
SUBSTITUTE HOUSE BILL 1790

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Ericks, Newhouse, Linville, Armstrong, Simpson, Haler, Takko, Hunt, McCoy, Hailey, Grant, Buri, Hinkle, Kessler, Alexander, P. Sullivan, Eddy, Curtis, VanDeWege, Conway, O'Brien, Green, Goodman, Morrell, Lantz and Moeller)

READ FIRST TIME 02/23/07.

1 AN ACT Relating to dedicated funding for jobs, economic
2 development, and local capital projects; amending RCW 43.160.020,
3 43.160.030, 43.160.050, 43.160.060, 43.160.070, 82.45.060, 43.160.080,
4 and 82.46.010; amending 2005 c 425 s 6 (uncodified); amending 2006 c
5 371 s 238 (uncodified); reenacting and amending RCW 43.160.010,
6 43.160.076, and 82.46.035; creating a new section; repealing RCW
7 43.160.100, 43.160.120, 43.160.130, 43.160.140, 43.160.150, 43.160.160,
8 43.160.170, 43.160.200, 43.160.210, and 43.160.220; and providing an
9 effective date.

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

11 NEW SECTION. **Sec. 1.** The legislature recognizes that state
12 investment in public infrastructure is a contributor to the economic
13 development of Washington state by encouraging private investment and
14 the creation and retention of high-wage jobs. The legislature finds
15 that providing dedicated funding for various programs in chapter 43.160
16 RCW will lead to greater certainty in economic development decisions
17 and further encourage private investment. The legislature further
18 finds that removing outdated and obsolete language from chapter 43.160

1 RCW will streamline and enhance the understanding of program
2 requirements.

3 **Sec. 2.** RCW 43.160.010 and 1999 c 164 s 101 and 1999 c 94 s 5 are
4 each reenacted and amended to read as follows:

5 (1) The legislature finds that it is the public policy of the state
6 of Washington to direct financial resources toward the fostering of
7 economic development through the stimulation of investment and job
8 opportunities and the retention of sustainable existing employment for
9 the general welfare of the inhabitants of the state. Reducing
10 unemployment and reducing the time citizens remain jobless is important
11 for the economic welfare of the state. A valuable means of fostering
12 economic development is the construction of public facilities which
13 contribute to the stability and growth of the state's economic base.
14 (~~Strengthening the economic base through issuance of industrial~~
15 ~~development bonds, whether single or umbrella, further serves to reduce~~
16 ~~unemployment. Consolidating issues of industrial development bonds~~
17 ~~when feasible to reduce costs additionally advances the state's purpose~~
18 ~~to improve economic vitality.)) Expenditures made for these purposes
19 as authorized in this chapter are declared to be in the public
20 interest, and constitute a proper use of public funds. A community
21 economic revitalization board is needed which shall aid the development
22 of economic opportunities. The general objectives of the board should
23 include:~~

24 (a) Strengthening the economies of areas of the state which have
25 experienced or are expected to experience chronically high unemployment
26 rates or below average growth in their economies;

27 (b) Encouraging the diversification of the economies of the state
28 and regions within the state in order to provide greater seasonal and
29 cyclical stability of income and employment;

30 (c) Encouraging wider access to financial resources for both large
31 and small industrial development projects;

32 (d) Encouraging new economic development or expansions to maximize
33 employment;

34 (e) Encouraging the retention of viable existing firms and
35 employment; and

36 (f) Providing incentives for expansion of employment opportunities

1 for groups of state residents that have been less successful relative
2 to other groups in efforts to gain permanent employment.

3 (2) The legislature also finds that the state's economic
4 development efforts can be enhanced by, in certain instances, providing
5 funds to improve state highways, county roads, or city streets for
6 industries considering locating or expanding in this state.

7 (a) The legislature finds it desirable to provide a process whereby
8 the need for diverse public works improvements necessitated by planned
9 economic development can be addressed in a timely fashion and with
10 coordination among all responsible governmental entities.

11 (b) All transportation improvements on state highways must first be
12 approved by the state transportation commission and the community
13 economic revitalization board in accordance with the procedures
14 established by RCW 43.160.074 and 47.01.280.

15 (3) The legislature also finds that the state's economic
16 development efforts can be enhanced by, in certain instances, providing
17 funds to assist development of telecommunications infrastructure that
18 supports business development, retention, and expansion in ~~((rural
19 natural resources impact areas and rural counties of))~~ the state.

20 (4) The legislature also finds that the state's economic
21 development efforts can be enhanced by providing funds to improve
22 markets for those recyclable materials representing a large fraction of
23 the waste stream. The legislature finds that public facilities which
24 result in private construction of processing or remanufacturing
25 facilities for recyclable materials are eligible for consideration from
26 the board.

27 (5) The legislature finds that sharing economic growth statewide is
28 important to the welfare of the state. ~~((Rural counties and rural
29 natural resources impact areas do not share in the economic vitality of
30 the Puget Sound region.))~~ The ability of ~~((these))~~ communities to
31 pursue business and job retention, expansion, and development
32 opportunities depends on their capacity to ready necessary economic
33 development project plans, sites, permits, and infrastructure for
34 private investments. Project-specific planning, predevelopment, and
35 infrastructure are critical ingredients for economic development.
36 ~~((Rural counties and rural natural resources impact areas generally
37 lack these necessary tools and resources to diversify and revitalize
38 their economies.))~~ It is, therefore, the intent of the legislature to

1 increase the amount of funding available through the community economic
2 revitalization board (~~((for rural counties and rural natural resources
3 impact areas,))~~) and to authorize flexibility for available resources in
4 these areas to help fund planning, predevelopment, and construction
5 costs of infrastructure and facilities and sites that foster economic
6 vitality and diversification.

7 **Sec. 3.** RCW 43.160.020 and 2004 c 252 s 1 are each amended to read
8 as follows:

9 Unless the context clearly requires otherwise, the definitions in
10 this section apply throughout this chapter.

11 (1) "Board" means the community economic revitalization board.

12 ~~((("Bond" means any bond, note, debenture, interim certificate,
13 or other evidence of financial indebtedness issued by the board
14 pursuant to this chapter.~~

15 ~~(3))~~ "Department" means the department of community, trade, and
16 economic development.

17 ~~((4) "Financial institution" means any bank, savings and loan
18 association, credit union, development credit corporation, insurance
19 company, investment company, trust company, savings institution, or
20 other financial institution approved by the board and maintaining an
21 office in the state.~~

22 ~~(5) "Industrial development facilities" means "industrial
23 development facilities" as defined in RCW 39.84.020.~~

24 ~~(6) "Industrial development revenue bonds" means tax exempt revenue
25 bonds used to fund industrial development facilities.~~

26 ~~(7))~~ (3) "Local government" or "political subdivision" means any
27 port district, county, city, town, special purpose district, and any
28 other municipal corporations or quasi-municipal corporations in the
29 state providing for public facilities under this chapter.

30 ~~((8) "Sponsor" means any of the following entities which
31 customarily provide service or otherwise aid in industrial or other
32 financing and are approved as a sponsor by the board: A bank, trust
33 company, savings bank, investment bank, national banking association,
34 savings and loan association, building and loan association, credit
35 union, insurance company, or any other financial institution,
36 governmental agency, or holding company of any entity specified in this
37 subsection.~~

1 ~~(9) "Umbrella bonds" means industrial development revenue bonds~~
2 ~~from which the proceeds are loaned, transferred, or otherwise made~~
3 ~~available to two or more users under this chapter.~~

4 ~~(10) "User" means one or more persons acting as lessee, purchaser,~~
5 ~~mortgagor, or borrower under a financing document and receiving or~~
6 ~~applying to receive revenues from bonds issued under this chapter.~~

7 ~~(11))~~ (4) "Public facilities" means a project of a local
8 government or a federally recognized Indian tribe for the planning,
9 acquisition, construction, repair, reconstruction, replacement,
10 rehabilitation, or improvement of bridges, roads, domestic and
11 industrial water, earth stabilization, sanitary sewer, storm sewer,
12 railroad, electricity, telecommunications, transportation, natural gas,
13 buildings or structures, and port facilities, all for the purpose of
14 job creation, job retention, or job expansion.

15 ~~((12))~~ (5) "Rural county" ~~((means a county with a population~~
16 ~~density of fewer than one hundred persons per square mile as determined~~
17 ~~by the office of financial management))~~ has the same meaning as in RCW
18 82.14.370.

19 ~~((13) "Rural natural resources impact area" means:~~

20 ~~(a) A nonmetropolitan county, as defined by the 1990 decennial~~
21 ~~census, that meets three of the five criteria set forth in subsection~~
22 ~~(14) of this section;~~

23 ~~(b) A nonmetropolitan county with a population of less than forty~~
24 ~~thousand in the 1990 decennial census, that meets two of the five~~
25 ~~criteria as set forth in subsection (14) of this section; or~~

26 ~~(c) A nonurbanized area, as defined by the 1990 decennial census,~~
27 ~~that is located in a metropolitan county that meets three of the five~~
28 ~~criteria set forth in subsection (14) of this section.~~

29 ~~(14) For the purposes of designating rural natural resources impact~~
30 ~~areas, the following criteria shall be considered:~~

31 ~~(a) A lumber and wood products employment location quotient at or~~
32 ~~above the state average;~~

33 ~~(b) A commercial salmon fishing employment location quotient at or~~
34 ~~above the state average;~~

35 ~~(c) Projected or actual direct lumber and wood products job losses~~
36 ~~of one hundred positions or more;~~

37 ~~(d) Projected or actual direct commercial salmon fishing job losses~~
38 ~~of one hundred positions or more; and~~

1 ~~(e) An unemployment rate twenty percent or more above the state~~
2 ~~average. The counties that meet these criteria shall be determined by~~
3 ~~the employment security department for the most recent year for which~~
4 ~~data is available. For the purposes of administration of programs~~
5 ~~under this chapter, the United States post office five digit zip code~~
6 ~~delivery areas will be used to determine residence status for~~
7 ~~eligibility purposes. For the purpose of this definition, a zip code~~
8 ~~delivery area of which any part is ten miles or more from an urbanized~~
9 ~~area is considered nonurbanized. A zip code totally surrounded by zip~~
10 ~~codes qualifying as nonurbanized under this definition is also~~
11 ~~considered nonurbanized. The office of financial management shall make~~
12 ~~available a zip code listing of the areas to all agencies and~~
13 ~~organizations providing services under this chapter.)~~)

14 **Sec. 4.** RCW 43.160.030 and 2004 c 252 s 2 are each amended to read
15 as follows:

16 (1) The community economic revitalization board is hereby created
17 to exercise the powers granted under this chapter.

18 (2) The board shall consist of one member from each of the two
19 major caucuses of the house of representatives to be appointed by the
20 speaker of the house and one member from each of the two major caucuses
21 of the senate to be appointed by the president of the senate. The
22 board shall also consist of the following members appointed by the
23 governor: A recognized private or public sector economist; one port
24 district official; one county official; one city official; one
25 representative of a federally recognized Indian tribe; one
26 representative of the public; one representative of small businesses
27 each from: (a) The area west of Puget Sound, (b) the area east of
28 Puget Sound and west of the Cascade range, (c) the area east of the
29 Cascade range and west of the Columbia river, and (d) the area east of
30 the Columbia river; one executive from large businesses each from the
31 area west of the Cascades and the area east of the Cascades. The
32 appointive members shall initially be appointed to terms as follows:
33 Three members for one-year terms, three members for two-year terms, and
34 three members for three-year terms which shall include the chair.
35 Thereafter each succeeding term shall be for three years. The chair of
36 the board shall be selected by the governor. The members of the board
37 shall elect one of their members to serve as vice-chair. The director

1 of community, trade, and economic development, the director of revenue,
2 the commissioner of employment security, and the secretary of
3 transportation shall serve as nonvoting advisory members of the board.

4 (3) Management services, including fiscal and contract services,
5 shall be provided by the department to assist the board in implementing
6 this chapter (~~and the allocation of private activity bonds~~).

7 (4) Members of the board shall be reimbursed for travel expenses as
8 provided in RCW 43.03.050 and 43.03.060.

9 (5) If a vacancy occurs by death, resignation, or otherwise of
10 appointive members of the board, the governor shall fill the same for
11 the unexpired term. Members of the board may be removed for
12 malfeasance or misfeasance in office, upon specific written charges by
13 the governor, under chapter 34.05 RCW.

14 (6) A member appointed by the governor may not be absent from more
15 than fifty percent of the regularly scheduled meetings in any one
16 calendar year. Any member who exceeds this absence limitation is
17 deemed to have withdrawn from the office and may be replaced by the
18 governor.

19 **Sec. 5.** RCW 43.160.050 and 1996 c 51 s 4 are each amended to read
20 as follows:

21 The board may:

22 (1) Adopt bylaws for the regulation of its affairs and the conduct
23 of its business.

24 (2) Adopt an official seal and alter the seal at its pleasure.

25 (3) Utilize the services of other governmental agencies.

26 (4) Accept from any federal agency loans or grants for the planning
27 or financing of any project and enter into an agreement with the agency
28 respecting the loans or grants.

29 (5) Conduct examinations and investigations and take testimony at
30 public hearings of any matter material for its information that will
31 assist in determinations related to the exercise of the board's lawful
32 powers.

33 (6) Accept any gifts, grants, or loans of funds, property, or
34 financial or other aid in any form from any other source on any terms
35 and conditions which are not in conflict with this chapter.

36 (7) Exercise all the powers of a public corporation under chapter
37 39.84 RCW.

1 ~~(8) ((Invest any funds received in connection with industrial~~
2 ~~development revenue bond financing not required for immediate use, as~~
3 ~~the board considers appropriate, subject to any agreements with owners~~
4 ~~of bonds.~~

5 ~~(9) Arrange for lines of credit for industrial development revenue~~
6 ~~bonds from and enter into participation agreements with any financial~~
7 ~~institution.~~

8 ~~(10) Issue industrial development revenue bonds in one or more~~
9 ~~series for the purpose of defraying the cost of acquiring or improving~~
10 ~~any industrial development facility or facilities and securing the~~
11 ~~payment of the bonds as provided in this chapter.~~

12 ~~(11)) Enter into agreements or other transactions with and accept~~
13 ~~grants and the cooperation of any governmental agency in furtherance of~~
14 ~~this chapter.~~

15 ~~((12) Sell, purchase, or insure loans to finance the costs of~~
16 ~~industrial development facilities.~~

17 ~~(13) Service, contract, and pay for the servicing of loans for~~
18 ~~industrial development facilities.~~

19 ~~(14) Provide financial analysis and technical assistance for~~
20 ~~industrial development facilities when the board reasonably considers~~
21 ~~it appropriate.~~

22 ~~(15) Collect, with respect to industrial development revenue bonds,~~
23 ~~reasonable interest, fees, and charges for making and servicing its~~
24 ~~lease agreements, loan agreements, mortgage loans, notes, bonds,~~
25 ~~commitments, and other evidences of indebtedness. Interest, fees, and~~
26 ~~charges are limited to the amounts required to pay the costs of the~~
27 ~~board, including operating and administrative expenses and reasonable~~
28 ~~allowances for losses that may be incurred.~~

29 ~~(16) Procure insurance or guarantees from any party as allowable~~
30 ~~under law, including a governmental agency, against any loss in~~
31 ~~connection with its lease agreements, loan agreements, mortgage loans,~~
32 ~~and other assets or property.~~

33 ~~(17))~~ (9) Adopt rules under chapter 34.05 RCW as necessary to
34 carry out the purposes of this chapter.

35 ~~((18))~~ (10) Do all acts and things necessary or convenient to
36 carry out the powers expressly granted or implied under this chapter.

1 **Sec. 6.** RCW 43.160.060 and 2004 c 252 s 3 are each amended to read
2 as follows:

3 The board is authorized to make direct loans to political
4 subdivisions of the state and to federally recognized Indian tribes for
5 the purposes of assisting the political subdivisions and federally
6 recognized Indian tribes in financing the cost of public facilities,
7 including development of land and improvements for public facilities,
8 project-specific environmental, capital facilities, land use,
9 permitting, feasibility, and marketing studies and plans; project
10 design, site planning, and analysis; project debt and revenue impact
11 analysis; as well as the construction, rehabilitation, alteration,
12 expansion, or improvement of the facilities. A grant may also be
13 authorized for purposes designated in this chapter, but only when, and
14 to the extent that, a loan is not reasonably possible, given the
15 limited resources of the political subdivision or the federally
16 recognized Indian tribe and the finding by the board that financial
17 circumstances require grant assistance to enable the project to move
18 forward. However, ~~((at least ten))~~ no more than twenty-five percent of
19 all financial assistance ~~((provided))~~ approved by the board in any
20 biennium ~~((shall))~~ may consist of grants to political subdivisions and
21 federally recognized Indian tribes.

22 Application for funds shall be made in the form and manner as the
23 board may prescribe. In making grants or loans the board shall conform
24 to the following requirements:

25 (1) The board shall not provide financial assistance:

26 (a) For a project the primary purpose of which is to facilitate or
27 promote a retail shopping development or expansion.

28 (b) For any project that evidence exists would result in a
29 development or expansion that would displace existing jobs in any other
30 community in the state.

31 (c) ~~((For the acquisition of real property, including buildings and
32 other fixtures which are a part of real property.~~

33 ~~(d))~~ For a project the primary purpose of which is to facilitate
34 or promote gambling.

35 (d) For a project located outside the jurisdiction of the applicant
36 political subdivision or federally recognized Indian tribe.

37 (2) The board shall only provide financial assistance:

1 ~~((those projects which would result in specific private~~
2 ~~developments or expansions (i) in manufacturing, production, food~~
3 ~~processing, assembly, warehousing, advanced technology, research and~~
4 ~~development, and industrial distribution; (ii) for processing~~
5 ~~recyclable materials or for facilities that support recycling,~~
6 ~~including processes not currently provided in the state, including but~~
7 ~~not limited to, de-inking facilities, mixed waste paper, plastics, yard~~
8 ~~waste, and problem waste processing; (iii) for manufacturing facilities~~
9 ~~that rely significantly on recyclable materials, including but not~~
10 ~~limited to waste tires and mixed waste paper; (iv) which support the~~
11 ~~relocation of businesses from nondistressed urban areas to rural~~
12 ~~counties or rural natural resources impact areas; or (v) which~~
13 ~~substantially support the trading of goods or services outside of the~~
14 ~~state's borders.~~

15 ~~(b) For projects which it finds))~~ a project demonstrating
16 convincing evidence that a specific private development or expansion is
17 ready to occur and will occur only if the public facility improvement
18 is made that:

19 (i) Results in private investment that is consistent with
20 recommendations developed by the state economic development commission
21 pursuant to chapter 43.162 RCW; or

22 (ii) Will improve the opportunities for the successful maintenance,
23 establishment, or expansion of industrial or commercial plants or will
24 otherwise assist in the creation or retention of long-term economic
25 opportunities((-));

26 ~~((c) When the application includes convincing evidence that a~~
27 ~~specific private development or expansion is ready to occur and will~~
28 ~~occur only if the public facility improvement is made))~~ (b) For a
29 project that cannot meet the requirement of (a) of this subsection but
30 is a project that:

31 (i) Results in private investment that is consistent with
32 recommendations developed by the state economic development commission
33 pursuant to chapter 43.162 RCW;

34 (ii) Is part of a local economic development plan consistent with
35 applicable state planning requirements;

36 (iii) Can demonstrate project feasibility using standard economic
37 principles; and

38 (iv) Is located in a rural county;

1 (c) For a tourism project that is located in a rural county; or
2 (d) For site-specific plans, studies, and analyses that address
3 environmental impacts, capital facilities, land use, permitting,
4 feasibility, marketing, project engineering, design, site planning, and
5 project debt and revenue impacts, as grants not to exceed fifty
6 thousand dollars.

7 (3) An application must demonstrate local match and local
8 participation.

9 (4) An application must be approved by the political subdivision
10 and supported by the associate development organization or approved by
11 the governing body of the federally recognized Indian tribe.

12 (5) The board shall develop guidelines for local participation and
13 allowable match and activities.

14 (6) The board may allow de minimis general system improvements to
15 be funded if they are critically linked to the viability of the
16 project.

17 ~~((+3))~~ (7) The board shall prioritize each proposed project
18 according to:

19 (a) The relative benefits provided to the community by the jobs the
20 project would create, not just the total number of jobs it would create
21 after the project is completed and according to the unemployment rate
22 in the area in which the jobs would be located; ~~((and))~~

23 (b) The rate of return of the state's investment, that includes the
24 expected increase in state and local tax revenues associated with the
25 project;

26 (c) Whether the proposed project will provide wages for employees
27 that exceeds the average countywide hourly wage or offers a health
28 insurance plan for employees that includes an option for dependents of
29 employees; and

30 (d) Whether the public facility investment will also increase
31 existing capacity necessary to accommodate projected population and
32 employment growth or accomplish other growth management act
33 requirements.

34 ~~((+4))~~ (8) A responsible official of the political subdivision or
35 the federally recognized Indian tribe shall be present during board
36 deliberations and provide information that the board requests.

37 Before any financial assistance application is approved, the
38 political subdivision or the federally recognized Indian tribe seeking

1 the assistance must demonstrate to the community economic
2 revitalization board that no other timely source of funding is
3 available to it at costs reasonably similar to financing available from
4 the community economic revitalization board.

5 **Sec. 7.** RCW 43.160.070 and 1999 c 164 s 104 are each amended to
6 read as follows:

7 Public facilities financial assistance, when authorized by the
8 board, is subject to the following conditions:

9 (1) The moneys in the public facilities construction loan revolving
10 account (~~((and the distressed county public facilities construction loan
11 account))~~) shall be used solely to fulfill commitments arising from
12 financial assistance authorized in this chapter (~~((or, during the 1989-
13 91 fiscal biennium, for economic development purposes as appropriated
14 by the legislature))~~). The total outstanding amount which the board
15 shall dispense at any time pursuant to this section shall not exceed
16 the moneys available from the account(~~(s)~~). (~~((The total amount of
17 outstanding financial assistance in Pierce, King, and Snohomish
18 counties shall never exceed sixty percent of the total amount of
19 outstanding financial assistance disbursed by the board under this
20 chapter without reference to financial assistance provided under RCW
21 43.160.220.))~~)

22 (2) On contracts made for public facilities loans the board shall
23 determine the interest rate which loans shall bear. The interest rate
24 shall not exceed ten percent per annum. The board may provide
25 reasonable terms and conditions for repayment for loans, including
26 partial forgiveness of loan principal and interest payments on projects
27 located in rural counties (~~((or rural natural resources impact areas))~~),
28 as the board determines. The loans shall not exceed twenty years in
29 duration.

30 (3) Repayments of loans made from the public facilities
31 construction loan revolving account under the contracts for public
32 facilities construction loans shall be paid into the public facilities
33 construction loan revolving account. (~~((Repayments of loans made from
34 the distressed county public facilities construction loan account under
35 the contracts for public facilities construction loans shall be paid
36 into the distressed county public facilities construction loan~~

1 ~~account.~~) Repayments of loans from moneys from the new appropriation
2 from the public works assistance account for the fiscal biennium ending
3 June 30, 1999, shall be paid into the public works assistance account.

4 (4) When every feasible effort has been made to provide loans and
5 loans are not possible, the board may provide grants upon finding that
6 unique circumstances exist.

7 **Sec. 8.** RCW 43.160.076 and 1999 c 164 s 105 are each reenacted and
8 amended to read as follows:

9 (1) Except as authorized to the contrary under subsection (2) of
10 this section, from all funds available to the board for financial
11 assistance in a biennium under this chapter (~~without reference to~~
12 ~~financial assistance provided under RCW 43.160.220~~), the board shall
13 (~~spend at least seventy five percent for financial assistance for~~
14 ~~projects in rural counties or rural natural resources impact areas~~)
15 approve sixty percent for financial assistance in urban counties and
16 forty percent for rural counties.

17 (2) (~~If at any time during the last six months of a biennium the~~
18 ~~board finds that the actual and anticipated applications for qualified~~
19 ~~projects in rural counties or rural natural resources impact areas are~~
20 ~~clearly insufficient to use up the seventy five percent allocation~~
21 ~~under subsection (1) of this section, then the board shall estimate the~~
22 ~~amount of the insufficiency and during the remainder of the biennium~~
23 ~~may use that amount of the allocation for financial assistance to~~
24 ~~projects not located in rural counties or rural natural resources~~
25 ~~impact areas~~) If at any time during the last six months of the
26 biennium the board finds that the actual and anticipated applications
27 for qualified projects are insufficient to use up either the rural or
28 the urban counties allocation under subsection (1) of this section,
29 then the board shall estimate the amount of the insufficiency and
30 during the remainder of the biennium may use that amount of the
31 allocation for financial assistance throughout the state.

32 **Sec. 9.** RCW 82.45.060 and 2005 c 450 s 1 are each amended to read
33 as follows:

34 There is imposed an excise tax upon each sale of real property at
35 the rate of one and twenty-eight one-hundredths percent of the selling
36 price. An amount equal to six and one-tenth percent of the proceeds of

1 this tax to the state treasurer shall be deposited in the public works
2 assistance account created in RCW 43.155.050. An amount equal to one
3 and six-tenths percent of the proceeds of this tax to the state
4 treasurer shall be deposited in the city-county assistance account
5 created in RCW 43.08.290. An amount equal to three and three-tenths
6 percent of the proceeds of this tax to the state treasurer shall be
7 deposited into the public facilities construction loan revolving
8 account created in RCW 43.160.080.

9 **Sec. 10.** RCW 43.160.080 and 1998 c 321 s 30 are each amended to
10 read as follows:

11 There shall be a fund in the state treasury known as the public
12 facilities construction loan revolving account, which shall consist of
13 all moneys collected under this chapter(~~(, except moneys of the board~~
14 ~~collected in connection with the issuance of industrial development~~
15 ~~revenue bonds and moneys deposited in the distressed county public~~
16 ~~facilities construction loan account under RCW 43.160.220,)) and any
17 moneys appropriated to it by law(~~(: PROVIDED, That seventy five~~
18 ~~percent of all principal and interest payments on loans made with the~~
19 ~~proceeds deposited in the account under section 901, chapter 57, Laws~~
20 ~~of 1983 1st ex. sess. shall be deposited in the general fund as~~
21 ~~reimbursement for debt service payments on the bonds authorized in RCW~~
22 ~~43.83.184)). Disbursements from the revolving account shall be on~~
23 authorization of the board. In order to maintain an effective
24 expenditure and revenue control, the public facilities construction
25 loan revolving account shall be subject in all respects to chapter
26 43.88 RCW.~~

27 **Sec. 11.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to read
28 as follows:

29 (1) The legislative authority of any county or city shall identify
30 in the adopted budget the capital projects funded in whole or in part
31 from the proceeds of the tax authorized in this section, and shall
32 indicate that such tax is intended to be in addition to other funds
33 that may be reasonably available for such capital projects.

34 (2) The legislative authority of any county or any city may impose
35 an excise tax on each sale of real property in the unincorporated areas
36 of the county for the county tax and in the corporate limits of the

1 city for the city tax at a rate not exceeding one-quarter of one
2 percent of the selling price. The revenues from this tax shall be used
3 by any city or county with a population of five thousand or less and
4 any city or county that does not plan under RCW 36.70A.040 for any
5 capital purpose identified in a capital improvements plan and local
6 capital improvements, including those listed in RCW 35.43.040.

7 After April 30, 1992, revenues generated from the tax imposed under
8 this subsection in counties over five thousand population and cities
9 over five thousand population that are required or choose to plan under
10 RCW 36.70A.040 shall be used solely for financing capital projects
11 specified in a capital facilities plan element of a comprehensive plan
12 and housing relocation assistance under RCW 59.18.440 and 59.18.450.
13 However, revenues (a) pledged by such counties and cities to debt
14 retirement prior to April 30, 1992, may continue to be used for that
15 purpose until the original debt for which the revenues were pledged is
16 retired, or (b) committed prior to April 30, 1992, by such counties or
17 cities to a project may continue to be used for that purpose until the
18 project is completed.

19 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the
20 legislative authority of any county or any city may impose an
21 additional excise tax on each sale of real property in the
22 unincorporated areas of the county for the county tax and in the
23 corporate limits of the city for the city tax at a rate not exceeding
24 one-half of one percent of the selling price.

25 (4) Taxes imposed under this section shall be collected from
26 persons who are taxable by the state under chapter 82.45 RCW upon the
27 occurrence of any taxable event within the unincorporated areas of the
28 county or within the corporate limits of the city, as the case may be.

29 (5) Taxes imposed under this section shall comply with all
30 applicable rules, regulations, laws, and court decisions regarding real
31 estate excise taxes as imposed by the state under chapter 82.45 RCW.

32 (6) As used in this section, "city" means any city or town and
33 "capital project" means those public works projects of a local
34 government for planning, acquisition, construction, reconstruction,
35 repair, replacement, rehabilitation, or improvement of streets; roads;
36 highways; sidewalks; street and road lighting systems; traffic signals;
37 bridges; domestic water systems; storm and sanitary sewer systems;
38 parks; recreational facilities; law enforcement facilities; fire

1 protection facilities; trails; libraries; administrative and/or
2 judicial facilities; and river and/or waterway flood control projects
3 by those jurisdictions that, prior to June 11, 1992, have expended
4 funds derived from the tax authorized by this section for such
5 purposes(~~(; and, until December 31, 1995, housing projects for those~~
6 ~~jurisdictions that, prior to June 11, 1992, have expended or committed~~
7 ~~to expend funds derived from the tax authorized by this section or the~~
8 ~~tax authorized by RCW 82.46.035 for such purposes)).~~

9 **Sec. 12.** RCW 82.46.035 and 1992 c 221 s 3 and 1991 sp.s. c 32 s 33
10 are each reenacted and amended to read as follows:

11 (1) The legislative authority of any county or city shall identify
12 in the adopted budget the capital projects funded in whole or in part
13 from the proceeds of the tax authorized in this section, and shall
14 indicate that such tax is intended to be in addition to other funds
15 that may be reasonably available for such capital projects.

16 (2) The legislative authority of any county or any city that plans
17 under RCW 36.70A.040(1) may impose an additional excise tax on each
18 sale of real property in the unincorporated areas of the county for the
19 county tax and in the corporate limits of the city for the city tax at
20 a rate not exceeding one-quarter of one percent of the selling price.
21 Any county choosing to plan under RCW 36.70A.040(2) and any city within
22 such a county may only adopt an ordinance imposing the excise tax
23 authorized by this section if the ordinance is first authorized by a
24 proposition approved by a majority of the voters of the taxing district
25 voting on the proposition at a general election held within the
26 district or at a special election within the taxing district called by
27 the district for the purpose of submitting such proposition to the
28 voters.

29 (3) Revenues generated from the tax imposed under subsection (2) of
30 this section shall be used by such counties and cities solely for
31 financing capital projects specified in a capital facilities plan
32 element of a comprehensive plan. However, revenues (a) pledged by such
33 counties and cities to debt retirement prior to March 1, 1992, may
34 continue to be used for that purpose until the original debt for which
35 the revenues were pledged is retired, or (b) committed prior to March
36 1, 1992, by such counties or cities to a project may continue to be
37 used for that purpose until the project is completed.

1 (4) Revenues generated by the tax imposed by this section shall be
2 deposited in a separate account.

3 (5) As used in this section, "city" means any city or town and
4 "capital project" means those public works projects of a local
5 government for planning, acquisition, construction, reconstruction,
6 repair, replacement, rehabilitation, or improvement of streets, roads,
7 highways, sidewalks, street and road lighting systems, traffic signals,
8 bridges, domestic water systems, storm and sanitary sewer systems,
9 ~~((and planning, construction, reconstruction, repair, rehabilitation,~~
10 ~~or improvement of)) parks, recreational facilities, law enforcement
11 facilities, fire protection facilities, trails, libraries, and
12 administrative and/or judicial facilities.~~

13 (6) When the governor files a notice of noncompliance under RCW
14 36.70A.340 with the secretary of state and the appropriate county or
15 city, the county or city's authority to impose the additional excise
16 tax under this section shall be temporarily rescinded until the
17 governor files a subsequent notice rescinding the notice of
18 noncompliance.

19 **Sec. 13.** 2005 c 425 s 6 (uncodified) is amended to read as
20 follows:

21 This act expires June 30, ~~((2011))~~ 2009.

22 **Sec. 14.** 2006 c 371 s 238 (uncodified) is amended to read as
23 follows:

24 (1) Section 229 of this act expires June 30, ~~((2011))~~ 2009.

25 (2) Section 231 of this act expires June 30, 2007.

26 NEW SECTION. **Sec. 15.** The following acts or parts of acts are
27 each repealed:

28 (1) RCW 43.160.100 (Status of board) and 1984 c 257 s 3;

29 (2) RCW 43.160.120 (Commingling of funds prohibited) and 1984 c 257
30 s 5;

31 (3) RCW 43.160.130 (Personal liability) and 1984 c 257 s 6;

32 (4) RCW 43.160.140 (Accounts) and 1987 c 422 s 8 & 1984 c 257 s 7;

33 (5) RCW 43.160.150 (Faith and credit not pledged) and 1984 c 257 s
34 8;

35 (6) RCW 43.160.160 (Security) and 1984 c 257 s 9;

- 1 (7) RCW 43.160.170 (Special reserve account) and 1984 c 257 s 10;
2 (8) RCW 43.160.200 (Economic development account--Eligibility for
3 assistance) and 2004 c 252 s 4, 1999 c 164 s 107, 1996 c 51 s 9, & 1995
4 c 226 s 16;
5 (9) RCW 43.160.210 (Distressed counties--Twenty percent of
6 financial assistance) and 1998 c 321 s 31 & 1998 c 55 s 5; and
7 (10) RCW 43.160.220 (Distressed county public facilities
8 construction loan account) and 1998 c 321 s 9.

9 NEW SECTION. **Sec. 16.** Sections 2 through 10 and 15 of this act
10 take effect July 1, 2009.

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