

ESSB 5253 - H COMM AMD
By Committee on Local Government

ADOPTED AND ENGROSSED 4/9/11

1 Strike everything after the enacting clause and insert the
2 following:

3 "PART I
4 FINDINGS

5 NEW SECTION. **Sec. 101.** FINDINGS. (1) Recognizing that
6 uncoordinated and poorly planned growth poses a threat to the
7 environment, sustainable economic development, and the health, safety,
8 and high quality of life enjoyed by residents of this state, the
9 legislature passed the growth management act, chapter 36.70A RCW. The
10 planning goals adopted through the growth management act encourage
11 development in urban areas where public facilities and services exist
12 or can be provided efficiently, conservation of productive forest and
13 agricultural lands, and a reduction of sprawl.

14 (2) Under RCW 36.70A.090 and 43.362.005 the legislature has
15 encouraged:

16 (a) The use of innovative land use management techniques, including
17 the transfer of development rights, to meet growth management goals;
18 and

19 (b) The creation of a regional transfer of development rights
20 marketplace in the central Puget Sound to assist in conserving
21 agricultural and forest land, as well as other lands of state or
22 regional priority.

23 (3) The legislature finds that:

24 (a) Local governments are in need of additional resources to
25 provide public infrastructure to meet the needs of a growing
26 population, and that public infrastructure is fundamental to community
27 health, safety, and economic vitality. Investment in public
28 infrastructure in growing urban areas supports growth management goals,
29 encourages the redevelopment of underutilized or blighted urban areas,

1 stimulates business activity and helps create jobs, lowers the cost of
2 housing, promotes efficient land use, and improves residents' quality
3 of life;

4 (b) Transferring development rights from agricultural and forest
5 lands to urban areas where public facilities and services exist or can
6 be provided efficiently and cost-effectively will ensure vibrant,
7 economically viable communities. Directing growth to communities where
8 people can live close to where they work or have access to
9 transportation choices will also advance state goals regarding climate
10 change by reducing vehicle miles traveled and by reducing fuel
11 consumption and emissions that contribute to climate change. Directing
12 growth to these communities will further help avoid the impacts of
13 storm water runoff to Puget Sound by avoiding impervious surfaces
14 associated with development in watershed uplands;

15 (c) A transfer of development rights marketplace is particularly
16 appropriate for conserving agricultural and forest land of long-term
17 commercial significance. Transferring the development rights from
18 these lands of statewide importance to cities will help achieve a
19 specific goal of the growth management act by keeping them in farming
20 and forestry, thereby helping ensure these remain viable industries in
21 counties experiencing population growth. Transferring growth from
22 agricultural and forest land of long-term commercial significance will
23 also reduce costs to the counties that otherwise would be responsible
24 for the provision of infrastructure and services for development on
25 these lands, which are generally further from existing infrastructure
26 and services; and

27 (d) The state and its residents benefit from investment in public
28 infrastructure that is associated with urban growth facilitated by the
29 transfer of development from agricultural and forest lands of long-term
30 commercial significance. These activities advance multiple state
31 growth management goals and benefit the state and local economies. It
32 is in the public interest to enable local governments to finance such
33 infrastructure investments and to incentivize development right
34 transfers in the central Puget Sound through this chapter.

35 **PART II**
36 **DEFINITIONS**

1 NEW SECTION. **Sec. 201.** DEFINITIONS. The definitions in this
2 section apply throughout this chapter unless the context clearly
3 requires otherwise.

4 (1) "Assessed value" means the valuation of taxable real property
5 as placed on the last completed assessment roll.

6 (2) "Eligible county" means any county that borders Puget Sound,
7 that has a population of six hundred thousand or more, and that has an
8 established program for transfer of development rights.

9 (3) "Employment" means total employment in a county or city, as
10 applicable, estimated by the office of financial management.

11 (4) "Exchange rate" means an increment of development beyond what
12 base zoning allows that is assigned to a development right by a
13 sponsoring city for use in a receiving area.

14 (5) "Local infrastructure project area" means the geographic area
15 identified by a sponsoring city under section 601 of this act.

16 (6) "Local infrastructure project financing" means the use of local
17 property tax allocation revenue distributed to the sponsoring city to
18 pay or finance public improvement costs within the local infrastructure
19 project area in accordance with section 701 of this act.

20 (7) "Local property tax allocation revenue" means those tax
21 revenues derived from the receipt of regular property taxes levied on
22 the property tax allocation revenue value and used for local
23 infrastructure project financing.

24 (8) "Participating taxing district" means a taxing district that:

25 (a) Has a local infrastructure project area wholly or partially
26 within the taxing district's geographic boundaries; and

27 (b) Levies, or has levied on behalf of the taxing district, regular
28 property taxes as defined in this section.

29 (9) "Population" means the population of a city or county, as
30 applicable, estimated by the office of financial management.

31 (10) "Property tax allocation revenue base value" means the
32 assessed value of real property located within a local infrastructure
33 project area, less the property tax allocation revenue value.

34 (11)(a)(i) "Property tax allocation revenue value" means an amount
35 equal to the sponsoring city ratio multiplied by seventy-five percent
36 of any increase in the assessed value of real property in a local
37 infrastructure project area resulting from:

1 (A) The placement of new construction, improvements to property, or
2 both, on the assessment roll, where the new construction and
3 improvements are initiated after the local infrastructure project area
4 is created by the sponsoring city;

5 (B) The cost of new housing construction, conversion, and
6 rehabilitation improvements, when the cost is treated as new
7 construction for purposes of chapter 84.55 RCW as provided in RCW
8 84.14.020, and the new housing construction, conversion, and
9 rehabilitation improvements are initiated after the local
10 infrastructure project area is created by the sponsoring city;

11 (C) The cost of rehabilitation of historic property, when the cost
12 is treated as new construction for purposes of chapter 84.55 RCW as
13 provided in RCW 84.26.070, and the rehabilitation is initiated after
14 the local infrastructure project area is created by the sponsoring
15 city.

16 (ii) Increases in the assessed value of real property resulting
17 from (a)(i)(A) through (C) of this subsection are included in the
18 property tax allocation revenue value in the initial year. These same
19 amounts are also included in the property tax allocation revenue value
20 in subsequent years unless the property becomes exempt from property
21 taxation.

22 (b) "Property tax allocation revenue value" includes an amount
23 equal to the sponsoring city ratio multiplied by seventy-five percent
24 of any increase in the assessed value of new construction consisting of
25 an entire building in the years following the initial year, unless the
26 building becomes exempt from property taxation.

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

30 (d) There is no property tax allocation revenue value if the
31 assessed value of real property in a local infrastructure project area
32 has not increased as a result of any of the reasons specified in
33 (a)(i)(A) through (C) of this subsection.

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

35 (i) For new construction and improvements to property added to the
36 assessment roll, the year during which the new construction and
37 improvements are initially placed on the assessment roll;

1 (ii) For the cost of new housing construction, conversion, and
2 rehabilitation improvements, when the cost is treated as new
3 construction for purposes of chapter 84.55 RCW, the year when the cost
4 is treated as new construction for purposes of levying taxes for
5 collection in the following year; and

6 (iii) For the cost of rehabilitation of historic property, when the
7 cost is treated as new construction for purposes of chapter 84.55 RCW,
8 the year when such cost is treated as new construction for purposes of
9 levying taxes for collection in the following year.

10 (12)(a) "Public improvements" means:

11 (i) Infrastructure improvements within the local infrastructure
12 project area that include:

13 (A) Street, road, bridge, and rail construction and maintenance;

14 (B) Water and sewer system construction and improvements;

15 (C) Sidewalks, streetlights, landscaping, and streetscaping;

16 (D) Parking, terminal, and dock facilities;

17 (E) Park and ride facilities of a transit authority and other
18 facilities that support transportation efficient development;

19 (F) Park facilities, recreational areas, bicycle paths, and
20 environmental remediation;

21 (G) Storm water and drainage management systems;

22 (H) Electric, gas, fiber, and other utility infrastructures; and

23 (ii) Expenditures for facilities and improvements that support
24 affordable housing;

25 (iii) Providing maintenance and security for common or public areas
26 in the local infrastructure project area; or

27 (iv) Historic preservation activities authorized under RCW
28 35.21.395.

29 (b) Public improvements do not include the acquisition by a
30 sponsoring city of transferable development rights.

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

34 (14)(a) "Regular property taxes" means regular property taxes as
35 defined in RCW 84.04.140, except: (i) Regular property taxes levied by
36 port districts or public utility districts specifically for the purpose
37 of making required payments of principal and interest on general
38 indebtedness; (ii) regular property taxes levied by the state for the

1 support of common schools under RCW 84.52.065; and (iii) regular
2 property taxes authorized by RCW 84.55.050 that are limited to a
3 specific purpose.

4 (b) "Regular property taxes" do not include:

5 (i) Excess property tax levies that are exempt from the aggregate
6 limits for junior and senior taxing districts as provided in RCW
7 84.52.043; and

8 (ii) Property taxes that are specifically excluded through an
9 interlocal agreement between the sponsoring local government and a
10 participating taxing district as set forth in RCW 39.104.060(3).

11 (15) "Receiving areas," for purposes of this chapter, are those
12 designated lands within local infrastructure project areas in which
13 transferable development rights from sending areas may be used.

14 (16) "Receiving city" means any incorporated city with population
15 plus employment equal to twenty-two thousand five hundred or greater
16 within an eligible county.

17 (17) "Receiving city allocated share" means the total number of
18 transferable development rights from agricultural and forest land of
19 long-term commercial significance and rural zoned lands designated
20 under section 303 of this act within the eligible counties allocated to
21 a receiving city under section 305 (1) and (2) of this act.

22 (18) "Sending areas" means those lands within an eligible county
23 that meet conservation criteria as described in sections 301 and 303 of
24 this act.

25 (19) "Sponsoring city" means a receiving city that accepts all or
26 a portion of its receiving city allocated share, adopts a plan for
27 development of infrastructure within one or more proposed local
28 infrastructure project areas in accordance with section 401 of this
29 act, and creates one or more local infrastructure project areas, as
30 specified in section 305(4) of this act.

31 (20) "Sponsoring city allocated share" means the total number of
32 transferable development rights a sponsoring city agrees to accept,
33 under section 305(4) of this act, from agricultural and forest land of
34 long-term commercial significance and rural zoned lands designated
35 under section 303 of this act within the eligible counties, plus the
36 total number of transferable development rights transferred to the
37 sponsoring city from another receiving city under section 305(5) of
38 this act.

1 (21) "Sponsoring city ratio" means the ratio of the sponsoring city
2 specified portion to the sponsoring city allocated share.

3 (22) "Sponsoring city specified portion" means the portion of a
4 sponsoring city allocated share which may be used within one or more
5 local infrastructure project areas, as set forth in the sponsoring
6 city's plan for development of infrastructure under section 401 of this
7 act.

8 (23) "Taxing district" means a city or county that levies or has
9 levied on behalf of the taxing district, regular property taxes upon
10 real property located within a local infrastructure project area.

11 (24) "Transfer of development rights" includes methods for
12 protecting land from development by voluntarily removing the
13 development rights from a sending area and transferring them to one or
14 more receiving areas for the purpose of increasing development density
15 or intensity.

16 (25) "Transferable development rights" means a right to develop one
17 or more residential units in a sending area that can be sold and
18 transferred.

19 **PART III**
20 **SENDING AREAS**

21 NEW SECTION. **Sec. 301.** DESIGNATION OF SENDING AREAS--INCLUSION OF
22 AGRICULTURAL AND FOREST LAND OF LONG-TERM COMMERCIAL SIGNIFICANCE. An
23 eligible county must designate all agricultural and forest land of
24 long-term commercial significance within its jurisdiction as sending
25 areas for conservation under the eligible county's program for transfer
26 of development rights. The development rights from all such
27 agricultural and forest land of long-term commercial significance
28 within the eligible counties must be available for transfer to
29 receiving cities under this chapter.

30 NEW SECTION. **Sec. 302.** DEVELOPMENT RIGHTS FROM AGRICULTURAL AND
31 FOREST LAND OF LONG-TERM COMMERCIAL SIGNIFICANCE. (1) An eligible
32 county must calculate the number of development rights from
33 agricultural and forest land of long-term commercial significance that
34 are eligible for transfer to receiving areas. An eligible county must

1 determine transferable development rights for allocation purposes in
2 this program by:

3 (a) Base zoning in effect as of January 1, 2011; or

4 (b) An allocation other than base zoning as reflected by an
5 eligible county's transfer of development rights program or an
6 interlocal agreement with a receiving city in effect as of January 1,
7 2011.

8 (2) The number of transferable development rights includes the
9 development rights from agricultural and forest lands of long-term
10 commercial significance that have been previously issued under the
11 eligible county's program for transfer of development rights, but that
12 have not as yet been utilized to increase density or intensity in a
13 development as of January 1, 2011.

14 (3) The number of transferable development rights does not include
15 development rights from agricultural and forest lands of long-term
16 commercial significance that have previously been removed or
17 extinguished, such as through an existing conservation easement or
18 mitigation or habitat restoration plan, except when consistent with
19 subsection (2) of this section.

20 NEW SECTION. **Sec. 303.** DESIGNATION OF SENDING AREAS--INCLUSION OF
21 RURAL ZONED LANDS UNDER CERTAIN CIRCUMSTANCES. (1) Subject to the
22 requirements of this section, an eligible county may designate a
23 portion of its rural zoned lands as sending areas for conservation
24 under the eligible county's program for transfer of development rights
25 available for transfer to receiving cities under this chapter.

26 (2) An eligible county may designate rural zoned lands as available
27 for transfer to receiving cities under this chapter only if, and at
28 such time as, fifty percent or more of the total acreage of land
29 classified as agricultural and forest land of long-term commercial
30 significance in the county, as of January 1, 2011, has been protected
31 through either a permanent conservation easement, ownership in fee by
32 the county for land protection or conservation purposes, or ownership
33 in fee by a nongovernmental land conservation organization.

34 (3) To be designated as available for transfer to receiving cities
35 under this chapter, rural zoned lands must either:

36 (a) Be identified by the county as top conservation priorities
37 because they:

- 1 (i) Provide ecological effectiveness in achieving water resource
2 inventory area goals;
- 3 (ii) Provide contiguous habitat protection, are adjacent to already
4 protected habitat areas, or improve ecological function;
- 5 (iii) Are of sufficient size and location in the landscape to yield
6 strategic growth management benefits;
- 7 (iv) Provide improved access for regional recreational opportunity;
- 8 (v) Prevent forest fragmentation or are appropriate for forest
9 management;
- 10 (vi) Provide flood protection or reduce flood risk; or
- 11 (vii) Have other attributes that meet natural resource preservation
12 program priorities; or
- 13 (b) Be identified by the state or in regional conservation plans as
14 highly important to the water quality of Puget Sound.
- 15 (4) The portion of rural zoned lands in an eligible county
16 designated as sending areas for conservation under the eligible
17 county's program for transfer of development rights available for
18 transfer to receiving cities under this chapter must not exceed one
19 thousand five hundred development rights.

20 NEW SECTION. **Sec. 304.** DETERMINATION OF TOTAL NUMBER OF
21 TRANSFERABLE DEVELOPMENT RIGHTS FOR AGRICULTURAL AND FOREST LAND OF
22 LONG-TERM COMMERCIAL SIGNIFICANCE AND DESIGNATED RURAL ZONED LANDS. On
23 or before September 1, 2011, each eligible county must report to the
24 Puget Sound regional council the total number of transferable
25 development rights from agricultural and forest land of long-term
26 commercial significance and designated rural zoned lands within the
27 eligible county that may be available for allocation to receiving
28 cities under this chapter, as determined under sections 302 and 303 of
29 this act.

30 NEW SECTION. **Sec. 305.** ALLOCATION AMONG LOCAL GOVERNMENTS OF
31 TRANSFERABLE DEVELOPMENT RIGHTS FROM AGRICULTURAL AND FOREST LAND OF
32 LONG-TERM COMMERCIAL SIGNIFICANCE AND DESIGNATED RURAL ZONED LANDS.
33 (1) The Puget Sound regional council must allocate among receiving
34 cities the total number of development rights reported by eligible
35 counties under section 304 of this act. Each receiving city allocated
36 share must be determined by the Puget Sound regional council, in

1 consultation with eligible counties and receiving cities, based on
2 growth targets, determined by established growth management processes,
3 and other relevant factors as determined by the Puget Sound regional
4 council in conjunction with the counties and receiving cities.

5 (2) The Puget Sound regional council must report to each receiving
6 city its receiving city allocated share on or before March 1, 2012.

7 (3) The Puget Sound regional council must report each receiving
8 city allocated share to the department of commerce on or before March
9 1, 2012.

10 (4) A receiving city may become a sponsoring city by accepting all
11 or a portion of its receiving city allocated share, adopting a plan in
12 accordance with section 401 of this act, and creating one or more local
13 infrastructure project areas to pay or finance costs of public
14 improvements.

15 (5) A receiving city may, by interlocal agreement, transfer all or
16 a portion of its receiving city allocated share to another sponsoring
17 city. The transferred portion of the receiving city allocated share
18 must be included in the other sponsoring city allocated share.

19 **PART IV**
20 **RECEIVING AREAS**

21 NEW SECTION. **Sec. 401.** DEVELOPMENT PLAN FOR INFRASTRUCTURE. (1)
22 Before adopting an ordinance or resolution creating one or more local
23 infrastructure project areas, a sponsoring city must adopt a plan for
24 development of public infrastructure within one or more proposed local
25 infrastructure project areas sufficient to utilize, on an aggregate
26 basis, a sponsoring city specified portion that is equal to or greater
27 than twenty percent of the sponsoring city allocated share.

28 (2) The plan must be developed in consultation with the department
29 of transportation and the county where the local infrastructure project
30 area to be created is located, be consistent with any transfer of
31 development rights policies or development regulations adopted by the
32 sponsoring city under section 402 of this act, specify the public
33 improvements to be financed using local infrastructure project
34 financing under section 601 of this act, estimate the number of any
35 transferable development rights that will be used within the local

1 infrastructure project area or areas and estimate the cost of the
2 public improvements.

3 (3) A plan adopted under this section may be revised from time to
4 time by the sponsoring city, in consultation with the county where the
5 local infrastructure project area or areas are located, to increase the
6 sponsoring city specified portion.

7 NEW SECTION. Sec. 402. PROGRAM FOR TRANSFER OF DEVELOPMENT RIGHTS
8 INTO RECEIVING AREAS--REQUIREMENTS. (1) Before adopting an ordinance
9 or resolution creating one or more local infrastructure project areas,
10 a sponsoring city must:

11 (a) Adopt transfer of development rights policies or implement
12 development regulations as required by subsection (2) of this section;
13 or

14 (b) Make a finding that the sponsoring city will:

15 (i) Receive its sponsoring city specified portion within one or
16 more local infrastructure project areas; or

17 (ii) Purchase its sponsoring city specified portion should the
18 sponsoring city not be able to receive its sponsoring city specified
19 portion within one or more local infrastructure project areas such that
20 purchased development rights can be held in reserve by the sponsoring
21 city and used in future development.

22 (2) Any adoption of transfer of development rights policies or
23 implementation of development regulations must:

24 (a) Comply with chapter 36.70A RCW;

25 (b) Designate a receiving area or areas;

26 (c) Adopt incentives consistent with subsection (4) of this section
27 for developers purchasing transferable development rights;

28 (d) Establish an exchange rate consistent with subsection (5) of
29 this section; and

30 (e) Require that the sale of a transferable development right from
31 agricultural or forest land of long-term commercial significance or
32 designated rural zoned lands under section 303 of this act be evidenced
33 by its permanent removal from the sending site, such as through a
34 conservation easement on the sending site.

35 (3) Any adoption of transfer of development rights policies or
36 implementation of development regulations must not be based upon a

1 downzone within one or more receiving areas solely to create a market
2 for the transferable development rights.

3 (4) Developer incentives should be designed to:

4 (a) Achieve the densities or intensities reasonably likely to
5 result from absorption of the sponsoring city specified portion
6 identified in the plan under section 401 of this act;

7 (b) Include streamlined permitting strategies such as by-right
8 permitting; and

9 (c) Include streamlined environmental review strategies such as
10 development and substantial environmental review of a subarea plan for
11 a receiving area that benefits projects that use transferable
12 development rights, with adoption as appropriate under RCW 43.21C.420
13 of optional elements of their comprehensive plan and optional
14 development regulations that apply within the receiving area, adoption
15 as appropriate of a categorical exemption for infill under RCW
16 43.21C.229 for a receiving area, and adoption as appropriate of a
17 planned action under RCW 43.21C.031 for the receiving area.

18 (5) Each sponsoring city may determine, at its option, what
19 developer incentives to adopt within its jurisdiction.

20 (6) Exchange rates should be designed to:

21 (a) Create a marketplace in which transferable development rights
22 are priced at a level at which sending site landowners are willing to
23 sell and developers are willing to buy transferable development rights;

24 (b) Achieve the densities or intensities anticipated by the plan
25 adopted under section 401 of this act;

26 (c) Provide for translation to commodities in addition to
27 residential density, such as building height, commercial floor area,
28 parking ratio, impervious surface, parkland and open space, setbacks,
29 and floor area ratio; and

30 (d) Allow for appropriate exemptions from other land use or
31 building requirements.

32 (7) A sponsoring city must designate all agricultural and forest
33 land of long-term commercial significance and designated rural zoned
34 lands under section 303 of this act within the eligible counties as
35 available sending areas.

36 (8) A sponsoring city, in accordance with its existing
37 comprehensive planning and development regulation authority under
38 chapter 36.70A RCW, and in accordance with RCW 36.70A.080, may elect to

1 adopt an optional comprehensive plan element and optional development
2 regulations that apply within one or more local infrastructure project
3 areas under this chapter.

4 NEW SECTION. **Sec. 403.** DEVELOPMENT RIGHTS AVAILABLE FOR TRANSFER
5 TO RECEIVING CITIES. Only development rights from agricultural and
6 forest land of long-term commercial significance within the eligible
7 counties as determined under section 302 of this act, and rural-zoned
8 lands with the eligible counties designated under section 303 of this
9 act, may be available for transfer to receiving cities in accordance
10 with this chapter.

11 **PART V**
12 **QUANTITATIVE AND QUALITATIVE PERFORMANCE MEASURES**

13 NEW SECTION. **Sec. 501.** QUANTITATIVE AND QUALITATIVE PERFORMANCE
14 MEASURES--REPORTING. The eligible counties, in collaboration with
15 sponsoring cities, must provide a report to the department of commerce
16 by March 1st of every other year. The report must contain the
17 following information:

18 (1) The number of sponsoring cities that have adopted transfer of
19 development rights policies and regulations incorporating transfer of
20 development rights under this chapter, and have an interlocal agreement
21 or have adopted the department of commerce transfer of development
22 rights interlocal terms and conditions rule;

23 (2) The number of transfer of development rights transactions under
24 this chapter using different types of transfer of development rights
25 mechanisms;

26 (3) The number of acres under conservation easement under this
27 chapter, broken out by agricultural land, forest land, and rural lands;

28 (4) The number of transferable development rights transferred from
29 sending areas under this chapter;

30 (5) The number of transferable development rights transferred from
31 a county into a sponsoring city under this chapter;

32 (6) Sponsoring city development under this chapter using
33 transferable development rights, including:

34 (a) The number of total new residential units;

- 1 (b) The number of residential units created in receiving areas
2 using transferable development rights transferred from sending areas;
3 (c) The amount of additional commercial floor area;
4 (d) The amount of additional building height;
5 (e) The number of required structured parking spaces reduced, if
6 transferable development rights are specifically converted into reduced
7 structured parking space requirements;
8 (f) The number of additional parking spaces allowed, if
9 transferable development rights are specifically converted into
10 additional receiving area parking spaces; and
11 (g) The amount of additional impervious surface allowed, if
12 transferable development rights are specifically converted into
13 receiving area impervious surfaces;
14 (7) The amount of the local property tax allocation revenues, if
15 any, received in the preceding calendar year by the sponsoring city;
16 (8) A list of public improvements paid or financed with local
17 infrastructure project financing;
18 (9) The names of any businesses locating within local
19 infrastructure project areas as a result of the public improvements
20 undertaken by the sponsoring local government and paid or financed in
21 whole or in part with local infrastructure project financing;
22 (10) The total number of permanent jobs created in the local
23 infrastructure project area as a result of the public improvements
24 undertaken by the sponsoring local government and paid or financed in
25 whole or in part with local infrastructure project financing;
26 (11) The average wages and benefits received by all employees of
27 businesses locating within the local infrastructure project area as a
28 result of the public improvements undertaken by the sponsoring local
29 government and paid or financed in whole or in part with local
30 infrastructure project financing; and
31 (12) The date when any indebtedness issued for local infrastructure
32 project financing is expected to be retired.

33 **PART VI**

34 **ESTABLISHMENT OF LOCAL INFRASTRUCTURE PROJECT AREAS**

35 NEW SECTION. **Sec. 601.** CREATING A LOCAL INFRASTRUCTURE PROJECT

1 AREA. (1) Before adopting an ordinance or resolution creating one or
2 more local infrastructure project areas, a sponsoring city must:

3 (a) Provide notice to the county assessor, county treasurer, and
4 county within the proposed local infrastructure project area of the
5 sponsoring city's intent to create one or more local infrastructure
6 project areas. This notice must be provided at least one hundred
7 eighty days in advance of the public hearing as required by (b) of this
8 subsection;

9 (b) Hold a public hearing on the proposed formation of the local
10 infrastructure project area.

11 (2) A sponsoring city may create one or more local infrastructure
12 project areas by ordinance or resolution that:

13 (a) Describes the proposed public improvements, identified in the
14 plan under section 401 of this act, to be financed in each local
15 infrastructure project area;

16 (b) Describes the boundaries of each local infrastructure project
17 area, subject to the limitations in section 602 of this act; and

18 (c) Provides the date when the use of local property tax allocation
19 revenues will commence and a list of the participating taxing
20 districts.

21 (3) The sponsoring city must deliver a certified copy of the
22 adopted ordinance or resolution to the county assessor, county
23 treasurer, and each other participating taxing district within which
24 the local infrastructure project area is located.

25 NEW SECTION. **Sec. 602.** LIMITATIONS ON LOCAL INFRASTRUCTURE
26 PROJECT AREAS. The designation of any local infrastructure project
27 area is subject to the following limitations:

28 (1) A local infrastructure project area is limited to contiguous
29 tracts, lots, pieces, or parcels of land without the creation of
30 islands of territory not included in the local infrastructure project
31 area;

32 (2) The public improvements to be financed with local
33 infrastructure project financing must be located in the local
34 infrastructure project area and must, in the determination of the
35 sponsoring city, further the intent of this chapter;

36 (3) Local infrastructure project areas created by a sponsoring city

1 may not comprise an area containing more than twenty-five percent of
2 the total assessed value of taxable property within the sponsoring city
3 at the time the local infrastructure project areas are created;

4 (4) The boundaries of each local infrastructure project area may
5 not overlap and may not be changed during the time period that local
6 infrastructure project financing is used within the local
7 infrastructure project area, as provided under this chapter; and

8 (5) All local infrastructure project areas created by the
9 sponsoring city must comprise, in the aggregate, an area that the
10 sponsoring city determines (a) is sufficient to use the sponsoring city
11 specified portion, unless the sponsoring city satisfies its sponsoring
12 city allocated share under section 402(1)(b)(ii) of this act, and (b)
13 is no larger than reasonably necessary to use the sponsoring city
14 specified portion in projected future developments.

15 NEW SECTION. **Sec. 603.** PARTICIPATING TAXING DISTRICTS.
16 Participating taxing districts must allow the use of all of their local
17 property tax allocation revenues for local infrastructure project
18 financing.

19 **PART VII**

20 **LOCAL INFRASTRUCTURE PROJECT FINANCING**

21 **USE OF PROPERTY TAX REVENUES TO PAY OR FINANCE**

22 **COSTS OF PUBLIC IMPROVEMENTS**

23 NEW SECTION. **Sec. 701.** ALLOCATION OF PROPERTY TAX REVENUES. (1)
24 Commencing in the second calendar year following the creation of a
25 local infrastructure project area by a sponsoring city, the county
26 treasurer must distribute receipts from regular taxes imposed on real
27 property located in the local infrastructure project area as follows:

28 (a) Each participating taxing district and the sponsoring city must
29 receive that portion of its regular property taxes produced by the rate
30 of tax levied by or for the taxing district on the property tax
31 allocation revenue base value for that local infrastructure project
32 area in the taxing district; and

33 (b) The sponsoring city must receive an additional portion of the
34 regular property taxes levied by it and by or for each participating
35 taxing district upon the property tax allocation revenue value within

1 the local infrastructure project area. However, if there is no
2 property tax allocation revenue value, the sponsoring city may not
3 receive any additional regular property taxes under this subsection
4 (1)(b). The sponsoring city may agree to receive less than the full
5 amount of the additional portion of regular property taxes under this
6 subsection (1)(b) as long as bond debt service, reserve, and other bond
7 covenant requirements are satisfied, in which case the balance of these
8 tax receipts must be allocated to the participating taxing districts
9 that levied regular property taxes, or have regular property taxes
10 levied for them, in the local infrastructure project area for
11 collection that year in proportion to their regular tax levy rates for
12 collection that year. The sponsoring city may request that the
13 treasurer transfer this additional portion of the property taxes to its
14 designated agent. The portion of the tax receipts distributed to the
15 sponsoring local government or its agent under this subsection (1)(b)
16 may only be expended to pay or finance public improvement costs within
17 the local infrastructure project area.

18 (2) The county assessor must determine the property tax allocation
19 revenue value and property tax allocation revenue base value. This
20 section does not authorize revaluations of real property by the
21 assessor for property taxation that are not made in accordance with the
22 assessor's revaluation plan under chapter 84.41 RCW or under other
23 authorized revaluation procedures.

24 (3)(a) The distribution of local property tax allocation revenue to
25 the sponsoring city must cease on the date that is the earlier of:

26 (i) The date when local property tax allocation revenues are no
27 longer used or obligated to pay the costs of the public improvements;
28 or

29 (ii) The final termination date as determined under (b) of this
30 subsection.

31 (b) The final termination date is determined as follows:

32 (i) Except as provided otherwise in this subsection (3)(b), if the
33 sponsoring city certifies to the county treasurer that the local
34 property tax threshold level 1 is met, the final termination date is
35 ten years after the date of the first distribution of local property
36 tax allocation revenues under subsection (1) of this section;

37 (ii) If the sponsoring city certifies to the county treasurer that
38 the local property tax threshold level 2 is met at least six months

1 prior to the final termination date under (b)(i) of this subsection
2 (3), the final termination date is fifteen years after the date of the
3 first distribution of local property tax allocation revenues under
4 subsection (1) of this section;

5 (iii) If the sponsoring city certifies to the county treasurer that
6 the local property tax threshold level 3 is met at least six months
7 prior to the final termination date under (b)(ii) of this subsection
8 (3), the final termination date is twenty years after the date of the
9 first distribution of local property tax allocation revenues under
10 subsection (1) of this section;

11 (iv) If the sponsoring city certifies to the county treasurer that
12 the local property tax threshold level 4 is met at least six months
13 prior to the final termination date under (b)(iii) of this subsection
14 (3), the final termination date is twenty-five years after the date of
15 the first distribution of local property tax allocation revenues under
16 subsection (1) of this section.

17 (4) For purposes of this section:

18 (a) The "local property tax threshold level 1" is met when the
19 sponsoring city has either:

20 (i) Issued building permits for development within the local
21 infrastructure project area that, on an aggregate basis, uses at least
22 twenty-five percent of the sponsoring city specified portion; or

23 (ii) Acquired transferable development rights equal to at least
24 twenty-five percent of the sponsoring city specified portion for use in
25 the local infrastructure project area or for extinguishment.

26 (b) The "local property tax threshold level 2" is met when the
27 sponsoring city has either:

28 (i) Issued building permits for development within the local
29 infrastructure project area that, on an aggregate basis, uses at least
30 fifty percent of the sponsoring city specified portion; or

31 (ii) Acquired transferable development rights equal to at least
32 fifty percent of the sponsoring city specified portion for use in the
33 local infrastructure project area or for extinguishment.

34 (c) The "local property tax threshold level 3" is met when the
35 sponsoring city has either:

36 (i) Issued building permits for development within the local
37 infrastructure project area that, on an aggregate basis, uses at least
38 seventy-five percent of the sponsoring city specified portion; or

1 (ii) Acquired transferable development rights equal to at least
2 seventy-five percent of the sponsoring city specified portion for use
3 in the local infrastructure project area or for extinguishment.

4 (d) The "local property tax threshold level 4" is met when the
5 sponsoring city has either:

6 (i) Issued building permits for development within the local
7 infrastructure project area that, on an aggregate basis, uses at least
8 one hundred percent of the sponsoring city specified portion; or

9 (ii) Acquired transferable development rights equal to at least one
10 hundred percent of the sponsoring city specified portion for use in the
11 local infrastructure project area or for extinguishment.

12 (5) Any excess local property tax allocation revenues, and earnings
13 on the revenues, remaining at the time the distribution of local
14 property tax allocation revenue terminates must be returned to the
15 county treasurer and distributed to the participating taxing districts
16 that imposed regular property taxes, or had regular property taxes
17 imposed for it, in the local infrastructure project area for collection
18 that year, in proportion to the rates of their regular property tax
19 levies for collection that year.

20 (6) The allocation to local infrastructure project financing of
21 that portion of the sponsoring city's and each participating taxing
22 district's regular property taxes levied upon the property tax
23 allocation revenue value within that local infrastructure project area
24 is declared to be a public purpose of and benefit to the sponsoring
25 city and each participating taxing district.

26 (7) The distribution of local property tax allocation revenues
27 under this section may not affect or be deemed to affect the rate of
28 taxes levied by or within any sponsoring local government and
29 participating taxing district or the consistency of any such levies
30 with the uniformity requirement of Article VII, section 1 of the state
31 Constitution.

32 **PART VIII**

33 **GROWTH MANAGEMENT ACT**

34 **COMPREHENSIVE PLAN OPTIONAL ELEMENTS**

35 **Sec. 801.** RCW 36.70A.080 and 1990 1st ex.s. c 17 s 8 are each
36 amended to read as follows:

1 (1) A comprehensive plan may include additional elements, items, or
2 studies dealing with other subjects relating to the physical
3 development within its jurisdiction, including, but not limited to:

4 (a) Conservation;

5 (b) Solar energy; and

6 (c) Recreation.

7 (2) A comprehensive plan may include, where appropriate, subarea
8 plans, each of which is consistent with the comprehensive plan.

9 (3)(a) Cities that qualify as a receiving city may adopt a
10 comprehensive plan element and associated development regulations that
11 apply within receiving areas under chapter 39.--- RCW (the new chapter
12 created in section 903 of this act).

13 (b) For purposes of this subsection, the terms "receiving city" and
14 "receiving area" have the same meanings as provided in section 201 of
15 this act.

16 **PART IX**
17 **MISCELLANEOUS**

18 NEW SECTION. Sec. 901. ADMINISTRATION BY THE DEPARTMENT OF
19 COMMERCE. The department of commerce may adopt any rules under chapter
20 34.05 RCW it considers necessary for the administration of this
21 chapter.

22 NEW SECTION. Sec. 902. If any provision of this act or its
23 application to any person or circumstance is held invalid, the
24 remainder of the act or the application of the provision to other
25 persons or circumstances is not affected.

26 NEW SECTION. Sec. 903. Sections 101 through 701 of this act
27 constitute a new chapter in Title 39 RCW."

28 Correct the title.

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