

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2673**

59th Legislature  
2006 Regular Session

Passed by the House March 8, 2006  
Yeas 92 Nays 6

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**Speaker of the House of Representatives**

Passed by the Senate March 7, 2006  
Yeas 41 Nays 4

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2673** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**



1        NEW SECTION.    **Sec. 102.**    DEFINITIONS.    The definitions in this  
2 section apply throughout this chapter unless the context clearly  
3 requires otherwise.

4        (1) "Annual state contribution limit" means five million dollars  
5 statewide per fiscal year.

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

8        (3) "Base year" means the first calendar year following the  
9 creation of a revenue development area. For a local government that  
10 meets the requirements of section 202(2) of this act, "base year" is  
11 the calendar year after it amends its ordinance as provided in section  
12 202(2) of this act.

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

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

16        (a) Bellingham waterfront redevelopment project;

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

18        (c) Vancouver riverwest project.

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

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

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

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

35        (a) If a sponsoring local government creates a revenue development  
36 area and reasonably determines that no activity subject to tax under  
37 chapters 82.08 and 82.12 RCW occurred in the twelve months immediately  
38 preceding the creation of the revenue development area within the

1 boundaries of the area that became the revenue development area, "local  
2 excise tax allocation revenue" means the entire amount of local excise  
3 taxes received by the sponsoring local government during a calendar  
4 year period beginning with the calendar year immediately following the  
5 creation of the revenue development area and continuing with each  
6 measurement year thereafter; and

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

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

21 (11) "Local infrastructure financing" means the use of revenues  
22 received from local excise tax allocation revenues, local property tax  
23 allocation revenues, dedicated revenues from local public sources, and  
24 revenues received from the local option sales and use tax authorized in  
25 section 401 of this act to pay the principal and interest on bonds  
26 authorized under section 501 of this act.

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

31 (13) "Revenues from local public sources" means federal and private  
32 monetary contributions, amounts of local excise tax allocation  
33 revenues, and amounts of local property tax allocation revenues  
34 dedicated by participating taxing districts and participating local  
35 governments for local infrastructure financing.

36 (14) "Low-income housing" means residential housing for low-income  
37 persons or families who lack the means which is necessary to enable  
38 them, without financial assistance, to live in decent, safe, and

1 sanitary dwellings, without overcrowding. For the purposes of this  
2 subsection, "low income" means income that does not exceed eighty  
3 percent of the median family income for the standard metropolitan  
4 statistical area in which the revenue development area is located.

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

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

11 (17) "Participating local government" means a local government  
12 having a revenue development area within its geographic boundaries that  
13 has entered into a written agreement with a sponsoring local government  
14 as provided in section 206 of this act to allow the use of all or some  
15 of its local excise tax allocation revenues or other revenues from  
16 local public sources dedicated for local infrastructure financing.

17 (18) "Participating taxing district" means a local government  
18 having a revenue development area within its geographic boundaries that  
19 has entered into a written agreement with a sponsoring local government  
20 as provided in section 206 of this act to allow the use of some or all  
21 of its local property tax allocation revenues or other revenues from  
22 local public sources dedicated for local infrastructure financing.

23 (19)(a) "Property tax allocation revenue value" means seventy-five  
24 percent of any increase in the assessed value of real property in a  
25 revenue development area resulting from the placement of new  
26 construction, improvements, or both to property on the assessment rolls  
27 after the revenue development area is created, where the new  
28 construction or improvements occur entirely after the revenue  
29 development area is created.

30 (b) If any new construction added to the assessment rolls consists  
31 of entire buildings, "property tax allocation revenue value" includes  
32 seventy-five percent of any increase in the assessed value of the  
33 buildings in the years following their initial placement on the  
34 assessment rolls.

35 (c) "Property tax allocation revenue value" does not include any  
36 increase in the assessed value of improvements to property or new  
37 construction that do not consist of an entire building, occurring after  
38 their initial placement on the assessment rolls.

1 (d) There is no property tax allocation revenue value if the  
2 assessed value of real property in a revenue development area has not  
3 increased due to new construction or improvements to property occurring  
4 after the revenue development area is created.

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; and (f) administrative expenses  
38 and feasibility studies reasonably necessary and related to these

1 costs, including related costs that may have been incurred before  
2 adoption of the ordinance authorizing the public improvements and the  
3 use of local infrastructure financing to fund the costs of the public  
4 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 created 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 created, 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 created  
34 by a sponsoring local government from which local excise and property  
35 tax allocation revenues are derived for local infrastructure financing.

36 (27) "Small business" has the same meaning as provided in RCW  
37 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 creates 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 amount of local excise tax allocation revenues, local  
11 property tax allocation revenues, and revenues from local public  
12 sources, that are dedicated by a sponsoring local government in the  
13 preceding calendar year to the payment of principal and interest on  
14 bonds issued under section 501 of this act; or

15 (d) The amount of project award granted by the board in the notice  
16 of approval to use local infrastructure financing under section 202 of  
17 this act.

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

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

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

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

12 (32) "State property tax allocation revenue" means those tax  
13 revenues derived from the imposition of property taxes levied by the  
14 state for the support of common schools under RCW 84.52.065 on the  
15 property tax allocation revenue value.

16 **PART II**  
17 **LOCAL INFRASTRUCTURE FINANCING TOOL**

18 NEW SECTION. **Sec. 201.** CREATION OF THE LOCAL INFRASTRUCTURE  
19 FINANCING TOOL PROGRAM. The local infrastructure financing tool  
20 program is created to assist local governments in financing authorized  
21 public infrastructure projects designed to promote economic development  
22 in the jurisdiction. The local infrastructure financing tool program  
23 is not created to enable existing Washington-based businesses from  
24 outside a revenue development area to relocate into a revenue  
25 development area.

26 NEW SECTION. **Sec. 202.** LOCAL INFRASTRUCTURE FINANCING TOOL  
27 PROGRAM APPLICATION. (1) Prior to applying to the board to use local  
28 infrastructure financing, a sponsoring local government shall:

- 29 (a) Designate a revenue development area within the limitations in  
30 section 204 of this act;
- 31 (b) Certify that the conditions in section 205 of this act are met;
- 32 (c) Complete the process in section 206 of this act;
- 33 (d) Provide public notice as required in section 208 of this act;
- 34 and

1 (e) Pass an ordinance adopting the revenue development area as  
2 required in section 207 of this act.

3 (2) Any local government that has created an increment area under  
4 chapter 39.89 RCW that has not issued bonds to finance any public  
5 improvement shall be considered a revenue development area under this  
6 chapter without creating a new increment area under sections 207 and  
7 208 of this act if it amends its ordinance to comply with section  
8 207(1) of this act and otherwise meets the conditions and limitations  
9 under this chapter.

10 (3) As a condition to imposing a sales and use tax under section  
11 401 of this act, a sponsoring local government, including any  
12 cosponsoring local government seeking authority to impose a sales and  
13 use tax under section 401 of this act, must apply to the board and be  
14 approved for a project award amount. The application shall be in a  
15 form and manner prescribed by the board and include but not be limited  
16 to information establishing that the applicant is an eligible candidate  
17 to impose the local sales and use tax under section 401 of this act,  
18 the anticipated effective date for imposing the tax, the estimated  
19 number of years that the tax will be imposed, and the estimated amount  
20 of tax revenue to be received in each fiscal year that the tax will be  
21 imposed. The board shall make available forms to be used for this  
22 purpose. As part of the application, each applicant must provide to  
23 the board a copy of the ordinance or ordinances creating the revenue  
24 development area as required in section 207 of this act. A notice of  
25 approval to use local infrastructure financing shall contain a project  
26 award that represents the maximum amount of state contribution that the  
27 applicant, including any cosponsoring local governments, can earn each  
28 year that local infrastructure financing is used. The total of all  
29 project awards shall not exceed the annual state contribution limit.  
30 The determination of a project award shall be made based on information  
31 contained in the application and the remaining amount of annual state  
32 contribution limit to be awarded. Determination of a project award by  
33 the board is final.

34 (4) Sponsoring local governments, and any cosponsoring local  
35 governments, must submit completed applications to the board no later  
36 than July 1, 2007. By September 15, 2007, in consultation with the  
37 department of revenue and the department of community, trade, and

1 economic development, the board shall approve qualified projects, up to  
2 the annual state contribution limit. Except as provided in section 203  
3 of this act, approvals shall be based on the following criteria:

4 (a) The project potential to enhance the sponsoring local  
5 government's regional and/or international competitiveness;

6 (b) The project's ability to encourage mixed use development and  
7 the redevelopment of a geographic area;

8 (c) Achieving an overall distribution of projects statewide that  
9 reflect geographic diversity;

10 (d) The estimated wages and benefits for the project is greater  
11 than the average labor market area;

12 (e) The estimated state and local net employment change over the  
13 life of the project;

14 (f) The estimated state and local net property tax change over the  
15 life of the project; and

16 (g) The estimated state and local sales and use tax increase over  
17 the life of the project.

18 (5) A revenue development area is considered created when the  
19 sponsoring local government, including any cosponsoring local  
20 government, has adopted an ordinance creating the revenue development  
21 area and the board has approved the sponsoring local government to use  
22 local infrastructure financing. If a sponsoring local government  
23 receives approval from the board after the fifteenth day of October to  
24 use local infrastructure financing, the revenue development area is  
25 considered created in the calendar year following the approval. Once  
26 the board has approved the sponsoring local government, and any  
27 cosponsoring local governments, to use local infrastructure financing,  
28 notification shall be sent to the sponsoring local government, and any  
29 cosponsoring local governments, authorizing the sponsoring local  
30 government, and any cosponsoring local governments, to impose the local  
31 sales and use tax authorized under section 401 of this act, subject to  
32 the conditions in section 401 of this act.

33 NEW SECTION. **Sec. 203.** In addition to a competitive process,  
34 demonstration projects are provided to determine the feasibility of the  
35 local infrastructure financing tool. Notwithstanding section 202 of  
36 this act, the board shall approve each demonstration project before  
37 approving any other application. The Bellingham waterfront

1 redevelopment project award shall not exceed one million dollars per  
2 year, the Spokane river district project award shall not exceed one  
3 million dollars per year, and the Vancouver riverwest project award  
4 shall not exceed five hundred thousand dollars per year.

5 NEW SECTION. **Sec. 204.** LIMITATIONS ON REVENUE DEVELOPMENT AREAS.

6 The designation of a revenue development area is subject to the  
7 following limitations:

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

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

14 (3) No more than one revenue development area may be created in a  
15 county;

16 (4) A revenue development area is limited to contiguous tracts,  
17 lots, pieces, or parcels of land without the creation of islands of  
18 property not included in the revenue development area;

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

21 (6) The public improvements financed through local infrastructure  
22 financing must be located in the revenue development area;

23 (7) A revenue development area cannot comprise an area containing  
24 more than twenty-five percent of the total assessed value of the  
25 taxable real property within the boundaries of the sponsoring local  
26 government, including any cosponsoring local government, at the time  
27 the revenue development area is designated;

28 (8) The boundaries of the revenue development area shall not be  
29 changed for the time period that local infrastructure financing is  
30 used; and

31 (9) A revenue development area cannot include any part of an  
32 increment area created under chapter 39.89 RCW, except those increment  
33 areas created prior to January 1, 2006.

34 NEW SECTION. **Sec. 205.** CONDITIONS. The use of local

35 infrastructure financing under this chapter is subject to the following  
36 conditions:

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

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

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

10 (3) The public improvements proposed to be financed in whole or in  
11 part using local infrastructure financing are expected to encourage  
12 private development within the revenue development area and to increase  
13 the fair market value of real property within the revenue development  
14 area;

15 (4) A sponsoring local government, participating local government,  
16 or participating taxing district has entered or expects to enter into  
17 a contract with a private developer relating to the development of  
18 private improvements within the revenue development area or has  
19 received a letter of intent from a private developer relating to the  
20 developer's plans for the development of private improvements within  
21 the revenue development area;

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

27 (6) The governing body of the sponsoring local government, and any  
28 cosponsoring local government, must make a finding that local  
29 infrastructure financing:

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

33 (b) Will improve the viability of existing business entities within  
34 the revenue development area;

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

1 (a) Increase private residential and commercial investment within  
2 the revenue development area;

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

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

6 (d) Generate, over the period of time that the local option sales  
7 and use tax will be imposed under section 401 of this act, state excise  
8 tax allocation revenues and state property tax allocation revenues  
9 derived from the revenue development area that are equal to or greater  
10 than the respective state contributions made under this chapter;

11 (8) The sponsoring local government may only use local  
12 infrastructure financing in areas deemed in need of economic  
13 development or redevelopment within boundaries of the sponsoring local  
14 government.

15 NEW SECTION. **Sec. 206.** PROCESS. Before adopting an ordinance  
16 creating the revenue development area, a sponsoring local government  
17 must:

18 (1) Obtain written agreement from any participating local  
19 government and participating taxing district to use dedicated amounts  
20 of local excise tax allocation revenues, local property tax allocation  
21 revenues, and other revenues from local public sources in whole or in  
22 part, for local infrastructure financing authorized under this chapter.  
23 The agreement to opt into the local infrastructure financing public  
24 improvement project must be authorized by the governing body of such  
25 participating local government and participating taxing district;

26 (2) Estimate the impact of the revenue development area on small  
27 business and low-income housing and develop a mitigation plan for the  
28 impacted businesses and housing. In analyzing the impact of the  
29 revenue development area, the sponsoring local government must develop:

30 (a) An inventory of existing low-income housing units, and  
31 businesses and retail activity within the revenue development area;

32 (b) A reasonable estimate of the number of low-income housing  
33 units, small businesses, and other commercial activity that may be  
34 vulnerable to displacement within the revenue development area;

35 (c) A reasonable estimate of projected net job growth and net  
36 housing growth caused by creation of the revenue development area when  
37 compared to the existing jobs or housing balance for the area; and

1 (d) A reasonable estimate of the impact of net housing growth on  
2 the current housing price mix.

3 NEW SECTION. **Sec. 207.** ORDINANCE. (1) To create a revenue  
4 development area, a sponsoring local government, and any cosponsoring  
5 local government, must adopt an ordinance establishing the revenue  
6 development area that:

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

9 (b) Describes the boundaries of the revenue development area,  
10 subject to the limitations in section 204 of this act;

11 (c) Estimates the cost of the proposed public improvements and the  
12 portion of these costs to be financed by local infrastructure  
13 financing;

14 (d) Estimates the time during which local excise tax allocation  
15 revenues, local property tax allocation revenues, and other revenues  
16 from local public sources are to be used for local infrastructure  
17 financing;

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

20 (f) Finds that the conditions in section 205 of this act are met  
21 and the findings in section 206 of this act are complete.

22 (2) The sponsoring local government, and any cosponsoring local  
23 government, must hold a public hearing on the proposed financing of the  
24 public improvements in whole or in part with local infrastructure  
25 financing at least thirty days before passage of the ordinance  
26 establishing the revenue development area. The public hearing may be  
27 held by either the governing body of the sponsoring local government  
28 and the governing body of any cosponsoring local government, or by a  
29 committee of those governing bodies that includes at least a majority  
30 of the whole governing body or bodies. The public hearing is subject  
31 to the notice requirements in section 208 of this act.

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

1        NEW SECTION.    **Sec. 208.**    NOTICE REQUIREMENTS.    Prior to adopting  
2 the ordinance creating the revenue development area and to meet the  
3 requirements of section 501(1)(b) of this act, a sponsoring local  
4 government and any cosponsoring local government must provide public  
5 notice.

6        (1) Notice of the public hearing must be published in a legal  
7 newspaper of general circulation within the proposed revenue  
8 development area at least ten days before the public hearing and posted  
9 in at least six conspicuous public places located in the proposed  
10 revenue development area.

11        (2) Notice must also be sent by United States mail to the property  
12 owners, all identifiable community-based organizations with involvement  
13 in the proposed revenue development area, and the business enterprises  
14 located within the proposed revenue development area at least thirty  
15 days prior to the hearing.    In implementing provisions under this  
16 chapter, the local governing body may also consult with community-based  
17 groups, business organizations, including the local chamber of  
18 commerce, and the office of minority and women's business enterprises  
19 to assist with providing appropriate notice to business enterprises and  
20 property owners for whom English is a second language.

21        (3) Notices must describe the contemplated public improvements,  
22 estimate the public improvement costs, describe the portion of the  
23 public improvement costs to be borne by local infrastructure financing,  
24 describe any other sources of revenue to finance the public  
25 improvements, describe the boundaries of the proposed revenue  
26 development area, estimate the impact that the public improvements will  
27 have on small businesses and low-income housing, and estimate the  
28 period during which local infrastructure financing is contemplated to  
29 be used.

30        (4) Notices must inform the public where to obtain the information  
31 that shows how the limitations, conditions, and findings required in  
32 sections 204 through 206 of this act are met.

33        (5) The sponsoring local government and any cosponsoring local  
34 government shall deliver a certified copy of the proposed ordinance to  
35 the county treasurer, the governing body of each participating local  
36 government and participating taxing district within which the revenue  
37 development area is located, the board, and the department.



1 property tax allocation revenue base value for that local  
2 infrastructure financing project in the taxing district, or upon the  
3 total assessed value of real property in the taxing district, whichever  
4 is smaller; and

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

26 (2) The county assessor shall allocate any increase in the assessed  
27 value of real property occurring in the revenue development area to the  
28 property tax allocation revenue value and property tax allocation  
29 revenue base value as appropriate. This section does not authorize  
30 revaluations of real property by the assessor for property taxation  
31 that are not made in accordance with the assessor's revaluation plan  
32 under chapter 84.41 RCW or under other authorized revaluation  
33 procedures.

34 (3) The apportionment of increases in assessed valuation in a  
35 revenue development area, and the associated distribution to the  
36 sponsoring local government of receipts from regular property taxes  
37 that are imposed on the property tax allocation revenue value, must  
38 cease when property tax allocation revenues are no longer necessary or

1 obligated to pay the costs of the public improvements. Any excess  
2 local property tax allocation revenues derived from regular property  
3 taxes and earnings on these tax allocation revenues, remaining at the  
4 time the allocation of tax receipts terminates, must be returned to the  
5 county treasurer and distributed to the participating taxing districts  
6 that imposed regular property taxes, or had regular property taxes  
7 imposed for it, in the revenue development area for collection that  
8 year, in proportion to the rates of their regular property tax levies  
9 for collection that year.

10 (4) The allocation to the revenue development area of portions of  
11 the local regular property taxes levied by or for each taxing district  
12 upon the property tax allocation revenue value within that revenue  
13 development area is declared to be a public purpose of and benefit to  
14 each such taxing district.

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

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

23 **PART IV**  
24 **STATE CONTRIBUTIONS**

25 NEW SECTION. **Sec. 401.** A new section is added to chapter 82.14  
26 RCW to read as follows:

27 **SALES AND USE TAX.** (1) A sponsoring local government, and any  
28 cosponsoring local government, that has been approved by the board to  
29 use local infrastructure financing may impose a sales and use tax in  
30 accordance with the terms of this chapter and subject to the criteria  
31 set forth in this section. Except as provided in this section, the tax  
32 is in addition to other taxes authorized by law and shall be collected  
33 from those persons who are taxable by the state under chapters 82.08  
34 and 82.12 RCW upon the occurrence of any taxable event within the  
35 taxing jurisdiction of the sponsoring local government or cosponsoring  
36 local government. The rate of tax shall not exceed the rate provided

1 in RCW 82.08.020(1), less the aggregate rates of any other local sales  
2 and use taxes imposed on the same taxable events that are credited  
3 against the state sales and use taxes imposed under chapters 82.08 and  
4 82.12 RCW. The rate of tax may be changed only on the first day of a  
5 fiscal year as needed. Notice of rate changes must be provided to the  
6 department on the first day of March to be effective on July 1st of the  
7 next fiscal year.

8 (2) The tax authorized under subsection (1) of this section shall  
9 be credited against the state taxes imposed under chapter 82.08 or  
10 82.12 RCW. The department shall perform the collection of such taxes  
11 on behalf of the sponsoring local government or cosponsoring local  
12 government at no cost to the sponsoring local government or  
13 cosponsoring local government and shall remit the taxes as provided in  
14 RCW 82.14.060.

15 (3)(a) No tax may be imposed under this section:

16 (i) Before July 1, 2008;

17 (ii) Before approval by the board under section 202 of this act;

18 and

19 (iii) Except as provided in (b) of this subsection, unless the  
20 sponsoring local government has received and dedicated to the payment  
21 of bonds authorized in section 501 of this act, in whole or in part,  
22 both local excise tax allocation revenues and local property tax  
23 allocation revenues during the preceding calendar year.

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

30 (c) The tax imposed under this section shall expire when the bonds  
31 issued under the authority of section 501 of this act are retired, but  
32 not more than twenty-five years after the tax is first imposed.

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

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

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

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

6 (i) The amount of tax received by the sponsoring local government,  
7 and any cosponsoring local government, equals the amount of the state  
8 contribution;

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

12 (iii) The amount of tax received by the sponsoring local government  
13 equals the amount of project award granted in the approval notice  
14 described in section 202 of this act;

15 (d) Except when the requirement to receive local property tax  
16 allocation revenues is waived as provided in subsection (3)(b) of this  
17 section, neither the local excise tax allocation revenues nor the local  
18 property tax allocation revenues can be more than eighty percent of the  
19 total local funds as described in section 102(29)(c) of this act;

20 (e) The tax shall be distributed again, should it cease to be  
21 distributed for any of the reasons provided in (c) of this subsection,  
22 at the beginning of the next fiscal year, subject to the restrictions  
23 in this section; and

24 (f) Any revenue generated by the tax in excess of the amounts  
25 specified in (c) of this subsection shall belong to the state of  
26 Washington.

27 (5) If a county and city cosponsor a revenue development area, the  
28 combined rates of the city and county tax shall not exceed the rate  
29 provided in RCW 82.08.020(1), less the aggregate rates of any other  
30 local sales and use taxes imposed on the same taxable events that are  
31 credited against the state sales and use taxes imposed under chapters  
32 82.08 and 82.12 RCW. The combined amount of distributions received by  
33 both the city and county may not exceed the state contribution.

34 (6) The department shall determine the amount of tax receipts  
35 distributed to each sponsoring local government, and any cosponsoring  
36 local government, imposing sales and use tax under this section and  
37 shall advise a sponsoring or cosponsoring local government when tax  
38 distributions for the fiscal year equal the amount of state

1 contribution for that fiscal year as provided in subsection (8) of this  
2 section. Determinations by the department of the amount of tax  
3 distributions attributable to each sponsoring or cosponsoring local  
4 government are final and shall not be used to challenge the validity of  
5 any tax imposed under this section. The department shall remit any tax  
6 receipts in excess of the amounts specified in subsection (4)(c) of  
7 this section to the state treasurer who shall deposit the money in the  
8 general fund.

9 (7) If a sponsoring or cosponsoring local government fails to  
10 comply with section 403 of this act, no tax may be distributed in the  
11 subsequent fiscal year until such time as the sponsoring or  
12 cosponsoring local government complies and the department calculates  
13 the state contribution amount for such fiscal year.

14 (8) Each year, the amount of taxes approved by the department for  
15 distribution to a sponsoring or cosponsoring local government in the  
16 next fiscal year shall be equal to the state contribution and shall be  
17 no more than the total local funds as described in section 102(29)(c)  
18 of this act. The department shall consider information from reports  
19 described in section 403 of this act when determining the amount of  
20 state contributions for each fiscal year. A sponsoring or cosponsoring  
21 local government shall not receive, in any fiscal year, more revenues  
22 from taxes imposed under the authority of this section than the amount  
23 approved annually by the department. The department shall not approve  
24 the receipt of more distributions of sales and use tax under this  
25 section to a sponsoring or cosponsoring local government than is  
26 authorized under subsection (4) of this section.

27 (9) The amount of tax distributions received from taxes imposed  
28 under the authority of this section by all sponsoring and cosponsoring  
29 local governments is limited annually to not more than five million  
30 dollars. The tax distributions shall be available to the sponsoring  
31 local government, and any cosponsoring local government, imposing a tax  
32 under this section only as long as the sponsoring local government has  
33 outstanding indebtedness under section 501 of this act.

34 (10) The definitions in section 102 of this act apply to this  
35 section unless the context clearly requires otherwise.

36 (11) If a sponsoring local government is a federally recognized  
37 Indian tribe, the distribution of the sales and use tax authorized

1 under this section shall be authorized through an interlocal agreement  
2 pursuant to chapter 39.34 RCW.

3 NEW SECTION. **Sec. 402.** USE OF FUNDS. Money collected from the  
4 taxes imposed under section 401 of this act shall be used only for the  
5 purpose of principal and interest payments on bonds issued under the  
6 authority of section 501 of this act.

7 NEW SECTION. **Sec. 403.** REPORTING REQUIREMENTS. (1) A sponsoring  
8 local government shall provide a report to the board and the department  
9 by March 1st of each year. The report shall contain the following  
10 information:

11 (a) The amount of local excise tax allocation revenues, and local  
12 property tax allocation revenues, taxes under section 401 of this act,  
13 and revenues from local public sources received by the sponsoring local  
14 government during the preceding calendar year that were dedicated to  
15 pay the public improvements financed in whole or in part with local  
16 infrastructure financing, and a summary of how these revenues were  
17 expended;

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

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

26 (d) The average wages and benefits received by all employees of  
27 businesses locating within the revenue development area as a result of  
28 the public improvements undertaken by the sponsoring local government  
29 and financed in whole or in part with local infrastructure financing;  
30 and

31 (e) That the sponsoring local government is in compliance with  
32 section 205 of this act.

33 (2) The board shall make a report available to the public and the  
34 legislature by June 1st of each year. The report shall include a list  
35 of public improvements undertaken by sponsoring local governments and  
36 financed in whole or in part with local infrastructure financing and it

1 shall also include a summary of the information provided to the  
2 department by sponsoring local governments under subsection (1) of this  
3 section.

4 **PART V**

5 **BOND AUTHORIZATION**

6 NEW SECTION. **Sec. 501.** BOND ISSUANCE. (1) A sponsoring local  
7 government that has designated a revenue development area and been  
8 authorized the use of local infrastructure financing may incur general  
9 indebtedness, and issue general obligation bonds, to finance the public  
10 improvements and retire the indebtedness in whole or in part from tax  
11 allocation revenues it receives, subject to the following requirements:

12 (a) The ordinance adopted by the sponsoring local government and  
13 authorizing the use of local infrastructure financing indicates an  
14 intent to incur this indebtedness and the maximum amount of this  
15 indebtedness that is contemplated; and

16 (b) The sponsoring local government includes this statement of the  
17 intent in all notices required by section 207 of this act.

18 (2)(a) Except as provided in (b) of this subsection, the general  
19 indebtedness incurred under subsection (1) of this section may be  
20 payable from other tax revenues, the full faith and credit of the local  
21 government, and nontax income, revenues, fees, and rents from the  
22 public improvements, as well as contributions, grants, and nontax money  
23 available to the local government for payment of costs of the public  
24 improvements or associated debt service on the general indebtedness.

25 (b) A sponsoring local government that issues bonds under this  
26 section shall not pledge any money received from the state of  
27 Washington for the payment of such bonds, other than the local sales  
28 and use taxes imposed under the authority of section 401 of this act  
29 and collected by the department.

30 (3) In addition to the requirements in subsection (1) of this  
31 section, a sponsoring local government designating a revenue  
32 development area and authorizing the use of local infrastructure  
33 financing may require the nonpublic participant to provide adequate  
34 security to protect the public investment in the public improvement  
35 within the revenue development area.

1 (4) Bonds issued under this section shall be authorized by  
2 ordinance of the governing body of the sponsoring local government and  
3 may be issued in one or more series and shall bear such date or dates,  
4 be payable upon demand or mature at such time or times, bear interest  
5 at such rate or rates, be in such denomination or denominations, be in  
6 such form either coupon or registered as provided in RCW 39.46.030,  
7 carry such conversion or registration privileges, have such rank or  
8 priority, be executed in such manner, be payable in such medium of  
9 payment, at such place or places, and be subject to such terms of  
10 redemption with or without premium, be secured in such manner, and have  
11 such other characteristics, as may be provided by such ordinance or  
12 trust indenture or mortgage issued pursuant thereto.

13 (5) The sponsoring local government may annually pay into a fund to  
14 be established for the benefit of bonds issued under this section a  
15 fixed proportion or a fixed amount of any local excise tax allocation  
16 revenues and local property tax allocation revenues derived from  
17 property or business activity within the revenue development area  
18 containing the public improvements funded by the bonds, such payment to  
19 continue until all bonds payable from the fund are paid in full. The  
20 local government may also annually pay into the fund established in  
21 this section a fixed proportion or a fixed amount of any revenues  
22 derived from taxes imposed under section 401 of this act, such payment  
23 to continue until all bonds payable from the fund are paid in full.  
24 Revenues derived from taxes imposed under section 401 of this act are  
25 subject to the use restriction in section 402 of this act.

26 (6) In case any of the public officials of the sponsoring local  
27 government whose signatures appear on any bonds or any coupons issued  
28 under this chapter shall cease to be such officials before the delivery  
29 of such bonds, such signatures shall, nevertheless, be valid and  
30 sufficient for all purposes, the same as if such officials had remained  
31 in office until such delivery. Any provision of any law to the  
32 contrary notwithstanding, any bonds issued under this chapter are fully  
33 negotiable.

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

1        NEW SECTION.    **Sec. 502.**    USE OF TAX REVENUE FOR BOND REPAYMENT.    A  
2    sponsoring local government that issues bonds under section 501 of this  
3    act to finance public improvements may pledge for the payment of such  
4    bonds all or part of any local excise tax allocation revenues and all  
5    or part of any local property tax allocation revenues dedicated by the  
6    sponsoring local government, any participating local government, or  
7    participating taxing district.    The sponsoring local government may  
8    also pledge all or part of any revenues derived from taxes imposed  
9    under section 401 of this act and held in connection with the public  
10   improvements.    All of such tax revenues are subject to the use  
11   restrictions in sections 202 through 205 of this act, and the process  
12   requirements in section 206(1) of this act.

13       NEW SECTION.    **Sec. 503.**    BONDS ISSUED NOT AN OBLIGATION OF THE  
14   STATE OF WASHINGTON.    The bonds issued by a sponsoring local government  
15   under section 501 of this act to finance public improvements shall not  
16   constitute an obligation of the state of Washington, either general or  
17   special.

18       NEW SECTION.    **Sec. 504.**    GENERAL INDEBTEDNESS--SECURITY.    (1) A  
19   sponsoring local government designating a revenue development area and  
20   authorizing the use of local infrastructure financing may incur general  
21   indebtedness, and issue general obligation bonds, to finance the public  
22   improvements and retire the indebtedness in whole or in part from local  
23   excise tax allocation revenues and local property tax allocation  
24   revenues it receives, subject to the following requirements:

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

29       (b) The sponsoring local government includes this statement of the  
30   intent in all notices required by sections 205 and 206 of this act.

31       (2) The general indebtedness incurred under subsection (1) of this  
32   section may be payable from other tax revenues, the full faith and  
33   credit of the sponsoring local government, and nontax income, revenues,  
34   fees, and rents from the public improvements, as well as contributions,  
35   grants, and nontax money available to the sponsoring local government

1 for payment of costs of the public improvements or associated debt  
2 service on the general indebtedness.

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

9 NEW SECTION. **Sec. 505.** REVENUE BONDS. (1) A sponsoring local  
10 government may issue revenue bonds to fund revenue-generating public  
11 improvements, or portions of public improvements, that are located  
12 within a revenue development area. Whenever revenue bonds are to be  
13 issued, the legislative authority of the sponsoring local government  
14 shall create or have created a special fund or funds from which, along  
15 with any reserves created pursuant to RCW 39.44.140, the principal and  
16 interest on these revenue bonds shall exclusively be payable. The  
17 legislative authority of the sponsoring local government may obligate  
18 the sponsoring local government to set aside and pay into the special  
19 fund or funds a fixed proportion or a fixed amount of the revenues from  
20 the public improvements that are funded by the revenue bonds. This  
21 amount or proportion is a lien and charge against these revenues,  
22 subject only to operating and maintenance expenses. The sponsoring  
23 local government shall have due regard for the cost of operation and  
24 maintenance of the public improvements that are funded by the revenue  
25 bonds, and shall not set aside into the special fund or funds a greater  
26 amount or proportion of the revenues that in its judgment will be  
27 available over and above the cost of maintenance and operation and the  
28 amount or proportion, if any, of the revenue previously pledged. The  
29 sponsoring local government may also provide that revenue bonds payable  
30 out of the same source or sources of revenue may later be issued on a  
31 parity with any revenue bonds being issued and sold.

32 (2) Revenue bonds issued pursuant to this section are not an  
33 indebtedness of the sponsoring local government issuing the bonds, and  
34 the interest and principal on the bonds shall only be payable from the  
35 revenues lawfully pledged to meet the principal and interest  
36 requirements and any reserves created pursuant to RCW 39.44.140. The  
37 owner or bearer of a revenue bond or any interest coupon issued

1 pursuant to this section shall not have any claim against the  
2 sponsoring local government arising from the bond or coupon except for  
3 payment from the revenues lawfully pledged to meet the principal and  
4 interest requirements and any reserves created pursuant to RCW  
5 39.44.140. The substance of the limitations included in this  
6 subsection shall be plainly printed, written, or engraved on each bond  
7 issued pursuant to this section.

8 (3) Revenue bonds with a maturity in excess of twenty-five years  
9 shall not be issued. The legislative authority of the sponsoring local  
10 government shall by resolution determine for each revenue bond issue  
11 the amount, date, form, terms, conditions, denominations, maximum fixed  
12 or variable interest rate or rates, maturity or maturities, redemption  
13 rights, registration privileges, manner of execution, manner of sale,  
14 callable provisions, if any, and covenants including the refunding of  
15 existing revenue bonds. Facsimile signatures may be used on the bonds  
16 and any coupons. Refunding revenue bonds may be issued in the same  
17 manner as revenue bonds are issued.

18 (4) Notwithstanding subsections (1) through (3) of this section,  
19 bonds issued under this section may be issued and sold in accordance  
20 with chapter 39.46 RCW.

21 **PART VI**

22 **JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE REPORTS**

23 NEW SECTION. **Sec. 601.** JOINT LEGISLATIVE AUDIT AND REVIEW  
24 COMMITTEE REPORTS. Beginning September 1, 2013, and continuing every  
25 five years thereafter, the joint legislative audit and review committee  
26 shall submit a report to the appropriate committees of the legislature.

27 (1) The report shall, at a minimum, evaluate the effectiveness of  
28 the local infrastructure financing tool program, including a  
29 project-by-project review. The report shall evaluate the project's  
30 interim results based on the selection criteria. The report shall also  
31 measure:

- 32 (a) Employment changes in the revenue development area;
- 33 (b) Property tax changes in the revenue development area;
- 34 (c) Sales and use tax changes in the revenue development area;
- 35 (d) Property value changes in the revenue development area; and

1 (e) Changes in housing and existing commercial activities based on  
2 the impact analysis and mitigation plan required in section 206(2) of  
3 this act.

4 (2) The report that is due September 1, 2028, should also include  
5 any recommendations regarding whether or not the program should be  
6 expanded statewide and what impact the expansion would have on economic  
7 development in Washington.

8 **PART VII**  
9 **MISCELLANEOUS**

10 NEW SECTION. **Sec. 701.** PERIODIC EVALUATION. The department of  
11 revenue and the community economic revitalization board shall evaluate  
12 and periodically report on the implementation of the local  
13 infrastructure financing program to the governor and legislature as the  
14 department and the board deems appropriate and recommend such  
15 amendments, changes in, and modifications of this act as seem proper.

16 NEW SECTION. **Sec. 702.** GOVERNANCE AND SELECTION CRITERIA STUDY.  
17 The office of financial management shall contract with the appropriate  
18 vendor to study and report on similar programs in other states. The  
19 report shall include an overview of the programs in other states,  
20 including project selection criteria and program governance. The  
21 report shall include recommendations regarding project selection and  
22 governance that address Washington's unique needs. The report shall  
23 also include recommendations for reporting information on future  
24 projects. The report is due to the governor and the legislature by  
25 December 1, 2006.

26 NEW SECTION. **Sec. 703.** CAPTIONS. Captions and part headings used  
27 in this act are not any part of the law.

28 NEW SECTION. **Sec. 704.** SEVERABILITY. If any provision of this  
29 act or its application to any person or circumstance is held invalid,  
30 the remainder of the act or the application of the provision to other  
31 persons or circumstances is not affected.

1        NEW SECTION.   **Sec. 705.**   PORT DISTRICTS.   Nothing in this act shall  
2   be construed to give port districts the authority to impose a sales or  
3   use tax under chapter 82.14 RCW.

4        NEW SECTION.   **Sec. 706.**   EFFECTIVE DATE.   This act takes effect  
5   July 1, 2006.

6        NEW SECTION.   **Sec. 707.**   EXPIRATION DATE.   This act expires June  
7   30, 2039.

8        NEW SECTION.   **Sec. 708.**   NEW CHAPTER.   Sections 101 through 302 and  
9   402 through 601 of this act constitute a new chapter in Title 39 RCW.

--- END ---