  
17 the written agreement required in RCW 39.102.080(1), or if no date is  
18 specified then the date when the local tax under RCW 82.14.475 expires.  
19 Any participating local government is authorized to dedicate local  
20 excise tax allocation revenues to the sponsoring local government as  
21 authorized in RCW 39.102.080(1).~~

22 (2) A sponsoring local government shall provide the board accurate  
23 information describing the geographical boundaries of the revenue  
24 development area at the time of application. The information shall be  
25 provided in an electronic format or manner as prescribed by the  
26 department. The sponsoring local government shall ensure that the  
27 boundary information provided to the board and department is kept  
28 current.

29 (3) In the event a city annexes a county area located within a  
30 county-sponsored revenue development area, the city shall remit to the  
31 county the portion of the local excise tax allocation revenue that the  
32 county would have received had the area not been annexed to the county.  
33 The city shall remit such revenues until such time as the bonds issued  
34 under RCW 39.102.150 are retired.

35 **Sec. 8.** RCW 39.102.120 and 2006 c 181 s 302 are each amended to  
36 read as follows:

1 (1) Commencing in the second calendar year following (~~the passage~~  
2 ~~of the ordinance creating a revenue development area and authorizing~~  
3 ~~the use of local infrastructure financing~~) board approval of a revenue  
4 development area, the county treasurer shall distribute receipts from  
5 regular taxes imposed on real property located in the revenue  
6 development area as follows:

7 (a) Each participating taxing district and the sponsoring local  
8 government shall receive that portion of its regular property taxes  
9 produced by the rate of tax levied by or for the taxing district on the  
10 property tax allocation revenue base value for that local  
11 infrastructure financing project in the taxing district, or upon the  
12 total assessed value of real property in the taxing district, whichever  
13 is smaller; and

14 (b) The sponsoring local government shall receive an additional  
15 portion of the regular property taxes levied by it and by or for each  
16 participating taxing district upon the property tax allocation revenue  
17 value within the revenue development area. However, if there is no  
18 property tax allocation revenue value, the sponsoring local government  
19 shall not receive any additional regular property taxes under this  
20 subsection (1)(b). The sponsoring local government may agree to  
21 receive less than the full amount of the additional portion of regular  
22 property taxes under this subsection (1)(b) as long as bond debt  
23 service, reserve, and other bond covenant requirements are satisfied,  
24 in which case the balance of these tax receipts shall be allocated to  
25 the participating taxing districts that levied regular property taxes,  
26 or have regular property taxes levied for them, in the revenue  
27 development area for collection that year in proportion to their  
28 regular tax levy rates for collection that year. The sponsoring local  
29 government may request that the treasurer transfer this additional  
30 portion of the property taxes to its designated agent. The portion of  
31 the tax receipts distributed to the sponsoring local government or its  
32 agent under this subsection (1)(b) may only be expended to finance  
33 public improvement costs associated with the public improvements  
34 financed in whole or in part by local infrastructure financing.

35 (2) The county assessor shall allocate any increase in the assessed  
36 value of real property occurring in the revenue development area to the  
37 property tax allocation revenue value and property tax allocation  
38 revenue base value as appropriate. This section does not authorize

1 revaluations of real property by the assessor for property taxation  
2 that are not made in accordance with the assessor's revaluation plan  
3 under chapter 84.41 RCW or under other authorized revaluation  
4 procedures.

5 (3) The apportionment of increases in assessed valuation in a  
6 revenue development area, and the associated distribution to the  
7 sponsoring local government of receipts from regular property taxes  
8 that are imposed on the property tax allocation revenue value, must  
9 cease when property tax allocation revenues are no longer (~~necessary~~  
10 ~~or~~) obligated to pay the costs of the public improvements. Any excess  
11 local property tax allocation revenues derived from regular property  
12 taxes and earnings on these tax allocation revenues, remaining at the  
13 time the allocation of tax receipts terminates, must be returned to the  
14 county treasurer and distributed to the participating taxing districts  
15 that imposed regular property taxes, or had regular property taxes  
16 imposed for it, in the revenue development area for collection that  
17 year, in proportion to the rates of their regular property tax levies  
18 for collection that year.

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

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

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

32 **Sec. 9.** RCW 82.14.475 and 2006 c 181 s 401 are each amended to  
33 read as follows:

34 (1) A sponsoring local government, and any cosponsoring local  
35 government, that has been approved by the board to use local  
36 infrastructure financing may impose a sales and use tax in accordance  
37 with the terms of this chapter and subject to the criteria set forth in

1 this section. Except as provided in this section, the tax is in  
2 addition to other taxes authorized by law and shall be collected from  
3 those persons who are taxable by the state under chapters 82.08 and  
4 82.12 RCW upon the occurrence of any taxable event within the taxing  
5 jurisdiction of the sponsoring local government or cosponsoring local  
6 government. The rate of tax shall not exceed the rate provided in RCW  
7 82.08.020(1), less the aggregate rates of any other local sales and use  
8 taxes imposed on the same taxable events that are credited against the  
9 state sales and use taxes imposed under chapters 82.08 and 82.12 RCW.  
10 The rate of tax may be changed only on the first day of a fiscal year  
11 as needed. Notice of rate changes must be provided to the department  
12 on the first day of March to be effective on July 1st of the next  
13 fiscal year.

14 (2) The tax authorized under subsection (1) of this section shall  
15 be credited against the state taxes imposed under chapter 82.08 or  
16 82.12 RCW. The department shall perform the collection of such taxes  
17 on behalf of the sponsoring local government or cosponsoring local  
18 government at no cost to the sponsoring local government or  
19 cosponsoring local government and shall remit the taxes as provided in  
20 RCW 82.14.060.

21 (3)(a) No tax may be imposed under the authority of this section:  
22 (i) Before July 1, 2008;  
23 (ii) Before approval by the board under RCW 39.102.040; and  
24 (iii) ~~((Except as provided in (b) of this subsection, unless))~~  
25 Before the sponsoring local government has received ~~((and dedicated to~~  
26 ~~the payment of bonds authorized in RCW 39.102.150, in whole or in part,~~  
27 ~~both))~~ local excise tax allocation revenues ~~((and))~~, local property tax  
28 allocation revenues, or both, during the preceding calendar year.

29 (b) ~~((The requirement to receive local property tax allocation~~  
30 ~~revenues under (a) of this subsection is waived if the revenue~~  
31 ~~development area coincides with or is contained entirely within the~~  
32 ~~boundaries of an increment area adopted by a local government under the~~  
33 ~~authority of chapter 39.89 RCW for the purposes of utilizing community~~  
34 ~~revitalization financing.~~

35 (c)) The tax imposed under this section shall expire ~~((when the~~  
36 ~~bonds issued under the authority of RCW 39.102.150 are retired, but not~~  
37 ~~more than))~~ on the date that is the earlier of:

1        (i) The date when the tax is no longer necessary to pay public  
2 improvement costs for the public improvements identified in the adopted  
3 local ordinance as required in RCW 39.102.090(1)(a); or

4        (ii) Twenty-five years after the tax in this section is first  
5 imposed.

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

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

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

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

16        (i) The amount of tax received by the sponsoring local government,  
17 and any cosponsoring local government, equals the amount of the state  
18 contribution;

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

22        (iii) The amount of tax received by the sponsoring local government  
23 equals the amount of project award granted in the approval notice  
24 described in RCW 39.102.040;

25        ~~(d) ((Except when the requirement to receive local property tax~~  
26 ~~allocation revenues is waived as provided in subsection (3)(b) of this~~  
27 ~~section, neither the local excise tax allocation revenues nor the local~~  
28 ~~property tax allocation revenues can be more than eighty percent of the~~  
29 ~~total local funds as described in RCW 39.102.020(29)(c);~~

30        ~~(e))~~ The tax shall be distributed again, should it cease to be  
31 distributed for any of the reasons provided in (c) of this subsection,  
32 at the beginning of the next fiscal year, subject to the restrictions  
33 in this section; and

34        ~~((f))~~ (e) Any revenue generated by the tax in excess of the  
35 amounts specified in (c) of this subsection shall belong to the state  
36 of Washington.

37        (5) If a county and city cosponsor a revenue development area, the  
38 combined rates of the city and county tax shall not exceed the rate

1 provided in RCW 82.08.020(1), less the aggregate rates of any other  
2 local sales and use taxes imposed on the same taxable events that are  
3 credited against the state sales and use taxes imposed under chapters  
4 82.08 and 82.12 RCW. The combined amount of distributions received by  
5 both the city and county may not exceed the state contribution.

6 (6) The department shall determine the amount of tax receipts  
7 distributed to each sponsoring local government, and any cosponsoring  
8 local government, imposing sales and use tax under this section and  
9 shall advise a sponsoring or cosponsoring local government when tax  
10 distributions for the fiscal year equal the amount of state  
11 contribution for that fiscal year as provided in subsection (8) of this  
12 section. Determinations by the department of the amount of tax  
13 distributions attributable to each sponsoring or cosponsoring local  
14 government are final and shall not be used to challenge the validity of  
15 any tax imposed under this section. The department shall remit any tax  
16 receipts in excess of the amounts specified in subsection (4)(c) of  
17 this section to the state treasurer who shall deposit the money in the  
18 general fund.

19 (7) If a sponsoring or cosponsoring local government fails to  
20 comply with RCW 39.102.140, no tax may be distributed in the subsequent  
21 fiscal year until such time as the sponsoring or cosponsoring local  
22 government complies and the department calculates the state  
23 contribution amount for such fiscal year.

24 (8) Each year, the amount of taxes approved by the department for  
25 distribution to a sponsoring or cosponsoring local government in the  
26 next fiscal year shall be equal to the state contribution and shall be  
27 no more than the total local funds as described in RCW  
28 39.102.020(29)(c). The department shall consider information from  
29 reports described in RCW 39.102.140 when determining the amount of  
30 state contributions for each fiscal year. A sponsoring or cosponsoring  
31 local government shall not receive, in any fiscal year, more revenues  
32 from taxes imposed under the authority of this section than the amount  
33 approved annually by the department. The department shall not approve  
34 the receipt of more distributions of sales and use tax under this  
35 section to a sponsoring or cosponsoring local government than is  
36 authorized under subsection (4) of this section.

37 (9) The amount of tax distributions received from taxes imposed  
38 under the authority of this section by all sponsoring and cosponsoring

1 local governments is limited annually to not more than ~~((five))~~ seven  
2 million five hundred thousand dollars. ~~((The tax distributions shall~~  
3 ~~be available to the sponsoring local government, and any cosponsoring~~  
4 ~~local government, imposing a tax under this section only as long as the~~  
5 ~~sponsoring local government has outstanding indebtedness under RCW~~  
6 ~~39.102.150.))~~

7 (10) The definitions in RCW 39.102.020 apply to this section unless  
8 the context clearly requires otherwise.

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

13 (12) The tax imposed under the authority of this section may be  
14 applied either to provide for the payment of debt service on bonds  
15 issued under RCW 39.102.150 by the sponsoring local government or to  
16 pay public improvement costs on a pay-as-you-go basis, or both.

17 **Sec. 10.** RCW 39.102.140 and 2006 c 181 s 403 are each amended to  
18 read as follows:

19 (1) A sponsoring local government shall provide a report to the  
20 board and the department by March 1st of each year. The report shall  
21 contain the following information:

22 (a) The amount of local excise tax allocation revenues, ~~((and))~~  
23 local property tax allocation revenues, other revenues from local  
24 public sources, and taxes under RCW 82.14.475~~((, and revenues from~~  
25 ~~local public sources))~~ received by the sponsoring local government  
26 during the preceding calendar year that were dedicated to pay the  
27 public improvements financed in whole or in part with local  
28 infrastructure financing, and a summary of how these revenues were  
29 expended;

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

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



1 (d) The average wages and benefits received by all employees of  
2 businesses locating within the revenue development area as a result of  
3 the public improvements undertaken by the sponsoring local government  
4 and financed in whole or in part with local infrastructure financing;  
5 and

6 (e) That the sponsoring local government is in compliance with RCW  
7 39.102.070.

8 (2) The board shall make a report available to the public and the  
9 legislature by June 1st of each year. The report shall include a list  
10 of public improvements undertaken by sponsoring local governments and  
11 financed in whole or in part with local infrastructure financing and it  
12 shall also include a summary of the information provided to the  
13 department by sponsoring local governments under subsection (1) of this  
14 section.

15 **Sec. 11.** RCW 39.102.150 and 2006 c 181 s 501 are each amended to  
16 read as follows:

17 (1) A sponsoring local government that has designated a revenue  
18 development area and been authorized the use of local infrastructure  
19 financing may incur general indebtedness, and issue general obligation  
20 bonds, to finance the public improvements and retire the indebtedness  
21 in whole or in part from local excise tax allocation revenues, local  
22 property tax allocation revenues, and sales and use taxes imposed under  
23 the authority of RCW 82.14.475 that it receives, subject to the  
24 following requirements:

25 (a) The ordinance adopted by the sponsoring local government and  
26 authorizing the use of local infrastructure financing indicates an  
27 intent to incur this indebtedness and the maximum amount of this  
28 indebtedness that is contemplated; and

29 (b) The sponsoring local government includes this statement of the  
30 intent in all notices required by RCW (~~39.102.090~~) 39.102.100.

31 (2)(a) Except as provided in (b) of this subsection, the general  
32 indebtedness incurred under subsection (1) of this section may be  
33 payable from other tax revenues, the full faith and credit of the local  
34 government, and nontax income, revenues, fees, and rents from the  
35 public improvements, as well as contributions, grants, and nontax money  
36 available to the local government for payment of costs of the public  
37 improvements or associated debt service on the general indebtedness.

1 (b) A sponsoring local government that issues bonds under this  
2 section shall not pledge any money received from the state of  
3 Washington for the payment of such bonds, other than the local sales  
4 and use taxes imposed under the authority of RCW 82.14.475 and  
5 collected by the department.

6 (3) In addition to the requirements in subsection (1) of this  
7 section, a sponsoring local government designating a revenue  
8 development area and authorizing the use of local infrastructure  
9 financing may require the nonpublic participant to provide adequate  
10 security to protect the public investment in the public improvement  
11 within the revenue development area.

12 (4) Bonds issued under this section shall be authorized by  
13 ordinance of the governing body of the sponsoring local government and  
14 may be issued in one or more series and shall bear such date or dates,  
15 be payable upon demand or mature at such time or times, bear interest  
16 at such rate or rates, be in such denomination or denominations, be in  
17 such form either coupon or registered as provided in RCW 39.46.030,  
18 carry such conversion or registration privileges, have such rank or  
19 priority, be executed in such manner, be payable in such medium of  
20 payment, at such place or places, and be subject to such terms of  
21 redemption with or without premium, be secured in such manner, and have  
22 such other characteristics, as may be provided by such ordinance or  
23 trust indenture or mortgage issued pursuant thereto.

24 (5) The sponsoring local government may annually pay into a fund to  
25 be established for the benefit of bonds issued under this section a  
26 fixed proportion or a fixed amount of any local excise tax allocation  
27 revenues and local property tax allocation revenues derived from  
28 property or business activity within the revenue development area  
29 containing the public improvements funded by the bonds, such payment to  
30 continue until all bonds payable from the fund are paid in full. The  
31 local government may also annually pay into the fund established in  
32 this section a fixed proportion or a fixed amount of any revenues  
33 derived from taxes imposed under RCW 82.14.475, such payment to  
34 continue until all bonds payable from the fund are paid in full.  
35 Revenues derived from taxes imposed under RCW 82.14.475 are subject to  
36 the use restriction in RCW 39.102.130.

37 (6) In case any of the public officials of the sponsoring local  
38 government whose signatures appear on any bonds or any coupons issued

1 under this chapter shall cease to be such officials before the delivery  
2 of such bonds, such signatures shall, nevertheless, be valid and  
3 sufficient for all purposes, the same as if such officials had remained  
4 in office until such delivery. Any provision of any law to the  
5 contrary notwithstanding, any bonds issued under this chapter are fully  
6 negotiable.

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

10 **Sec. 12.** RCW 39.102.130 and 2006 c 181 s 402 are each amended to  
11 read as follows:

12 Money collected from the taxes imposed under RCW 82.14.475  
13 (~~(shall)~~) may be used only for the purpose of (~~(principal and interest~~  
14 ~~payments on bonds issued under the authority of RCW 39.102.150))~~ paying  
15 debt service on bonds issued under the authority of RCW 39.102.150 or  
16 to pay public improvement costs on a pay-as-you-go basis as provided in  
17 RCW 82.14.475(12), or both.

18 NEW SECTION. **Sec. 13.** RCW 39.102.180 (General indebtedness,  
19 general obligation bonds--Authority--Security) and 2006 c 181 s 504 are  
20 each repealed.

21 NEW SECTION. **Sec. 14.** A new section is added to chapter 39.102  
22 RCW to read as follows:

23 The department of revenue and the community economic revitalization  
24 board may adopt any rules under chapter 34.05 RCW they consider  
25 necessary for the administration of this chapter.

26 NEW SECTION. **Sec. 15.** This act applies retroactively as well as  
27 prospectively.

28 NEW SECTION. **Sec. 16.** If any provision of this act or its  
29 application to any person or circumstance is held invalid, the  
30 remainder of the act or the application of the provision to other  
31 persons or circumstances is not affected.

1        NEW SECTION.   **Sec. 17.**   This act expires June 30, 2039.

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