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**SUBSTITUTE SENATE BILL 5260**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Wojahn, Haugen, Winsley, Roach, Sellar and Long)

Read first time 02/24/97.

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 buildings and vacant  
6 brownfield infill sites pose significant health and safety problems to  
7 tenants and pedestrians;

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

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

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

17 (5) It is in the best interest of the state of Washington to stop  
18 the decay of urban areas and to promote and facilitate the orderly  
19 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) "Apportionment 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 environmental analysis professional management,  
36 planning, and promotion within the apportionment district, including  
37 the management and promotion of retail trade activities in the  
38 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 land  
6 use planning and associated environmental analysis, project design and  
7 planning, acquisition, site preparation, construction, reconstruction,  
8 rehabilitation, improvement, operation, and installation of the urban  
9 stabilization project; the costs of relocation, maintenance, and  
10 operation of property pending construction of the urban stabilization  
11 project; the costs of financing, including interest during  
12 construction, legal and other professional services, taxes, and  
13 insurance; the costs of apportioning the taxes and complying with this  
14 chapter and other applicable law; and the administrative costs  
15 reasonably necessary and related to these costs.

16 (10) "Urban stabilization project ordinance" means the ordinance  
17 passed under section 6 of this act.

18 NEW SECTION. **Sec. 4.** Apportionment of excise tax revenues to  
19 finance an urban stabilization project is subject to the following  
20 limitations:

21 (1) For each urban stabilization project, the revenue apportioned  
22 under this chapter shall not exceed five million dollars annually. All  
23 revenue in excess of five million dollars in any given year shall be  
24 distributed to the appropriate taxing district as though an  
25 apportionment district had not been created;

26 (2) Regardless of the number of urban stabilization projects  
27 approved by local governments, the aggregate total of revenue available  
28 for apportionment is annually limited to thirty million dollars;

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

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

35 NEW SECTION. **Sec. 5.** An urban stabilization project may be  
36 undertaken and coordinated with other programs or efforts undertaken by

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

3 NEW SECTION. **Sec. 6.** In order to establish an apportionment  
4 district and secure an allocation of excise taxes to finance an urban  
5 stabilization project:

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

13 (2) At least sixty days in advance of a public hearing at which the  
14 ordinance creating the apportionment district is first considered, the  
15 local government shall deliver notice of the hearing and the  
16 information required in subsection (1) of this section to the  
17 department of community, trade, and economic development and the  
18 department of revenue. The department of revenue shall review the  
19 information and determine whether there is sufficient revenue under the  
20 revenue apportionment cap in section 5 of this act to accommodate the  
21 proposed urban stabilization project. The department of community,  
22 trade, and economic development shall review the proposed urban  
23 stabilization project and evaluate the project using the following  
24 criteria: (a) The urban stabilization project must be consistent with  
25 the local comprehensive plan; (b) the urban stabilization project will  
26 result in reuse of existing unused or underutilized buildings; (c) the  
27 urban stabilization project will eliminate blight or reduce public  
28 safety expenditures within the apportionment district; (d) the urban  
29 stabilization project must be reasonably expected to cause private  
30 investment within the district that would probably not have occurred  
31 without formation of the apportionment district; (e) the urban  
32 stabilization project will result in a net increase in employment  
33 within the apportionment district; and (f) the revenue apportioned is  
34 likely to be sufficient to finance the portion of the public  
35 expenditures proposed to be paid from the sources. In addition to  
36 these criteria, if a local government applies for a subsequent  
37 apportionment district following the creation of a first district  
38 within its corporate limits, the department of community, trade, and

1 economic development shall determine, if a previously approved  
2 apportionment district still exists within the corporate limits of the  
3 sponsor, whether the revenue apportioned in the district equaled or  
4 exceeded the revenue projected to be apportioned;

5 (3) A proposed project must satisfy at least five of the six  
6 criteria in subsection (2) of this section. A project in a  
7 jurisdiction where an apportionment district still exists must satisfy  
8 six of the criteria in subsection (2) of this section;

9 (4) The department of revenue and the department of community,  
10 trade, and economic development shall notify the sponsoring local  
11 government, and either the county legislative authority or, in a  
12 charter county, the county executive, of the results of the evaluation  
13 of the project at least fifteen days in advance of the public hearing  
14 required in subsection (1) of this section;

15 (5) If there are more projects proposed than apportioned revenue is  
16 available in a given year under the limit in section 4 of this act, the  
17 department of community, trade, and economic development shall  
18 establish rules to determine how the available revenue will be  
19 allocated among qualified projects;

20 (6) At the time and place fixed for the hearing under subsection  
21 (2) of this section, and at such times to which the hearing may be  
22 adjourned, a sponsor shall receive and consider all statements and  
23 materials as might be submitted, and objections and letters filed  
24 before and within ten days after the hearing. Any time during the  
25 process leading to the establishment of the apportionment district, the  
26 county legislative authority may notify the sponsor that it does not  
27 wish to participate in the district. All taxes due the county from the  
28 apportionment district remain the county's and may not be used for the  
29 urban stabilization project;

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

1 is to commence, and a finding that the urban stabilization project  
2 meets the conditions of section 3 of this act.

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

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

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

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

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

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

1        NEW SECTION.    **Sec. 8.**    (1) Tax allocation revenues may be applied  
2 as follows:

3        (a) To pay urban stabilization costs;

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

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

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

12       NEW SECTION.    **Sec. 9.**    This chapter supplements and neither  
13 restricts nor limits any powers that the state or any municipal  
14 corporation might otherwise have under laws of this state.

15       NEW SECTION.    **Sec. 10.**    The authority to establish an apportionment  
16 district under this chapter expires July 1, 2007.

17       NEW SECTION.    **Sec. 11.**    This chapter may be known and cited as the  
18 urban stabilization act.

19       NEW SECTION.    **Sec. 12.**    If any provision of this act or its  
20 application to any person or circumstance is held invalid, the  
21 remainder of the act or the application of the provision to other  
22 persons or circumstances is not affected.

23       NEW SECTION.    **Sec. 13.**    Sections 1 through 12 of this act  
24 constitute a new chapter in Title 84 RCW.

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