

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2497**

Chapter 280, Laws of 2020

66th Legislature  
2020 Regular Session

DEVELOPMENT OF PERMANENTLY AFFORDABLE HOUSING--FINANCING

EFFECTIVE DATE: June 11, 2020

Passed by the House March 7, 2020  
Yeas 55 Nays 42

LAURIE JINKINS

**Speaker of the House of  
Representatives**

Passed by the Senate March 3, 2020  
Yeas 35 Nays 13

CYRUS HABIB

**President of the Senate**

Approved April 2, 2020 2:27 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2497** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

**Chief Clerk**

FILED

April 3, 2020

**Secretary of State  
State of Washington**

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**HOUSE BILL 2497**

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AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

**State of Washington**                      **66th Legislature**                      **2020 Regular Session**

**By** Representatives Ormsby, Leavitt, Doglio, Ramel, Tharinger,  
Goodman, Riccelli, and Santos

Read first time 01/15/20. Referred to Committee on Finance.

1            AN ACT Relating to adding development of permanently affordable  
2 housing to the allowable uses of community revitalization financing,  
3 the local infrastructure financing tool, and local revitalization  
4 financing; and amending RCW 39.89.020, 39.102.020, and 39.104.020.

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

6            **Sec. 1.** RCW 39.89.020 and 2001 c 212 s 2 are each amended to  
7 read as follows:

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

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

12            (2) "Local government" means any city, town, county, port  
13 district, or any combination thereof.

14            (3) "Ordinance" means any appropriate method of taking  
15 legislative action by a local government.

16            (4) "Public improvements" means:

17            (a) Infrastructure improvements within the increment area that  
18 include:

19            (i) Street and road construction and maintenance;

20            (ii) Water and sewer system construction and improvements;

21            (iii) Sidewalks and streetlights;

- 1 (iv) Parking, terminal, and dock facilities;
- 2 (v) Park and ride facilities of a transit authority;
- 3 (vi) Park facilities and recreational areas; and
- 4 (vii) Stormwater and drainage management systems; and
- 5 (b) Expenditures for any of the following purposes:

6 (i) Providing environmental analysis, professional management,  
7 planning, and promotion within the increment area, including the  
8 management and promotion of retail trade activities in the increment  
9 area;

10 (ii) Providing maintenance and security for common or public  
11 areas in the increment area; or

12 (iii) Historic preservation activities authorized under RCW  
13 35.21.395.

14 (5) "Public improvement costs" means the costs of: (a) Design,  
15 planning, acquisition, site preparation, construction,  
16 reconstruction, rehabilitation, improvement, and installation of  
17 public improvements; (b) purchasing, rehabilitating, retrofitting for  
18 energy efficiency, and constructing housing for the purpose of  
19 creating or preserving permanently affordable housing; (c)  
20 relocating, maintaining, and operating property pending construction  
21 of public improvements; (~~(e)~~) (d) relocating utilities as a result  
22 of public improvements; (~~(d)~~) (e) financing public improvements,  
23 including interest during construction, legal and other professional  
24 services, taxes, insurance, principal and interest costs on general  
25 indebtedness issued to finance public improvements, and any necessary  
26 reserves for general indebtedness; (~~(e)~~) (f) assessments incurred  
27 in revaluing real property for the purpose of determining the tax  
28 allocation base value that are in excess of costs incurred by the  
29 assessor in accordance with the revaluation plan under chapter 84.41  
30 RCW, and the costs of apportioning the taxes and complying with this  
31 chapter and other applicable law; and (~~(f)~~) (g) administrative  
32 expenses and feasibility studies reasonably necessary and related to  
33 these costs, including related costs that may have been incurred  
34 before adoption of the ordinance authorizing the public improvements  
35 and the use of community revitalization financing to fund the costs  
36 of the public improvements.

37 (6) "Regular property taxes" means regular property taxes as  
38 defined in RCW 84.04.140, except: (a) Regular property taxes levied  
39 by port districts or public utility districts specifically for the  
40 purpose of making required payments of principal and interest on

1 general indebtedness; and (b) regular property taxes levied by the  
2 state for the support of the common schools under RCW 84.52.065.  
3 Regular property taxes do not include excess property tax levies that  
4 are exempt from the aggregate limits for junior and senior taxing  
5 districts as provided in RCW 84.52.043.

6 (7) "Tax allocation base value" means the true and fair value of  
7 real property located within an increment area for taxes imposed in  
8 the year in which the increment area is created, plus twenty-five  
9 percent of any increase in the true and fair value of real property  
10 located within an increment area that is placed on the assessment  
11 rolls after the increment area is created.

12 (8) "Tax allocation revenues" means those tax revenues derived  
13 from the imposition of regular property taxes on the increment value  
14 and distributed to finance public improvements.

15 (9) "Increment area" means the geographic area from which taxes  
16 are to be appropriated to finance public improvements authorized  
17 under this chapter.

18 (10) "Increment value" means seventy-five percent of any increase  
19 in the true and fair value of real property in an increment area that  
20 is placed on the tax rolls after the increment area is created.

21 (11) "Taxing districts" means a governmental entity that levies  
22 or has levied for it regular property taxes upon real property  
23 located within a proposed or approved increment area.

24 (12) "Value of taxable property" means the value of the taxable  
25 property as defined in RCW 39.36.015.

26 (13) "Permanently affordable housing" means housing, regardless  
27 of ownership, for which there is a legally binding, recorded document  
28 in effect that limits the price at which the owner may sell or  
29 restricts the occupancy of the unit to a qualified, low-income  
30 household, for a period of at least forty years for a property used  
31 for shelter or rental housing, or for a period of at least twenty-  
32 five years for a property to be owned by a low-income household.  
33 These documents include, but are not limited to, affordability  
34 covenants, deed restrictions, and community land trust leases. Resale  
35 restrictions exercised by providers of permanently affordable housing  
36 can include, but are not limited to:

37 (a) Continuous ownership of land by a public entity or nonprofit  
38 housing provider with a lease allowing ownership of the structure by  
39 an income-eligible household;

1       (b) A nonpossessory interest or right in real property, such as a  
2 deed restriction, restrictive covenant, resale restriction or other  
3 contractual agreement, that ensures affordability.

4       **Sec. 2.** RCW 39.102.020 and 2018 c 178 s 1 are each amended to  
5 read as follows:

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

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

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

12       (3) "Board" means the community economic revitalization board  
13 under chapter 43.160 RCW.

14       (4) "Dedicated" means pledged, set aside, allocated, received,  
15 budgeted, or otherwise identified.

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

17       (a) Bellingham waterfront redevelopment project;

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

19       (c) Vancouver riverwest project.

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

21       (7) "Fiscal year" means the twelve-month period beginning July  
22 1st and ending the following June 30th.

23       (8) "Local excise tax allocation revenue" means an amount of  
24 local excise taxes equal to some or all of the sponsoring local  
25 government's local excise tax increment, amounts of local excise  
26 taxes equal to some or all of any participating local government's  
27 excise tax increment as agreed upon in the written agreement under  
28 RCW 39.102.080(1), or both, and dedicated to local infrastructure  
29 financing.

30       (9) "Local excise tax increment" means an amount equal to the  
31 estimated annual increase in local excise taxes in each calendar year  
32 following the approval of the revenue development area by the board  
33 from taxable activity within the revenue development area, as set  
34 forth in the application provided to the board under RCW 39.102.040,  
35 and updated in accordance with RCW 39.102.140(1)(f).

36       (10) "Local excise taxes" means local revenues derived from the  
37 imposition of sales and use taxes authorized in RCW 82.14.030.

38       (11) "Local government" means any city, town, county, port  
39 district, and any federally recognized Indian tribe.

1 (12) "Local infrastructure financing" means the use of revenues  
2 received from local excise tax allocation revenues, local property  
3 tax allocation revenues, other revenues from local public sources,  
4 and revenues received from the local option sales and use tax  
5 authorized in RCW 82.14.475, dedicated to pay either the principal  
6 and interest on bonds authorized under RCW 39.102.150 or to pay  
7 public improvement costs on a pay-as-you-go basis subject to RCW  
8 39.102.195, or both.

9 (13) "Local property tax allocation revenue" means those tax  
10 revenues derived from the receipt of regular property taxes levied on  
11 the property tax allocation revenue value and used for local  
12 infrastructure financing.

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

21 (15) "Ordinance" means any appropriate method of taking  
22 legislative action by a local government.

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

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

37 (18) "Property tax allocation revenue base value" means the  
38 assessed value of real property located within a revenue development  
39 area less the property tax allocation revenue value.

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

4 (A) The placement of new construction, improvements to property,  
5 or both, on the assessment roll, where the new construction and  
6 improvements are initiated after the revenue development area is  
7 approved by the board;

8 (B) The cost of new housing construction, conversion, and  
9 rehabilitation improvements, when such cost is treated as new  
10 construction for purposes of chapter 84.55 RCW as provided in RCW  
11 84.14.020, and the new housing construction, conversion, and  
12 rehabilitation improvements are initiated after the revenue  
13 development area is approved by the board;

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

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

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

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

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

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

36 (i) For new construction and improvements to property added to  
37 the assessment roll, the year during which the new construction and  
38 improvements are initially placed on the assessment roll;

39 (ii) For the cost of new housing construction, conversion, and  
40 rehabilitation improvements, when such cost is treated as new

1 construction for purposes of chapter 84.55 RCW, the year when such  
2 cost is treated as new construction for purposes of levying taxes for  
3 collection in the following year; and

4 (iii) For the cost of rehabilitation of historic property, when  
5 such cost is treated as new construction for purposes of chapter  
6 84.55 RCW, the year when such cost is treated as new construction for  
7 purposes of levying taxes for collection in the following year.

8 (20) "Public improvement costs" means the cost of: (a) Design,  
9 planning, acquisition including land acquisition, site preparation  
10 including land clearing, construction, reconstruction,  
11 rehabilitation, improvement, and installation of public improvements;  
12 (b) demolishing, relocating, maintaining, and operating property  
13 pending construction of public improvements; (c) the local  
14 government's portion of relocating utilities as a result of public  
15 improvements; (d) financing public improvements, including interest  
16 during construction, legal and other professional services, taxes,  
17 insurance, principal and interest costs on general indebtedness  
18 issued to finance public improvements, and any necessary reserves for  
19 general indebtedness; (e) assessments incurred in revaluing real  
20 property for the purpose of determining the property tax allocation  
21 revenue base value that are in excess of costs incurred by the  
22 assessor in accordance with the revaluation plan under chapter 84.41  
23 RCW, and the costs of apportioning the taxes and complying with this  
24 chapter and other applicable law; (f) administrative expenses and  
25 feasibility studies reasonably necessary and related to these costs;  
26 and (g) any of the above-described costs that may have been incurred  
27 before adoption of the ordinance authorizing the public improvements  
28 and the use of local infrastructure financing to fund the costs of  
29 the public improvements.

30 (21) "Public improvements" means:

31 (a) Infrastructure improvements within the revenue development  
32 area that include:

33 (i) Street, bridge, and road construction and maintenance,  
34 including highway interchange construction;

35 (ii) Water and sewer system construction and improvements,  
36 including wastewater reuse facilities;

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

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

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



1 (vi) Park facilities and recreational areas, including trails;  
2 and  
3 (vii) Stormwater and drainage management systems;  
4 (b) Expenditures for facilities and improvements that support  
5 affordable housing as defined in RCW 43.63A.510; and  
6 (c) Expenditures to purchase, rehabilitate, retrofit for energy  
7 efficiency, and construct housing for the purpose of creating or  
8 preserving permanently affordable housing.

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

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

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

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

37 (26) (a) "Revenues from local public sources" means:

38 (i) Amounts of local excise tax allocation revenues and local  
39 property tax allocation revenues, dedicated by sponsoring local

1 governments, participating local governments, and participating  
2 taxing districts, for local infrastructure financing; and

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

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

10 (27) "Small business" has the same meaning as provided in RCW  
11 19.85.020.

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

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

17 (a) One million dollars;

18 (b) The total amount of local excise tax allocation revenues,  
19 local property tax allocation revenues, and other revenues from local  
20 public sources, that are dedicated by a sponsoring local government,  
21 any participating local governments, and participating taxing  
22 districts, in the preceding calendar year to the payment of principal  
23 and interest on bonds issued under RCW 39.102.150 or to pay public  
24 improvement costs on a pay-as-you-go basis subject to RCW 39.102.195,  
25 or both. Revenues from local public sources dedicated in the  
26 preceding calendar year that are in excess of the project award may  
27 be carried forward and used in later years for the purpose of this  
28 subsection (29) (b);

29 (c) The amount of project award granted by the board in the  
30 notice of approval to use local infrastructure financing under RCW  
31 39.102.040; or

32 (d) The highest amount of state excise tax allocation revenues  
33 and state property tax allocation revenues for any one calendar year  
34 as determined by the sponsoring local government and reported to the  
35 board and the department as required by RCW 39.102.140.

36 (30) "State excise tax allocation revenue" means an amount equal  
37 to the annual increase in state excise taxes estimated to be received  
38 by the state in each calendar year following the approval of the  
39 revenue development area by the board, from taxable activity within  
40 the revenue development area as set forth in the application provided

1 to the board under RCW 39.102.040 and periodically updated and  
2 reported as required in RCW 39.102.140(1)(f).

3 (31) "State excise taxes" means revenues derived from state  
4 retail sales and use taxes under RCW 82.08.020(1) and 82.12.020 at  
5 the rate provided in RCW 82.08.020(1), less the amount of tax  
6 distributions from all local retail sales and use taxes, other than  
7 the local sales and use taxes authorized by RCW 82.14.475 for the  
8 applicable revenue development area, imposed on the same taxable  
9 events that are credited against the state retail sales and use taxes  
10 under chapters 82.08 and 82.12 RCW.

11 (32) "State property tax allocation revenue" means an amount  
12 equal to the estimated tax revenues derived from the imposition of  
13 property taxes levied by the state for the support of common schools  
14 under RCW 84.52.065 on the property tax allocation revenue value, as  
15 set forth in the application submitted to the board under RCW  
16 39.102.040 and updated annually in the report required under RCW  
17 39.102.140(1)(f).

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

21 (34) "Permanently affordable housing" means housing, regardless  
22 of ownership, for which there is a legally binding, recorded document  
23 in effect that limits the price at which the owner may sell or  
24 restricts the occupancy of the unit to a qualified, low-income  
25 household, for a period of at least forty years for a property used  
26 for shelter or rental housing, or for a period of at least twenty-  
27 five years for a property to be owned by a low-income household.  
28 These documents include, but are not limited to, affordability  
29 covenants, deed restrictions, and community land trust leases. Resale  
30 restrictions exercised by providers of permanently affordable housing  
31 can include, but are not limited to:

32 (a) Continuous ownership of land by a public entity or nonprofit  
33 housing provider with a lease allowing ownership of the structure by  
34 an income-eligible household;

35 (b) A nonpossessory interest or right in real property, such as a  
36 deed restriction, restrictive covenant, resale restriction or other  
37 contractual agreement, that ensures affordability.

38 **Sec. 3.** RCW 39.104.020 and 2016 c 207 s 1 are each amended to  
39 read as follows:

1 The definitions in this section apply throughout this chapter  
2 unless the context clearly requires otherwise.

3 (1) "Annual state contribution limit" means two million five  
4 hundred thousand dollars statewide per fiscal year, plus the  
5 additional amounts approved for demonstration projects in RCW  
6 82.14.505.

7 (2) "Approving agency" means the department of revenue for  
8 project awards approved before June 9, 2016, and the department of  
9 commerce for project awards approved after June 9, 2016.

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

12 (4) "Bond" means a bond, a note or other evidence of  
13 indebtedness, including but not limited to a lease-purchase agreement  
14 or an executory conditional sales contract.

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

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

18 (7) "Local government" means any city, town, county, and port  
19 district.

20 (8) "Local property tax allocation revenue" means those tax  
21 revenues derived from the receipt of regular property taxes levied on  
22 the property tax allocation revenue value and used for local  
23 revitalization financing.

24 (9) "Local revitalization financing" means the use of revenues  
25 from local public sources, dedicated to pay the principal and  
26 interest on bonds authorized under RCW 39.104.110 and public  
27 improvement costs within the revitalization area on a pay-as-you-go  
28 basis, and revenues received from the local option sales and use tax  
29 authorized in RCW 82.14.510, dedicated to pay the principal and  
30 interest on bonds authorized under RCW 39.104.110.

31 (10) "Local sales and use tax increment" means the estimated  
32 annual increase in local sales and use taxes as determined by the  
33 local government in the calendar years following the approval of the  
34 revitalization area by the department from taxable activity within  
35 the revitalization area.

36 (11) "Local sales and use taxes" means local revenues derived  
37 from the imposition of sales and use taxes authorized in RCW  
38 82.14.030.

39 (12) "Ordinance" means any appropriate method of taking  
40 legislative action by a local government.

1 (13) "Participating local government" means a local government  
2 having a revitalization area within its geographic boundaries that  
3 has taken action as provided in RCW 39.104.070(1) to allow the use of  
4 all or some of its local sales and use tax increment or other  
5 revenues from local public sources dedicated for local revitalization  
6 financing.

7 (14) "Participating taxing district" means a taxing district  
8 that:

9 (a) Has a revitalization area wholly or partially within its  
10 geographic boundaries;

11 (b) Levies or has levied for it regular property taxes as defined  
12 in this section; and

13 (c) Has not taken action as provided in RCW 39.104.060(2).

14 (15) "Property tax allocation revenue base value" means the  
15 assessed value of real property located within a revitalization area,  
16 less the property tax allocation revenue value.

17 (16)(a)(i) "Property tax allocation revenue value" means seventy-  
18 five percent of any increase in the assessed value of real property  
19 in a revitalization area resulting from:

20 (A) The placement of new construction, improvements to property,  
21 or both, on the assessment roll, where the new construction and  
22 improvements are initiated after the revitalization area is approved;

23 (B) The cost of new housing construction, conversion, and  
24 rehabilitation improvements, when the cost is treated as new  
25 construction for purposes of chapter 84.55 RCW as provided in RCW  
26 84.14.020, and the new housing construction, conversion, and  
27 rehabilitation improvements are initiated after the revitalization  
28 area is approved;

29 (C) The cost of rehabilitation of historic property, when the  
30 cost is treated as new construction for purposes of chapter 84.55 RCW  
31 as provided in RCW 84.26.070, and the rehabilitation is initiated  
32 after the revitalization area is approved.

33 (ii) Increases in the assessed value of real property in a  
34 revitalization area resulting from (a)(i)(A) through (C) of this  
35 subsection are included in the property tax allocation revenue value  
36 in the initial year. These same amounts are also included in the  
37 property tax allocation revenue value in subsequent years unless the  
38 property becomes exempt from property taxation.

39 (b) "Property tax allocation revenue value" includes seventy-five  
40 percent of any increase in the assessed value of new construction

1 consisting of an entire building in the years following the initial  
2 year, unless the building becomes exempt from property taxation.

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

6 (d) There is no property tax allocation revenue value if the  
7 assessed value of real property in a revitalization area has not  
8 increased as a result of any of the reasons specified in (a)(i)(A)  
9 through (C) of this subsection.

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

11 (i) For new construction and improvements to property added to  
12 the assessment roll, the year during which the new construction and  
13 improvements are initially placed on the assessment roll;

14 (ii) For the cost of new housing construction, conversion, and  
15 rehabilitation improvements, when the cost is treated as new  
16 construction for purposes of chapter 84.55 RCW, the year when the  
17 cost is treated as new construction for purposes of levying taxes for  
18 collection in the following year; and

19 (iii) For the cost of rehabilitation of historic property, when  
20 the cost is treated as new construction for purposes of chapter 84.55  
21 RCW, the year when such cost is treated as new construction for  
22 purposes of levying taxes for collection in the following year.

23 (17) "Public improvement costs" means the costs of:

24 (a) Design, planning, acquisition, including land acquisition,  
25 site preparation including land clearing, construction,  
26 reconstruction, rehabilitation, improvement, and installation of  
27 public improvements;

28 (b) Demolishing, relocating, maintaining, and operating property  
29 pending construction of public improvements;

30 (c) Relocating utilities as a result of public improvements;

31 (d) Financing public improvements, including interest during  
32 construction, legal and other professional services, taxes,  
33 insurance, principal and interest costs on general indebtedness  
34 issued to finance public improvements, and any necessary reserves for  
35 general indebtedness; and

36 (e) Administrative expenses and feasibility studies reasonably  
37 necessary and related to these costs, including related costs that  
38 may have been incurred before adoption of the ordinance authorizing  
39 the public improvements and the use of local revitalization financing  
40 to fund the costs of the public improvements.

1 (18) "Public improvements" means:  
2 (a) Infrastructure improvements within the revitalization area  
3 that include:  
4 (i) Street, road, bridge, and rail construction and maintenance;  
5 (ii) Water and sewer system construction and improvements;  
6 (iii) Sidewalks, streetlights, landscaping, and streetscaping;  
7 (iv) Parking, terminal, and dock facilities;  
8 (v) Park and ride facilities of a transit authority;  
9 (vi) Park facilities, recreational areas, and environmental  
10 remediation;  
11 (vii) Stormwater and drainage management systems;  
12 (viii) Electric, gas, fiber, and other utility infrastructures;  
13 ((and))  
14 (b) Expenditures for any of the following purposes:  
15 (i) Providing environmental analysis, professional management,  
16 planning, and promotion within the revitalization area, including the  
17 management and promotion of retail trade activities in the  
18 revitalization area;  
19 (ii) Providing maintenance and security for common or public  
20 areas in the revitalization area; or  
21 (iii) Historic preservation activities authorized under RCW  
22 35.21.395; and  
23 (c) Expenditures to purchase, rehabilitate, retrofit for energy  
24 efficiency, and construct housing for the purpose of creating or  
25 preserving permanently affordable housing.  
26 (19) "Real property" has the same meaning as in RCW 84.04.090 and  
27 also includes any privately owned improvements located on publicly  
28 owned land that are subject to property taxation.  
29 (20) (a) "Regular property taxes" means regular property taxes as  
30 defined in RCW 84.04.140, except: (i) Regular property taxes levied  
31 by public utility districts specifically for the purpose of making  
32 required payments of principal and interest on general indebtedness;  
33 (ii) regular property taxes levied by the state for the support of  
34 common schools under RCW 84.52.065; and (iii) regular property taxes  
35 authorized by RCW 84.55.050 that are limited to a specific purpose.  
36 (b) "Regular property taxes" do not include:  
37 (i) Excess property tax levies that are exempt from the aggregate  
38 limits for junior and senior taxing districts as provided in RCW  
39 84.52.043; and

1 (ii) Property taxes that are specifically excluded through an  
2 interlocal agreement between the sponsoring local government and a  
3 participating taxing district as set forth in RCW 39.104.060(3).

4 (21)(a) "Revenues from local public sources" means:

5 (i) The local sales and use tax amounts received as a result of  
6 interlocal agreement, local sales and use tax amounts from sponsoring  
7 local governments based on its local sales and use tax increment, and  
8 local property tax allocation revenues, which are dedicated by a  
9 sponsoring local government, participating local governments, and  
10 participating taxing districts, for payment of bonds under RCW  
11 39.104.110 or public improvement costs within the revitalization area  
12 on a pay-as-you-go basis; and

13 (ii) Any other local revenues, except as provided in (b) of this  
14 subsection, including revenues derived from federal and private  
15 sources and amounts received by taxing districts as set forth by an  
16 interlocal agreement as described in RCW 39.104.060(4), which are  
17 dedicated for the payment of bonds under RCW 39.104.110 or public  
18 improvement costs within the revitalization area on a pay-as-you-go  
19 basis.

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

24 (22) "Revitalization area" means the geographic area adopted by a  
25 sponsoring local government and approved by the approving agency,  
26 from which local sales and use tax increments are estimated and  
27 property tax allocation revenues are derived for local revitalization  
28 financing.

29 (23) "Sponsoring local government" means a city, town, county, or  
30 any combination thereof, that adopts a revitalization area.

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

32 (a) Five hundred thousand dollars;

33 (b) The project award amount approved by the approving agency as  
34 provided in RCW 39.104.100 or 82.14.505; or

35 (c) The total amount of revenues from local public sources  
36 dedicated in the preceding calendar year to the payment of principal  
37 and interest on bonds issued under RCW 39.104.110 and public  
38 improvement costs within the revitalization area on a pay-as-you-go  
39 basis. Revenues from local public sources dedicated in the preceding  
40 calendar year that are in excess of the project award may be carried



1 forward and used in later years for the purpose of this subsection  
2 (24) (c).

3 (25) "State property tax increment" means the estimated amount of  
4 annual tax revenues estimated to be received by the state from the  
5 imposition of property taxes levied by the state for the support of  
6 common schools under RCW 84.52.065 on the property tax allocation  
7 revenue value, as determined by the sponsoring local government in an  
8 application under RCW 39.104.100 and updated periodically as required  
9 in RCW 82.32.765.

10 (26) "State sales and use tax increment" means the estimated  
11 amount of annual increase in state sales and use taxes to be received  
12 by the state from taxable activity within the revitalization area in  
13 the years following the approval of the revitalization area as  
14 determined by the sponsoring local government in an application under  
15 RCW 39.104.100 and updated periodically as required in RCW 82.32.765.

16 (27) "State sales and use taxes" means state retail sales and use  
17 taxes under RCW 82.08.020(1) and 82.12.020 at the rate provided in  
18 RCW 82.08.020(1), less the amount of tax distributions from all local  
19 retail sales and use taxes, other than the local sales and use taxes  
20 authorized by RCW 82.14.510 for the applicable revitalization area,  
21 imposed on the same taxable events that are credited against the  
22 state retail sales and use taxes under RCW 82.08.020(1) and  
23 82.12.020.

24 (28) "Taxing district" means a government entity that levies or  
25 has levied for it regular property taxes upon real property located  
26 within a proposed or approved revitalization area.

27 (29) "Permanently affordable housing" means housing, regardless  
28 of ownership, for which there is a legally binding, recorded document  
29 in effect that limits the price at which the owner may sell or  
30 restricts the occupancy of the unit to a qualified, low-income  
31 household, for a period of at least forty years for a property used  
32 for shelter or rental housing, or for a period of at least twenty-  
33 five years for a property to be owned by a low-income household.  
34 These documents include, but are not limited to, affordability  
35 covenants, deed restrictions, and community land trust leases. Resale  
36 restrictions exercised by providers of permanently affordable housing  
37 can include, but are not limited to:

38 (a) Continuous ownership of land by a public entity or nonprofit  
39 housing provider with a lease allowing ownership of the structure by  
40 an income-eligible household;

1       (b) A nonpossessory interest or right in real property, such as a  
2 deed restriction, restrictive covenant, resale restriction or other  
3 contractual agreement, that ensures affordability.

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Passed by the Senate March 3, 2020.

Approved by the Governor April 2, 2020.

Filed in Office of Secretary of State April 3, 2020.

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