

SSB 5525 - H COMM AMD
By Committee on Ways & Means

ADOPTED 04/05/2011

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

3 "Sec. 1. RCW 39.100.010 and 2007 c 266 s 2 are each amended to
4 read as follows:

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

7 (1) "Benefit zone" means the geographic zone from which taxes are
8 to be appropriated to finance public improvements authorized under this
9 chapter and in which a hospital that has received a certificate of need
10 is to be constructed.

11 (2) "Department" means the department of revenue.

12 (3) "Local government" means any city, town, county, or any
13 combination thereof.

14 (4) "Ordinance" means any appropriate method of taking legislative
15 action by a local government.

16 (5) "Participating taxing authority" means a taxing authority that
17 has entered into a written agreement with a local government for the
18 use of hospital benefit zone financing to the extent of allocating
19 excess local excise taxes to the local government for the purpose of
20 financing all or a portion of the costs of designated public
21 improvements.

22 (6) "Public improvements" means:

23 (a) Infrastructure improvements within the benefit zone that
24 include:

25 ((+a)) (i) Street and road construction and maintenance;

26 ((+b)) (ii) Water and sewer system construction and improvements;

27 ((+c)) (iii) Sidewalks and streetlights;

28 ((+d)) (iv) Parking, terminal, and dock facilities;

29 ((+e)) (v) Park and ride facilities of a transit authority;

30 ((+f)) (vi) Park facilities and recreational areas; and

1 ~~((g))~~ (vii) Storm water and drainage management systems; and
2 (b) The construction, maintenance, and improvement of state
3 highways that are connected to the benefit zone, including interchanges
4 connected to the benefit zone.

5 (7) "Public improvement costs" means the costs of: (a) Design,
6 planning, acquisition including land acquisition, site preparation
7 including land clearing, construction, reconstruction, rehabilitation,
8 improvement, and installation of public improvements; (b) demolishing,
9 relocating, maintaining, and operating property pending construction of
10 public improvements; (c) relocating utilities as a result of public
11 improvements; and (d) financing public improvements, including interest
12 during construction, legal and other professional services, taxes,
13 insurance, principal and interest costs on indebtedness issued to
14 finance public improvements, and any necessary reserves for
15 indebtedness; and administrative expenses and feasibility studies
16 reasonably necessary and related to these costs, including related
17 costs that may have been incurred before adoption of the ordinance
18 authorizing the public improvements and the use of hospital benefit
19 zone financing to fund the costs of the public improvements.

20 (8) "Tax allocation revenues" means those tax revenues derived from
21 the receipt of excess local excise taxes under RCW 39.100.050 and
22 distributed by a local government, participating taxing authority, or
23 both, to finance public improvements.

24 (9) "Taxing authority" means a governmental entity that imposes a
25 sales or use tax under chapter 82.14 RCW upon the occurrence of any
26 taxable event within a proposed or approved benefit zone.

27 **Sec. 2.** RCW 39.100.020 and 2007 c 266 s 3 are each amended to read
28 as follows:

29 A local government may finance public improvements using hospital
30 benefit zone financing subject to the following conditions:

31 (1)(a) The local government adopts an ordinance designating a
32 benefit zone within its boundaries and specifying the public
33 improvements proposed to be financed in whole or in part with the use
34 of hospital benefit zone financing;

35 (b) A local government may modify the public improvements to be
36 financed in whole or in part with the use of hospital benefit zone
37 financing by amending the ordinance adopted under (a) of this

1 subsection and holding a public hearing consistent with RCW
2 39.100.030(1)(b); provided that the total cost of the public
3 improvements is not increased;

4 (2) The public improvements proposed to be financed in whole or in
5 part using hospital benefit zone financing are expected both to
6 encourage private development within the benefit zone and to support
7 the development of a hospital that has received a certificate of need;

8 (3) Private development that is anticipated to occur within the
9 benefit zone, as a result of the public improvements, will be
10 consistent with the countywide planning policy adopted by the county
11 under RCW 36.70A.210 and the local government's comprehensive plan and
12 development regulations adopted under chapter 36.70A RCW;

13 (4) The governing body of the local government finds that the
14 public improvements proposed to be financed in whole or in part using
15 hospital benefit zone financing are reasonably likely to:

- 16 (a) Increase private investment within the benefit zone;
- 17 (b) Increase employment within the benefit zone; and
- 18 (c) Generate, over the period of time that the local sales and use
19 tax will be imposed under RCW 82.14.465, excess state excise taxes that
20 are equal to or greater than the state contributions made under this
21 chapter;

22 (5) The boundaries of a hospital benefit zone may not overlap any
23 part of the boundaries of another hospital benefit zone or a revenue
24 development area defined in chapter 39.102 RCW; and

25 (6) The boundaries of a hospital benefit zone may not change once
26 the hospital benefit zone is established and approved by the
27 department.

28 **Sec. 3.** RCW 82.14.465 and 2009 c 535 s 1109 are each amended to
29 read as follows:

30 (1) A city, town, or county that creates a benefit zone and
31 finances public improvements pursuant to chapter 39.100 RCW may impose
32 a sales and use tax in accordance with the terms of this chapter and
33 subject to the criteria set forth in this section. Except as provided
34 in this section, the tax is in addition to other taxes authorized by
35 law and (~~shall~~) must be collected from those persons who are taxable
36 by the state under chapters 82.08 and 82.12 RCW upon the occurrence of
37 any taxable event within the taxing jurisdiction of the city, town, or

1 county. The rate of tax (~~shall~~) may not exceed the rate provided in
2 RCW 82.08.020(1) in the case of a sales tax or a use tax, less the
3 aggregate rates of any other taxes imposed on the same events that are
4 credited against the state taxes imposed under chapters 82.08 and 82.12
5 RCW. The tax rate (~~shall~~) may be no higher than what is reasonably
6 necessary for the local government to receive its entire annual state
7 contribution in a ten-month period of time.

8 (2) The tax imposed under subsection (1) of this section (~~shall~~)
9 must be deducted from the amount of tax otherwise required to be
10 collected or paid over to the department under chapter 82.08 or 82.12
11 RCW. The department (~~shall~~) must perform the collection of such
12 taxes on behalf of the city, town, or county at no cost to the city,
13 town, or county.

14 (3) No tax may be imposed under this section before July 1, 2007.
15 Before imposing a tax under this section, the city, town, or county
16 shall first have received tax allocation revenues during the preceding
17 calendar year. The tax imposed under this section (~~shall~~) expires on
18 the earlier of the date: (a) The tax allocation revenues are no longer
19 used for public improvements and public improvement costs; (b) the
20 bonds issued (~~under the authority of chapter 39.100 RCW are retired~~)
21 to finance or refinance the improvements are no longer outstanding, if
22 the bonds are issued; or (c) that is thirty years after the tax is
23 first imposed.

24 (4) An ordinance adopted by the legislative authority of a city,
25 town, or county imposing a tax under this section (~~shall~~) must
26 provide that:

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

29 (b) The amount of tax received by the local government in any
30 fiscal year (~~shall~~) may not exceed the amount of the state
31 contribution;

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

34 (i) The amount of tax distributions totals the amount of the state
35 contribution;

36 (ii) The amount of tax distributions totals the amount of local
37 public sources, dedicated in the previous calendar year to finance
38 public improvements authorized under chapter 39.100 RCW, expended in

1 the previous year for public improvement costs, or used to pay for
2 other bonds issued to pay for public improvements. Revenues from local
3 public sources, including hospital sources identified in RCW
4 82.14.465(7)(k), dedicated in the preceding calendar year that are in
5 excess of the project award may be carried forward and used in later
6 years for the purpose of this subsection; or

7 (iii) The amount of revenue from taxes imposed under this section
8 by all cities, towns, and counties totals the annual state credit limit
9 as provided in RCW 82.32.700(3);

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

14 (e) Any revenue generated by the tax in excess of the amounts
15 specified in (b) and (c) of this subsection (~~shall~~) belong to the
16 state of Washington.

17 (5) If both a county and a city or town impose a tax under this
18 section, the tax imposed by the city, town, or county (~~shall be~~) is
19 credited as follows:

20 (a) If the county has created a benefit zone before the city or
21 town, the tax imposed by the county (~~shall be~~) is credited against
22 the tax imposed by the city or town, the purpose of such credit is to
23 give priority to the county tax; and

24 (b) If the city or town has created a benefit zone before the
25 county, the tax imposed by the city or town (~~shall be~~) is credited
26 against the tax imposed by the county, the purpose of such credit is to
27 give priority to the city or town tax.

28 (6) The department (~~shall~~) must determine the amount of tax
29 distributions attributable to each city, town, and county imposing a
30 sales and use tax under this section and (~~shall~~) must advise a city,
31 town, or county when the tax will cease to be distributed for the
32 remainder of the fiscal year as provided in subsection (4)(c) of this
33 section. Determinations by the department of the amount of taxes
34 attributable to a city, town, or county are final and (~~shall~~) may not
35 be used to challenge the validity of any tax imposed under this
36 section. The department (~~shall~~) must remit any tax revenues in
37 excess of the amounts specified in subsection (4)(b) and (c) of this

1 section to the state treasurer who (~~shall~~) must deposit the moneys in
2 the general fund.

3 (7) The definitions in this subsection apply throughout this
4 section and RCW 82.14.470 unless the context clearly requires
5 otherwise.

6 (a) "Base year" means the calendar year immediately following the
7 creation of a benefit zone.

8 (b) "Benefit zone" has the same meaning as provided in RCW
9 39.100.010.

10 (c) "Excess local excise taxes" has the same meaning as provided in
11 RCW 39.100.050.

12 (d) "Excess state excise taxes" means the amount of excise taxes
13 received by the state during the measurement year from taxable activity
14 within the benefit zone over and above the amount of excise taxes
15 received by the state during the base year from taxable activity within
16 the benefit zone. However, if a local government creates the benefit
17 zone and reasonably determines that no activity subject to tax under
18 chapters 82.08 and 82.12 RCW occurred in the twelve months immediately
19 preceding the creation of the benefit zone within the boundaries of the
20 area that became the benefit zone, "excess state excise taxes" means
21 the entire amount of state excise taxes the state receives during a
22 calendar year period beginning with the calendar year immediately
23 following the creation of the benefit zone and continuing with each
24 measurement year thereafter.

25 (e) "State excise taxes" means revenues derived from state retail
26 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount
27 of tax distributions from all local retail sales and use taxes imposed
28 on the same taxable events that are credited against the state retail
29 sales and use taxes under chapters 82.08 and 82.12 RCW except for the
30 local tax authorized in this section.

31 (f) "Fiscal year" has the same meaning as provided in RCW
32 39.100.030.

33 (g) "Measurement year" means a calendar year, beginning with the
34 calendar year following the base year and each calendar year
35 thereafter, that is used annually to measure the amount of excess state
36 excise taxes and excess local excise taxes.

37 (h) "State contribution" means the lesser of two million dollars or

1 an amount equal to excess state excise taxes received by the state
2 during the preceding calendar year.

3 (i) "Tax allocation revenues" has the same meaning as provided in
4 RCW 39.100.010.

5 (j) "Public improvements" and "public improvement costs" have the
6 same meanings as provided in RCW 39.100.010.

7 (k) "Local public sources" includes, but is not limited to, private
8 monetary contributions, assessments, dedicated local government funds,
9 and tax allocation revenues. "Local public sources" does not include
10 local government funds derived from the state-subsidized portion of any
11 state loan or state grant, any local tax that is credited against the
12 state sales and use taxes, or any other state funds. Local public
13 sources may include amounts expended by a hospital in the zone since
14 the date of formation of the zone and may be applied to the year or
15 years designated by the local government.

16 **Sec. 4.** RCW 82.14.470 and 2007 c 266 s 8 are each amended to read
17 as follows:

18 (1)(a)(i) Moneys collected from the taxes imposed under RCW
19 82.14.465 (~~shall~~) may be used only for the following purposes:

20 (A) Principal and interest payments on bonds issued to finance or
21 refinance public improvements in a benefit zone under the authority of
22 RCW 39.100.060;

23 (B) Principal and interest payments on other bonds issued by the
24 local government to finance public improvements; or

25 (C) Payments for public improvement costs.

26 (ii) Moneys collected and used as provided in (a)(i) of this
27 subsection must be matched with an amount from local public sources
28 dedicated, as further provided in RCW 82.14.465 (4)(c)(ii) and (7)(k),
29 through December 31st of the previous calendar year to finance public
30 improvements authorized under chapter 39.100 RCW.

31 (b) Local public sources are dedicated to finance public
32 improvements if they: (i) Are actually expended to pay public
33 improvement costs or debt service on bonds issued for public
34 improvements; or (ii) are required by law or an agreement to be used
35 exclusively to pay public improvement costs or debt service on bonds
36 issued for public improvements.

1 (c) A city, town, or county is not required to expend taxes imposed
2 under RCW 82.14.465 in the fiscal year in which the taxes are received.

3 (2) A local government (~~shall~~) must inform the department by the
4 first day of March of the amount of local public sources (~~dedicated~~
5 ~~in~~) allocated to the preceding calendar year to finance public
6 improvements authorized under chapter 39.100 RCW.

7 (3) If a local government fails to comply with subsection (2) of
8 this section, no tax may be imposed under RCW 82.14.465 in the
9 subsequent fiscal year.

10 (4)(a) A local government (~~shall~~) must provide a report to the
11 department and the state auditor by March 1st of each year. A local
12 government (~~shall~~) must make a good faith effort to provide
13 information required for the report.

14 (b) The report (~~shall~~) must contain the following information:

15 (~~(a)~~) (i) The amount of tax allocation revenues, taxes under RCW
16 82.14.465, and local public sources received by the local government
17 during the preceding calendar year, and a summary of how these revenues
18 were expended; and

19 (~~(b)~~) (ii) The names of any businesses known to the local
20 government that have located within the benefit zone as a result of the
21 public improvements undertaken by the local government and financed in
22 whole or in part with hospital benefit zone financing.

23 (5) The department (~~shall~~) must make a report available to the
24 public and the legislature by June 1st of each year. The report
25 (~~shall~~) must include a list of public improvements undertaken by
26 local governments and financed in whole or in part with hospital
27 benefit zone financing, and it (~~shall~~) must also include a summary of
28 the information provided to the department by local governments under
29 subsection (4) of this section."

30 Correct the title.

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