
HOUSE BILL 1477

State of Washington

55th Legislature

1997 Regular Session

By Representatives L. Thomas, Van Luven, Zellinsky, Fisher, Mitchell,
Lantz and Conway

Read first time 01/28/97. Referred to Committee on Finance.

1 AN ACT Relating to urban stabilization; and adding a new chapter to
2 Title 84 RCW.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that:

5 (1) In many areas of the state deteriorating commercial buildings
6 pose significant health and safety problems to tenants and pedestrians;

7 (2) Many of these buildings were constructed before 1961 when laws
8 were enacted that require buildings to be designed and constructed to
9 resist seismic loads;

10 (3) Many of these buildings do not meet the requirements of the
11 federal Americans with Disabilities Act and laws governing the removal
12 of environmental hazards;

13 (4) Adaptive reuse of these buildings often require a significant
14 investment to correct necessary life-safety problems; and

15 (5) It is in the best interest of the state of Washington to stop
16 the decay of urban areas and to promote and facilitate the orderly
17 redevelopment of these areas.

1 NEW SECTION. **Sec. 2.** It is the purpose of this chapter to provide
2 for the allocation of a portion of state and local retail sales and
3 business and occupation taxes for a limited period of time to assist in
4 the financing of needed health and safety improvements, public
5 improvements, and other public investments in urban areas that are
6 needed to encourage private development.

7 NEW SECTION. **Sec. 3.** The definitions in this section apply
8 throughout this chapter unless the context clearly requires otherwise.

9 (1) "Appropriation district" means the geographic area, within a
10 city, from which excise taxes are to be appropriated to finance an
11 urban stabilization project.

12 (2) "Excise taxes" means:

13 (a) Retail sales taxes levied under chapter 82.08 RCW;

14 (b) Local retail sales taxes levied under chapter 82.14 RCW, except
15 those taxes levied under RCW 82.14.360;

16 (c) Business and occupation taxes levied under chapter 82.04 RCW;
17 and

18 (d) Use taxes levied under chapter 82.12 RCW.

19 (3) "Local government" means a city, code city, or town.

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

22 (5) "Sponsor" means a local government initiating and undertaking
23 an urban stabilization project.

24 (6) "Tax allocation revenues" means those tax revenues allocated to
25 a sponsor under this chapter.

26 (7) "Taxing districts" means any governmental entity which levies
27 an excise tax which is collected within a proposed or approved
28 apportionment district.

29 (8) "Urban stabilization project" means:

30 (a) Health and safety improvements authorized to be publicly
31 financed under chapter 35.80 or 35.81 RCW;

32 (b) Publicly owned or leased facilities in a local government which
33 the sponsor has authority to provide; and

34 (c) Expenditure for any of the following purposes:

35 (i) Providing professional management, planning, and promotion
36 within the apportionment district, including the management and
37 promotion of retail trade activities in the apportionment district;

1 (ii) Providing maintenance and security for common or public areas
2 in the apportionment district; or

3 (iii) Historic preservation activities authorized under RCW
4 35.21.395.

5 (9) "Urban stabilization project costs" means: The costs of
6 design, planning, acquisition, site preparation, construction,
7 reconstruction, rehabilitation, improvement, operation, and
8 installation of the urban stabilization project; the costs of
9 relocation, maintenance, and operation of property pending construction
10 of the urban stabilization project; the costs of financing, including
11 interest during construction, legal and other professional services,
12 taxes, and insurance; the costs of apportioning the taxes and complying
13 with this chapter and other applicable law; and the administrative
14 costs reasonably necessary and related to these costs.

15 (10) "Urban stabilization project ordinance" means the ordinance
16 passed under section 5 of this act.

17 NEW SECTION. **Sec. 4.** (1) Only urban stabilization projects that
18 are determined by the legislative authority of the sponsor to meet the
19 following criteria are eligible to be financed under this chapter:

20 (a) The urban stabilization project: (i) Will address a health or
21 safety problem; or (ii) is likely to increase the sales and activities
22 of businesses subject to excise taxes located within the apportionment
23 district; and

24 (b) A private development that is anticipated to occur within the
25 apportionment district as a result of the urban stabilization project
26 is consistent with an existing comprehensive land use plan and approved
27 growth policies of the jurisdiction within which it is located.

28 (2) Apportionment of excise tax revenues to finance the urban
29 stabilization project is subject to the following limitations:

30 (a) An apportionment district may not be established that includes
31 a geographic area included within a previously established
32 apportionment district that has outstanding bonds payable in whole or
33 in part from tax allocation revenues; and

34 (b) Taxes, other than excise taxes, may not be appropriated under
35 this chapter.

36 (3) An urban stabilization project may be undertaken and
37 coordinated with other programs or efforts undertaken by the sponsor or

1 others and may be funded in whole or in part from sources other than
2 those provided by this chapter.

3 NEW SECTION. **Sec. 5.** In order to establish an apportionment
4 district and secure an allocation of excise taxes to finance an urban
5 stabilization project, a sponsor shall:

6 (1) Propose by ordinance a plan for the urban stabilization project
7 that includes a description of the contemplated urban stabilization
8 project, the estimated cost of the urban stabilization project, the
9 boundaries of the apportionment district, the estimated period during
10 which tax revenue apportionment is contemplated, and ways in which the
11 sponsor plans to use tax allocation revenues to finance the urban
12 stabilization project;

13 (2) At least fifteen days in advance of a public hearing at which
14 the ordinance is first considered deliver notice of the hearing to the
15 county treasurer and the state treasurer, shall include in the notice
16 a map or drawing showing the location of the contemplated urban
17 stabilization project and the boundaries of the proposed apportionment
18 district, a brief description of the urban stabilization project, the
19 estimated cost of the urban stabilization project, the anticipated
20 increase in sales and business activity subject to excise taxes within
21 the apportionment district for so long as apportionment is proposed,
22 the location of the sponsor's principal business office where it will
23 maintain information concerning the urban stabilization project for
24 public inspection, and the date and place of the hearing;

25 (3) At the time and place fixed for the hearing under subsection
26 (2) of this section, and at such times to which the hearing may be
27 adjourned, receive and consider all statements and materials as might
28 be submitted, and objections and letters filed before and within ten
29 days after the hearing;

30 (4) Within one hundred twenty days after completion of the public
31 hearing, pass an ordinance establishing the apportionment district and
32 authorizing the proposed urban stabilization project, including any
33 modifications that in the sponsor's opinion the hearing indicated
34 should be made, that includes the boundaries of the apportionment, a
35 description of the urban stabilization project, the estimated cost of
36 the urban stabilization project, the portion of the estimated cost of
37 the urban stabilization project to be paid from tax allocation
38 revenues, the estimated time during which the excise taxes are to be

1 apportioned, the date when the apportionment of excise taxes is to
2 commence, and a finding that the urban stabilization project meets the
3 conditions of section 3 of this act.

4 NEW SECTION. **Sec. 6.** (1) Upon the date established in the urban
5 stabilization project ordinance, but not sooner than the first day of
6 the calendar year following the passage of the ordinance, the excise
7 taxes levied upon the sales and business activities within the
8 apportionment district subject to taxation must be divided as follows:

9 (a) That portion of excise taxes collected for a taxing district in
10 each year within an apportionment district that is equal to the taxes
11 collected for such taxing district within such apportionment district
12 in the year preceding the formation of the apportionment, must be
13 allocated to and paid to such taxing district; and

14 (b) That portion of the excise taxes collected for a taxing
15 district in each year within an apportionment district that is in
16 excess of the excise tax collected in the year preceding the formation
17 of the apportionment district must be allocated and paid to the
18 sponsor, or the sponsor's designated agent, until all urban
19 stabilization project costs to be paid from the tax allocation revenues
20 have been paid, except that the sponsor may agree to receive less than
21 the full amount of such portion, in which case the balance of the
22 excise taxes must be allocated to the respective taxing districts in
23 proportion to their excise tax levies due for the year in which the
24 funds are returned.

25 (2) The date upon which the apportionment district was established
26 is considered the date that the urban stabilization project ordinance
27 was enacted by the sponsor.

28 (3) The apportionment of excise taxes under this section must cease
29 when the tax allocation revenues are no longer necessary or obligated
30 to pay urban stabilization property costs or to pay principal and
31 interest on bonds issued to finance urban stabilization project costs
32 to which tax allocation revenues are pledged. At the time of
33 termination of the apportionment, any excess money and any earnings
34 held by the sponsor must be distributed to the taxing districts that
35 were subject to the allocation in proportion to their excise tax
36 receipts due for the year in which the funds are returned.

1 (4) The amount of excise taxes determined to be collected in the
2 year preceding the formation of the apportionment district must be
3 adjusted upward to reflect increases in the rate of taxation.

4 NEW SECTION. **Sec. 7.** (1) Tax allocation revenues may be applied
5 as follows:

6 (a) To pay urban stabilization costs;

7 (b) To pay into bond funds established to pay the principal and
8 interest on general obligation bonds issued to finance an urban
9 stabilization project that is specified in the urban stabilization
10 project ordinance and constructed following the establishment of the
11 apportionment district; or

12 (c) To pay any combination of (a) and (b) of this section.

13 (2) Tax allocation revenues may be pledged to the payment of bonds
14 issued to finance an urban stabilization project.

15 NEW SECTION. **Sec. 8.** This chapter supplements and neither
16 restricts nor limits any powers that the state or any municipal
17 corporation might otherwise have under laws of this state.

18 NEW SECTION. **Sec. 9.** The authority to establish an apportionment
19 district under this chapter expires July 1, 2007.

20 NEW SECTION. **Sec. 10.** This chapter may be known and cited as the
21 urban stabilization act.

22 NEW SECTION. **Sec. 11.** If any provision of this act or its
23 application to any person or circumstance is held invalid, the
24 remainder of the act or the application of the provision to other
25 persons or circumstances is not affected.

26 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act
27 constitute a new chapter in Title 84 RCW.

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