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**Technology & Economic Development  
Committee**

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**HB 1306**

**Brief Description:** Extending the expiration dates of the local infrastructure financing tool program.

**Sponsors:** Representatives Wylie, Moeller, Harris, Pike, Johnson, Chandler, Sells, Pollet, Upthegrove and Moscoso.

**Brief Summary of Bill**

- Extends the expiration date of the Local Infrastructure Financing Tool Program from June 30, 2039, to June 30, 2049.
- Increases the length of time from five to seven years during which a sponsoring local government may receive a state sales and use tax credit without issuing bonds or beginning public improvement construction.

**Hearing Date:** 2/5/13

**Staff:** Jennifer Thornton (786-7147).

**Background:**

In 2006, the Local Infrastructure Financing Tool (LIFT) program was created and made available to certain local governments for financing local public improvement projects intended to encourage economic development or redevelopment. As part of the LIFT program, a sponsoring local government (a city, town, county, or federally recognized Indian tribe) creates a "revenue development area" from which annual increases in revenues from local sales and use taxes and local property taxes are measured. Such increases in revenues and any additional funds from other local public sources are then used to pay for public improvements in the revenue development area and are also used to match a state contribution.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

State funding for the LIFT program is provided through a credit against the state sales and use tax. The sponsoring local government is allowed to retain a certain amount of state sales and use tax revenue that would otherwise be deposited in the State General Fund. The maximum state contribution that a sponsoring local government can receive each year is limited to the lesser of:

- \$1 million;
- the amount of the project award;
- the amount of local matching funds dedicated to the payment of the public improvements or bonds in the previous calendar year; or
- the highest amount of incremental state sales and use and state property tax revenues for any one calendar year.

The local funds and state contribution are used for the payment of bonds issued for financing local public improvements within the revenue development area. The public improvements may be financed on a pay-as-you-go basis but only for the first five years of the state contribution. Sponsoring local governments must issue bonds by the end of the fifth fiscal year that the state sales tax revenue is retained. State sales taxes cannot be retained by a sponsoring local government for the LIFT program for more than 25 years.

The maximum statewide contribution for all of the LIFT projects is capped at \$7.5 million per year. Nine projects have been awarded state contributions under the LIFT program. The projects are located in Bellingham, Bothell, Everett, Federal Way, Mount Vernon, Puyallup, Vancouver, Yakima, and Spokane County.

The application process for the LIFT program is closed. The expiration date for the LIFT program is June 30, 2039.

**Summary of Bill:**

The expiration date of the Local Infrastructure Financing Tool Program is extended from June 30, 2039, to June 30, 2049.

A local jurisdiction may receive a sales and use tax credit without issuing bonds or beginning public improvement construction for seven, rather than five, years.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.