
HOUSE BILL 1109

State of Washington 61st Legislature 2009 Regular Session

By Representatives Sullivan, Liias, Upthegrove, Simpson, and Moeller

Read first time 01/13/09. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to the use of the local infrastructure financing
2 tool for downtown development and redevelopment; repealing RCW
3 82.14.475, 39.102.020, 39.102.040, 39.102.070, and 39.102.904;
4 repealing 2008 c 209 s 2 (uncodified); repealing 2007 c 229 s 17
5 (uncodified); and providing expiration dates.

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

7 **Sec. 1.** RCW 82.14.475 and 2007 c 229 s 8 are each amended to read
8 as follows:

9 (1) A sponsoring local government, and any cosponsoring local
10 government, that has been approved by the board to use local
11 infrastructure financing may impose a sales and use tax in accordance
12 with the terms of this chapter and subject to the criteria set forth in
13 this section. Except as provided in this section, the tax is in
14 addition to other taxes authorized by law and shall be collected from
15 those persons who are taxable by the state under chapters 82.08 and
16 82.12 RCW upon the occurrence of any taxable event within the taxing
17 jurisdiction of the sponsoring local government or cosponsoring local
18 government. The rate of tax shall not exceed the rate provided in RCW
19 82.08.020(1), less the aggregate rates of any other local sales and use

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

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

14 (3)(a) No tax may be imposed under the authority of this section:
15 (i) Before July 1, 2008;
16 (ii) Before approval by the board under RCW 39.102.040; and
17 (iii) Before the sponsoring local government has received local
18 excise tax allocation revenues, local property tax allocation revenues,
19 or both, during the preceding calendar year.

20 (b) The tax imposed under this section shall expire when the bonds
21 issued under the authority of RCW 39.102.150 are retired, but not more
22 than twenty-five years after the tax is first imposed.

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

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

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

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

33 (i) The amount of tax received by the sponsoring local government,
34 and any cosponsoring local government, equals the amount of the state
35 contribution;

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

1 (iii) The amount of tax received by the sponsoring local government
2 equals the amount of project award granted in the approval notice
3 described in RCW 39.102.040;

4 (d) Neither the local excise tax allocation revenues nor the local
5 property tax allocation revenues may constitute more than eighty
6 percent of the total local funds as described in RCW 39.102.020(29)(c).
7 This requirement applies beginning January 1st of the fifth calendar
8 year after the calendar year in which the sponsoring local government
9 begins allocating local excise tax allocation revenues under RCW
10 39.102.110;

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

15 (f) Any revenue generated by the tax in excess of the amounts
16 specified in (c) of this subsection shall belong to the state of
17 Washington.

18 (5) If a county and city cosponsor a revenue development area, the
19 combined rates of the city and county tax shall not exceed the rate
20 provided in RCW 82.08.020(1), less the aggregate rates of any other
21 local sales and use taxes imposed on the same taxable events that are
22 credited against the state sales and use taxes imposed under chapters
23 82.08 and 82.12 RCW. The combined amount of distributions received by
24 both the city and county may not exceed the state contribution.

25 (6) The department shall determine the amount of tax receipts
26 distributed to each sponsoring local government, and any cosponsoring
27 local government, imposing sales and use tax under this section and
28 shall advise a sponsoring or cosponsoring local government when tax
29 distributions for the fiscal year equal the amount of state
30 contribution for that fiscal year as provided in subsection (8) of this
31 section. Determinations by the department of the amount of tax
32 distributions attributable to each sponsoring or cosponsoring local
33 government are final and shall not be used to challenge the validity of
34 any tax imposed under this section. The department shall remit any tax
35 receipts in excess of the amounts specified in subsection (4)(c) of
36 this section to the state treasurer who shall deposit the money in the
37 general fund.

1 (7) If a sponsoring or cosponsoring local government fails to
2 comply with RCW 39.102.140, no tax may be distributed in the subsequent
3 fiscal year until such time as the sponsoring or cosponsoring local
4 government complies and the department calculates the state
5 contribution amount for such fiscal year.

6 (8) Each year, the amount of taxes approved by the department for
7 distribution to a sponsoring or cosponsoring local government in the
8 next fiscal year shall be equal to the state contribution and shall be
9 no more than the total local funds as described in RCW
10 39.102.020(29)(c). The department shall consider information from
11 reports described in RCW 39.102.140 when determining the amount of
12 state contributions for each fiscal year. A sponsoring or cosponsoring
13 local government shall not receive, in any fiscal year, more revenues
14 from taxes imposed under the authority of this section than the amount
15 approved annually by the department. The department shall not approve
16 the receipt of more distributions of sales and use tax under this
17 section to a sponsoring or cosponsoring local government than is
18 authorized under subsection (4) of this section.

19 (9) The amount of tax distributions received from taxes imposed
20 under the authority of this section by all sponsoring and cosponsoring
21 local governments is limited annually to not more than (~~seven~~) ten
22 million five hundred thousand dollars.

23 (10) The definitions in RCW 39.102.020 apply to this section unless
24 the context clearly requires otherwise.

25 (11) If a sponsoring local government is a federally recognized
26 Indian tribe, the distribution of the sales and use tax authorized
27 under this section shall be authorized through an interlocal agreement
28 pursuant to chapter 39.34 RCW.

29 (12) Subject to RCW 39.102.195, the tax imposed under the authority
30 of this section may be applied either to provide for the payment of
31 debt service on bonds issued under RCW 39.102.150 by the sponsoring
32 local government or to pay public improvement costs on a pay-as-you-go
33 basis, or both.

34 (13) The tax imposed under the authority of this section shall
35 cease to be imposed if the sponsoring local government or cosponsoring
36 local government fails to issue bonds under the authority of RCW
37 39.102.150 by June 30th of the fifth fiscal year in which the local tax
38 authorized under this section is imposed.

1 (14) This section expires June 30th, 2044.

2 **Sec. 2.** RCW 39.102.020 and 2008 c 209 s 1 are each amended to read
3 as follows:

4 The definitions in this section apply throughout this chapter
5 unless the context clearly requires otherwise.

6 (1) "Annual state contribution limit" means (~~seven~~) ten million
7 five hundred thousand dollars statewide per fiscal year.

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

10 (3) "Base year" means the first calendar year following the
11 calendar year in which a sponsoring local government, and any
12 cosponsoring local government, receives approval by the board for a
13 project award, provided that the approval is granted before October
14 15th. If approval by the board is received on or after October 15th
15 but on or before December 31st, the "base year" is the second calendar
16 year following the calendar year in which a sponsoring local
17 government, and any cosponsoring local government, receives approval by
18 the board for a project award.

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

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

22 (a) Bellingham waterfront redevelopment project;

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

24 (c) Vancouver riverwest project.

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

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

28 (8) "Local excise taxes" means local revenues derived from the
29 imposition of sales and use taxes authorized in RCW 82.14.030 at the
30 tax rate that was in effect at the time the revenue development area
31 was approved by the board, except that if a local government reduces
32 the rate of such tax after the revenue development area was approved by
33 the board, "local excise taxes" means the local revenues derived from
34 the imposition of the sales and use taxes authorized in RCW 82.14.030
35 at the lower tax rate.

36 (9) "Local excise tax allocation revenue" means the amount of local
37 excise taxes received by the local government during the measurement

1 year from taxable activity within the revenue development area over and
2 above the amount of local excise taxes received by the local government
3 during the base year from taxable activity within the revenue
4 development area, except that:

5 (a) If a sponsoring local government adopts a revenue development
6 area and reasonably determines that no activity subject to tax under
7 chapters 82.08 and 82.12 RCW occurred within the boundaries of the
8 revenue development area in the twelve months immediately preceding the
9 approval of the revenue development area by the board, "local excise
10 tax allocation revenue" means the entire amount of local excise taxes
11 received by the sponsoring local government during a calendar year
12 period beginning with the calendar year immediately following the
13 approval of the revenue development area by the board and continuing
14 with each measurement year thereafter;

15 (b) For revenue development areas approved by the board in calendar
16 years 2006 and 2007 that do not meet the requirements in (a) of this
17 subsection and if legislation is enacted in this state during the 2007
18 legislative session that adopts the sourcing provisions of the
19 streamlined sales and use tax agreement, "local excise tax allocation
20 revenue" means the amount of local excise taxes received by the
21 sponsoring local government during the measurement year from taxable
22 activity within the revenue development area over and above an amount
23 of local excise taxes received by the sponsoring local government
24 during the 2007 or 2008 base year, as the case may be, adjusted by the
25 department for any estimated impacts from retail sales and use tax
26 sourcing changes effective in 2008. The amount of base year adjustment
27 determined by the department is final; and

28 (c) If the sponsoring local government of a revenue development
29 area related to a demonstration project reasonably determines that no
30 local excise tax distributions were received between August 1, 2008,
31 and December 31, 2008, from within the boundaries of the revenue
32 development area, "local excise tax allocation revenue" means the
33 entire amount of local excise taxes received by the sponsoring local
34 government during a calendar year period beginning with 2009 and
35 continuing with each measurement year thereafter.

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

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

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

12 (13)(a) "Revenues from local public sources" means:

13 (i) Amounts of local excise tax allocation revenues and local
14 property tax allocation revenues, dedicated by sponsoring local
15 governments, participating local governments, and participating taxing
16 districts, for local infrastructure financing; and

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

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

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

31 (15) "Measurement year" means a calendar year, beginning with the
32 calendar year following the base year and each calendar year
33 thereafter, that is used annually to measure state and local excise tax
34 allocation revenues.

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

37 (17) "Participating local government" means a local government
38 having a revenue development area within its geographic boundaries that

1 has entered into a written agreement with a sponsoring local government
2 as provided in RCW 39.102.080 to allow the use of all or some of its
3 local excise tax allocation revenues or other revenues from local
4 public sources dedicated for local infrastructure financing.

5 (18) "Participating taxing district" means a local government
6 having a revenue development area within its geographic boundaries that
7 has entered into a written agreement with a sponsoring local government
8 as provided in RCW 39.102.080 to allow the use of some or all of its
9 local property tax allocation revenues or other revenues from local
10 public sources dedicated for local infrastructure financing.

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

14 (A) The placement of new construction, improvements to property, or
15 both, on the assessment roll, where the new construction and
16 improvements are initiated after the revenue development area is
17 approved by the board;

18 (B) The cost of new housing construction, conversion, and
19 rehabilitation improvements, when such cost is treated as new
20 construction for purposes of chapter 84.55 RCW as provided in RCW
21 84.14.020, and the new housing construction, conversion, and
22 rehabilitation improvements are initiated after the revenue development
23 area is approved by the board;

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

28 (ii) Increases in the assessed value of real property in a revenue
29 development area resulting from (a)(i)(A) through (C) of this
30 subsection are included in the property tax allocation revenue value in
31 the initial year. These same amounts are also included in the property
32 tax allocation revenue value in subsequent years unless the property
33 becomes exempt from property taxation.

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

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

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

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

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

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

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

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

24 (21) "Public improvements" means:

25 (a) Infrastructure improvements within the revenue development area
26 that include:

27 (i) Street, bridge, and road construction and maintenance,
28 including highway interchange construction;

29 (ii) Water and sewer system construction and improvements,
30 including wastewater reuse facilities;

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

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

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

34 (vi) Park facilities and recreational areas, including trails; and

35 (vii) Storm water and drainage management systems;

36 (b) Expenditures for facilities and improvements that support
37 affordable housing as defined in RCW 43.63A.510.

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

22 (23) "Regular property taxes" means regular property taxes as
23 defined in RCW 84.04.140, except: (a) Regular property taxes levied by
24 public utility districts specifically for the purpose of making
25 required payments of principal and interest on general indebtedness;
26 (b) regular property taxes levied by the state for the support of the
27 common schools under RCW 84.52.065; and (c) regular property taxes
28 authorized by RCW 84.55.050 that are limited to a specific purpose.
29 "Regular property taxes" do not include excess property tax levies that
30 are exempt from the aggregate limits for junior and senior taxing
31 districts as provided in RCW 84.52.043.

32 (24) "Property tax allocation revenue base value" means the
33 assessed value of real property located within a revenue development
34 area for taxes levied in the year in which the revenue development area
35 is adopted for collection in the following year, plus one hundred
36 percent of any increase in the assessed value of real property located
37 within a revenue development area that is placed on the assessment

1 rolls after the revenue development area is adopted, less the property
2 tax allocation revenue value.

3 (25) "Relocating a business" means the closing of a business and
4 the reopening of that business, or the opening of a new business that
5 engages in the same activities as the previous business, in a different
6 location within a one-year period, when an individual or entity has an
7 ownership interest in the business at the time of closure and at the
8 time of opening or reopening. "Relocating a business" does not include
9 the closing and reopening of a business in a new location where the
10 business has been acquired and is under entirely new ownership at the
11 new location, or the closing and reopening of a business in a new
12 location as a result of the exercise of the power of eminent domain.

13 (26) "Revenue development area" means the geographic area adopted
14 by a sponsoring local government and approved by the board, from which
15 local excise and property tax allocation revenues are derived for local
16 infrastructure financing.

17 (27) "Small business" has the same meaning as provided in RCW
18 19.85.020.

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

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

24 (a) One million dollars;

25 (b) The state excise tax allocation revenue and state property tax
26 allocation revenue received by the state during the preceding calendar
27 year;

28 (c) The total amount of local excise tax allocation revenues, local
29 property tax allocation revenues, and other revenues from local public
30 sources, that are dedicated by a sponsoring local government, any
31 participating local governments, and participating taxing districts, in
32 the preceding calendar year to the payment of principal and interest on
33 bonds issued under RCW 39.102.150 or to pay public improvement costs on
34 a pay-as-you-go basis subject to RCW 39.102.195, or both; or

35 (d) The amount of project award granted by the board in the notice
36 of approval to use local infrastructure financing under RCW 39.102.040.

37 (30) "State excise taxes" means revenues derived from state retail
38 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount

1 of tax distributions from all local retail sales and use taxes, other
2 than the local sales and use taxes authorized by RCW 82.14.475, imposed
3 on the same taxable events that are credited against the state retail
4 sales and use taxes under chapters 82.08 and 82.12 RCW.

5 (31) "State excise tax allocation revenue" means the amount of
6 state excise taxes received by the state during the measurement year
7 from taxable activity within the revenue development area over and
8 above the amount of state excise taxes received by the state during the
9 base year from taxable activity within the revenue development area,
10 except that:

11 (a) If a sponsoring local government adopts a revenue development
12 area and reasonably determines that no activity subject to tax under
13 chapters 82.08 and 82.12 RCW occurred within the boundaries of the
14 revenue development area in the twelve months immediately preceding the
15 approval of the revenue development area by the board, "state excise
16 tax allocation revenue" means the entire amount of state excise taxes
17 received by the state during a calendar year period beginning with the
18 calendar year immediately following the approval of the revenue
19 development area by the board and continuing with each measurement year
20 thereafter;

21 (b) For revenue development areas approved by the board in calendar
22 years 2006 and 2007 that do not meet the requirements in (a) of this
23 subsection and if legislation is enacted in this state during the 2007
24 legislative session that adopts the sourcing provisions of the
25 streamlined sales and use tax agreement, "state excise tax allocation
26 revenue" means the amount of state excise taxes received by the state
27 during the measurement year from taxable activity within the revenue
28 development area over and above an amount of state excise taxes
29 received by the state during the 2007 or 2008 base year, as the case
30 may be, adjusted by the department for any estimated impacts from
31 retail sales and use tax sourcing changes effective in 2008. The
32 amount of base year adjustment determined by the department is final;
33 and

34 (c) If the sponsoring local government of a revenue development
35 area related to a demonstration project reasonably determines that no
36 local excise tax distributions were received between August 1, 2008,
37 and December 31, 2008, from within the boundaries of the revenue
38 development area, "state excise tax allocation revenue" means the

1 entire amount of state excise taxes received by the state during a
2 calendar year period beginning with 2009 and continuing with each
3 measurement year thereafter.

4 (32) "State property tax allocation revenue" means those tax
5 revenues derived from the imposition of property taxes levied by the
6 state for the support of common schools under RCW 84.52.065 on the
7 property tax allocation revenue value.

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

11 **Sec. 3.** RCW 39.102.040 and 2007 c 229 s 2 are each amended to read
12 as follows:

13 (1) Prior to applying to the board to use local infrastructure
14 financing, a sponsoring local government shall:

15 (a) Designate a revenue development area within the limitations in
16 RCW 39.102.060;

17 (b) Certify that the conditions in RCW 39.102.070 are met;

18 (c) Complete the process in RCW 39.102.080;

19 (d) Provide public notice as required in RCW 39.102.100; and

20 (e) Pass an ordinance adopting the revenue development area as
21 required in RCW 39.102.090.

22 (2) Any local government that has created an increment area under
23 chapter 39.89 RCW and has not issued bonds to finance any public
24 improvement may apply to the board and have its increment area
25 considered for approval as a revenue development area under this
26 chapter without adopting a new revenue development area under RCW
27 39.102.090 and 39.102.100 if it amends its ordinance to comply with RCW
28 39.102.090(1) and otherwise meets the conditions and limitations under
29 this chapter.

30 (3) As a condition to imposing a sales and use tax under RCW
31 82.14.475, a sponsoring local government, including any cosponsoring
32 local government seeking authority to impose a sales and use tax under
33 RCW 82.14.475, must apply to the board and be approved for a project
34 award amount. The application shall be in a form and manner prescribed
35 by the board and include but not be limited to information establishing
36 that the applicant is an eligible candidate to impose the local sales
37 and use tax under RCW 82.14.475, the anticipated effective date for

1 imposing the tax, the estimated number of years that the tax will be
2 imposed, and the estimated amount of tax revenue to be received in each
3 fiscal year that the tax will be imposed. The board shall make
4 available forms to be used for this purpose. As part of the
5 application, each applicant must provide to the board a copy of the
6 ordinance or ordinances creating the revenue development area as
7 required in RCW 39.102.090. A notice of approval to use local
8 infrastructure financing shall contain a project award that represents
9 the maximum amount of state contribution that the applicant, including
10 any cosponsoring local governments, can earn each year that local
11 infrastructure financing is used. The total of all project awards
12 shall not exceed the annual state contribution limit. The
13 determination of a project award shall be made based on information
14 contained in the application and the remaining amount of annual state
15 contribution limit to be awarded. Determination of a project award by
16 the board is final.

17 (4)(a) Sponsoring local governments, and any cosponsoring local
18 governments, applying in calendar year 2007 for a competitive project
19 award, must submit completed applications to the board no later than
20 July 1, 2007. By September 15, 2007, in consultation with the
21 department of revenue and the department of community, trade, and
22 economic development, the board shall approve competitive project
23 awards from competitive applications submitted by the 2007 deadline.
24 No more than two million five hundred thousand dollars in competitive
25 project awards shall be approved in 2007. For projects not approved by
26 the board in 2007, sponsoring and cosponsoring local governments may
27 apply again to the board in 2008 for approval of a project.

28 (b) Sponsoring local governments, and any cosponsoring local
29 governments, applying in calendar year 2008 for a competitive project
30 award, must submit completed applications to the board no later than
31 July 1, 2008. By September 18, 2008, in consultation with the
32 department of revenue and the department of community, trade, and
33 economic development, the board shall approve competitive project
34 awards from competitive applications submitted by the 2008 deadline.

35 (c) Sponsoring local governments, and any cosponsoring local
36 governments, applying in calendar year 2010 for a competitive project
37 award, must submit completed applications to the board no later than
38 June 1, 2010. By September 30, 2010, in consultation with the

1 department of revenue and the department of community, trade, and
2 economic development, the board shall approve competitive project
3 awards from competitive applications submitted by the 2010 deadline.
4 No more than one million five hundred thousand dollars in competitive
5 project awards shall be approved in 2010. For projects not approved by
6 the board in 2010, sponsoring and cosponsoring local governments may
7 apply again to the board in 2011 for approval of a project.

8 (d) Sponsoring local governments, and any cosponsoring local
9 governments, applying in calendar year 2011 for a competitive project
10 award, must submit completed applications to the board no later than
11 June 1, 2011. By September 30, 2011, in consultation with the
12 department of revenue and the department of community, trade, and
13 economic development, the board shall approve competitive project
14 awards from competitive applications submitted by the 2011 deadline.

15 (e) Except as provided in RCW 39.102.050(2), a total of no more
16 than ((five)) eight million dollars in competitive project awards shall
17 be approved for local infrastructure financing.

18 ((+d)) (f) The project selection criteria and weighting developed
19 prior to July 22, 2007, for the application evaluation and approval
20 process shall apply to applications received prior to November 1, 2007.
21 In evaluating applications for a competitive project award after
22 November 1, 2007, the board shall, in consultation with the Washington
23 state economic development commission, develop the relative weight to
24 be assigned to the following criteria:

25 (i) The project's potential to enhance the sponsoring local
26 government's regional and/or international competitiveness;

27 (ii) The project's ability to encourage mixed use and transit-
28 oriented development and the redevelopment of a geographic area;

29 (iii) Achieving an overall distribution of projects statewide that
30 reflect geographic diversity;

31 (iv) The estimated wages and benefits for the project is greater
32 than the average labor market area;

33 (v) The estimated state and local net employment change over the
34 life of the project;

35 (vi) The current economic health and vitality of the proposed
36 revenue development area and the contiguous community and the estimated
37 impact of the proposed project on the proposed revenue development area
38 and contiguous community;

1 (vii) The estimated state and local net property tax change over
2 the life of the project;

3 (viii) The estimated state and local sales and use tax increase
4 over the life of the project;

5 (ix) An analysis that shows that, over the life of the project,
6 neither the local excise tax allocation revenues nor the local property
7 tax allocation revenues will constitute more than eighty percent of the
8 total local funds as described in RCW 39.102.020(29)(c); and

9 (x) If a project is located within an urban growth area, evidence
10 that the project utilizes existing urban infrastructure and that the
11 transportation needs of the project will be adequately met through the
12 use of local infrastructure financing or other sources.

13 ~~((e)(i) Except as provided in this subsection (4)(e), the board
14 may not approve the use of local infrastructure financing within more
15 than one revenue development area per county.~~

16 ~~(ii) In a county in which the board has approved the use of local
17 infrastructure financing, the use of such financing in additional
18 revenue development areas may be approved, subject to the following
19 conditions:~~

20 ~~(A) The sponsoring local government is located in more than one
21 county; and~~

22 ~~(B) The sponsoring local government designates a revenue
23 development area that comprises portions of a county within which the
24 use of local infrastructure financing has not yet been approved.~~

25 ~~(iii) In a county where the local infrastructure financing tool is
26 authorized under RCW 39.102.050, the board may approve additional use
27 of the local infrastructure financing tool.))~~

28 (5) Once the board has approved the sponsoring local government,
29 and any cosponsoring local governments, to use local infrastructure
30 financing, notification must be sent by the board to the sponsoring
31 local government, and any cosponsoring local governments, authorizing
32 the sponsoring local government, and any cosponsoring local
33 governments, to impose the local sales and use tax authorized under RCW
34 82.14.475, subject to the conditions in RCW 82.14.475.

35 **Sec. 4.** RCW 39.102.070 and 2006 c 181 s 205 are each amended to
36 read as follows:

1 The use of local infrastructure financing under this chapter is
2 subject to the following conditions:

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

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

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

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

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

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

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

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

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

37 (7) The governing body of the sponsoring local government, and any

1 cosponsoring local government, finds that the public improvements
2 proposed to be financed in whole or in part using local infrastructure
3 financing are reasonably likely to:

4 (a) Increase private residential and commercial investment within
5 the revenue development area;

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

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

9 (d) Generate, over the period of time that the local option sales
10 and use tax will be imposed under RCW 82.14.475, state excise tax
11 allocation revenues and state property tax allocation revenues derived
12 from the revenue development area that are equal to or greater than the
13 respective state contributions made under this chapter;

14 (8) The sponsoring local government may only use local
15 infrastructure financing in areas deemed in need of economic
16 development or redevelopment within boundaries of the sponsoring local
17 government;

18 (9) For projects approved by the board on or after July 1, 2009,
19 funds may only be used for downtown development or redevelopment
20 projects in cities with less than one hundred thousand population that
21 are planning under the growth management act.

22 **Sec. 5.** RCW 39.102.904 and 2006 c 181 s 707 are each amended to
23 read as follows:

24 This (~~act~~) chapter expires June 30, (~~(2039)~~) 2044.

25 NEW SECTION. **Sec. 6.** The following acts or parts are each
26 repealed:

- 27 (1) 2008 c 209 s 2 (uncodified); and
- 28 (2) 2007 c 229 s 17 (uncodified).

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