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SENATE BILL 6196

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State of Washington                      60th Legislature                      2008 Regular Session

By Senators Pridemore, Zarelli, and Kastama

Read first time 01/14/08. Referred to Committee on Ways & Means.

1            AN ACT Relating to definitions applicable to local infrastructure  
2 financing tool program demonstration projects; amending RCW 39.102.020;  
3 and providing an expiration date.

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

5            **Sec. 1.** RCW 39.102.020 and 2007 c 229 s 1 are each amended to read  
6 as follows:

7            The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9            (1) "Annual state contribution limit" means seven million five  
10 hundred thousand dollars statewide per fiscal year.

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

13            (3) "Base year" means the first calendar year following the  
14 calendar year in which a sponsoring local government, and any  
15 cosponsoring local government, receives approval by the board for a  
16 project award, provided that the approval is granted before October  
17 15th. If approval by the board is received on or after October 15th  
18 but on or before December 31st, the "base year" is the second calendar

1 year following the calendar year in which a sponsoring local  
2 government, and any cosponsoring local government, receives approval by  
3 the board for a project award.

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

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

- 7 (a) Bellingham waterfront redevelopment project;
- 8 (b) Spokane river district project at Liberty Lake; and
- 9 (c) Vancouver riverwest project.

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

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

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

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

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

37 (b) For revenue development areas approved by the board in calendar  
38 years 2006 and 2007 that do not meet the requirements in (a) of this

1 subsection and if legislation is enacted in this state during the 2007  
2 legislative session that adopts the sourcing provisions of the  
3 streamlined sales and use tax agreement, "local excise tax allocation  
4 revenue" means the amount of local excise taxes received by the  
5 sponsoring local government during the measurement year from taxable  
6 activity within the revenue development area over and above an amount  
7 of local excise taxes received by the sponsoring local government  
8 during the 2007 or 2008 base year, as the case may be, adjusted by the  
9 department for any estimated impacts from retail sales and use tax  
10 sourcing changes effective in 2008. The amount of base year adjustment  
11 determined by the department is final; and

12 (c) If the sponsoring local government of a revenue development  
13 area related to a demonstration project reasonably determines that no  
14 local excise tax distributions were received between August 1, 2008,  
15 and December 31, 2008, from within the boundaries of the revenue  
16 development area, "local excise tax allocation revenue" means the  
17 entire amount of local excise taxes received by the sponsoring local  
18 government during a calendar year period beginning with 2009 and  
19 continuing with each measurement year thereafter.

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

22 (11) "Local infrastructure financing" means the use of revenues  
23 received from local excise tax allocation revenues, local property tax  
24 allocation revenues, other revenues from local public sources, and  
25 revenues received from the local option sales and use tax authorized in  
26 RCW 82.14.475, dedicated to pay either the principal and interest on  
27 bonds authorized under RCW 39.102.150 or to pay public improvement  
28 costs on a pay-as-you-go basis subject to RCW 39.102.195, or both.

29 (12) "Local property tax allocation revenue" means those tax  
30 revenues derived from the receipt of regular property taxes levied on  
31 the property tax allocation revenue value and used for local  
32 infrastructure financing.

33 (13)(a) "Revenues from local public sources" means:

34 (i) Amounts of local excise tax allocation revenues and local  
35 property tax allocation revenues, dedicated by sponsoring local  
36 governments, participating local governments, and participating taxing  
37 districts, for local infrastructure financing; and

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

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

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

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

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

21 (17) "Participating local government" means a local government  
22 having a revenue development area within its geographic boundaries that  
23 has entered into a written agreement with a sponsoring local government  
24 as provided in RCW 39.102.080 to allow the use of all or some of its  
25 local excise tax allocation revenues or other revenues from local  
26 public sources dedicated for local infrastructure financing.

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

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

36 (A) The placement of new construction, improvements to property, or  
37 both, on the assessment roll, where the new construction and

1 improvements are initiated after the revenue development area is  
2 approved by the board;

3 (B) The cost of new housing construction, conversion, and  
4 rehabilitation improvements, when such cost is treated as new  
5 construction for purposes of chapter 84.55 RCW as provided in RCW  
6 84.14.020, and the new housing construction, conversion, and  
7 rehabilitation improvements are initiated after the revenue development  
8 area is approved by the board;

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

13 (ii) Increases in the assessed value of real property in a revenue  
14 development area resulting from (a)(i)(A) through (C) of this  
15 subsection are included in the property tax allocation revenue value in  
16 the initial year. These same amounts are also included in the property  
17 tax allocation revenue value in subsequent years unless the property  
18 becomes exempt from property taxation.

19 (b) "Property tax allocation revenue value" includes seventy-five  
20 percent of any increase in the assessed value of new construction  
21 consisting of an entire building in the years following the initial  
22 year, unless the building becomes exempt from property taxation.

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

26 (d) There is no property tax allocation revenue value if the  
27 assessed value of real property in a revenue development area has not  
28 increased as a result of any of the reasons specified in (a)(i)(A)  
29 through (C) of this subsection.

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

31 (i) For new construction and improvements to property added to the  
32 assessment roll, the year during which the new construction and  
33 improvements are initially placed on the assessment roll;

34 (ii) For the cost of new housing construction, conversion, and  
35 rehabilitation improvements, when such cost is treated as new  
36 construction for purposes of chapter 84.55 RCW, the year when such cost  
37 is treated as new construction for purposes of levying taxes for  
38 collection in the following year; and

1 (iii) For the cost of rehabilitation of historic property, when  
2 such cost is treated as new construction for purposes of chapter 84.55  
3 RCW, the year when such cost is treated as new construction for  
4 purposes of levying taxes for collection in the following year.

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

8 (21) "Public improvements" means:

9 (a) Infrastructure improvements within the revenue development area  
10 that include:

11 (i) Street, bridge, and road construction and maintenance,  
12 including highway interchange construction;

13 (ii) Water and sewer system construction and improvements,  
14 including wastewater reuse facilities;

15 (iii) Sidewalks, traffic controls, and streetlights;

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

17 (v) Park and ride facilities of a transit authority;

18 (vi) Park facilities and recreational areas, including trails; and

19 (vii) Storm water and drainage management systems;

20 (b) Expenditures for facilities and improvements that support  
21 affordable housing as defined in RCW 43.63A.510.

22 (22) "Public improvement costs" means the cost of: (a) Design,  
23 planning, acquisition including land acquisition, site preparation  
24 including land clearing, construction, reconstruction, rehabilitation,  
25 improvement, and installation of public improvements; (b) demolishing,  
26 relocating, maintaining, and operating property pending construction of  
27 public improvements; (c) the local government's portion of relocating  
28 utilities as a result of public improvements; (d) financing public  
29 improvements, including interest during construction, legal and other  
30 professional services, taxes, insurance, principal and interest costs  
31 on general indebtedness issued to finance public improvements, and any  
32 necessary reserves for general indebtedness; (e) assessments incurred  
33 in revaluing real property for the purpose of determining the property  
34 tax allocation revenue base value that are in excess of costs incurred  
35 by the assessor in accordance with the revaluation plan under chapter  
36 84.41 RCW, and the costs of apportioning the taxes and complying with  
37 this chapter and other applicable law; (f) administrative expenses and  
38 feasibility studies reasonably necessary and related to these costs;

1 and (g) any of the above-described costs that may have been incurred  
2 before adoption of the ordinance authorizing the public improvements  
3 and the use of local infrastructure financing to fund the costs of the  
4 public improvements.

5 (23) "Regular property taxes" means regular property taxes as  
6 defined in RCW 84.04.140, except: (a) Regular property taxes levied by  
7 public utility districts specifically for the purpose of making  
8 required payments of principal and interest on general indebtedness;  
9 (b) regular property taxes levied by the state for the support of the  
10 common schools under RCW 84.52.065; and (c) regular property taxes  
11 authorized by RCW 84.55.050 that are limited to a specific purpose.  
12 "Regular property taxes" do not include excess property tax levies that  
13 are exempt from the aggregate limits for junior and senior taxing  
14 districts as provided in RCW 84.52.043.

15 (24) "Property tax allocation revenue base value" means the  
16 assessed value of real property located within a revenue development  
17 area for taxes levied in the year in which the revenue development area  
18 is adopted for collection in the following year, plus one hundred  
19 percent of any increase in the assessed value of real property located  
20 within a revenue development area that is placed on the assessment  
21 rolls after the revenue development area is adopted, less the property  
22 tax allocation revenue value.

23 (25) "Relocating a business" means the closing of a business and  
24 the reopening of that business, or the opening of a new business that  
25 engages in the same activities as the previous business, in a different  
26 location within a one-year period, when an individual or entity has an  
27 ownership interest in the business at the time of closure and at the  
28 time of opening or reopening. "Relocating a business" does not include  
29 the closing and reopening of a business in a new location where the  
30 business has been acquired and is under entirely new ownership at the  
31 new location, or the closing and reopening of a business in a new  
32 location as a result of the exercise of the power of eminent domain.

33 (26) "Revenue development area" means the geographic area adopted  
34 by a sponsoring local government and approved by the board, from which  
35 local excise and property tax allocation revenues are derived for local  
36 infrastructure financing.

37 (27) "Small business" has the same meaning as provided in RCW  
38 19.85.020.

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

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

6 (a) One million dollars;

7 (b) The state excise tax allocation revenue and state property tax  
8 allocation revenue received by the state during the preceding calendar  
9 year;

10 (c) The total amount of local excise tax allocation revenues, local  
11 property tax allocation revenues, and other revenues from local public  
12 sources, that are dedicated by a sponsoring local government, any  
13 participating local governments, and participating taxing districts, in  
14 the preceding calendar year to the payment of principal and interest on  
15 bonds issued under RCW 39.102.150 or to pay public improvement costs on  
16 a pay-as-you-go basis subject to RCW 39.102.195, or both; or

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

19 (30) "State excise taxes" means revenues derived from state retail  
20 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount  
21 of tax distributions from all local retail sales and use taxes, other  
22 than the local sales and use taxes authorized by RCW 82.14.475, imposed  
23 on the same taxable events that are credited against the state retail  
24 sales and use taxes under chapters 82.08 and 82.12 RCW.

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

31 (a) If a sponsoring local government adopts a revenue development  
32 area and reasonably determines that no activity subject to tax under  
33 chapters 82.08 and 82.12 RCW occurred within the boundaries of the  
34 revenue development area in the twelve months immediately preceding the  
35 approval of the revenue development area by the board, "state excise  
36 tax allocation revenue" means the entire amount of state excise taxes  
37 received by the state during a calendar year period beginning with the



1 calendar year immediately following the approval of the revenue  
2 development area by the board and continuing with each measurement year  
3 thereafter; (~~and~~)

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

17 (c) If the sponsoring local government of a revenue development  
18 area related to a demonstration project reasonably determines that no  
19 local excise tax distributions were received between August 1, 2008,  
20 and December 31, 2008, from within the boundaries of the revenue  
21 development area, "state excise tax allocation revenue" means the  
22 entire amount of state excise taxes received by the state during a  
23 calendar year period beginning with 2009 and continuing with each  
24 measurement year thereafter.

25 (32) "State property tax allocation revenue" means those tax  
26 revenues derived from the imposition of property taxes levied by the  
27 state for the support of common schools under RCW 84.52.065 on the  
28 property tax allocation revenue value.

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

32 NEW SECTION. Sec. 2. Section 1 of this act expires June 30, 2039.

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