

# FINAL BILL REPORT

## E2SHB 1306

---

---

C 21 L 13 E2  
Synopsis as Enacted

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

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Wylie, Moeller, Harris, Pike, Johnson, Chandler, Sells, Pollet, Upthegrove and Moscoso).

**House Committee on Technology & Economic Development**

**House Committee on Finance**

**Senate Committee on Ways & Means**

### **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.

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 may 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.

---

*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.*

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:**

The expiration date of the Local Infrastructure Financing Tool (LIFT) program is extended from June 30, 2039, to June 30, 2044.

The requirement that a sponsoring or cosponsoring local government issue indebtedness to finance the costs of public improvements is removed. The sponsoring or cosponsoring local government must commence construction of a public improvement project by June 30, 2017, to receive a state sales and use tax credit.

The Department of Revenue's (Department) determination of the amount of the state contribution is final and conclusive, and may only be changed if the Department later finds that local revenue information reported by a local government differs from the actual amount of dedicated local revenue. If a discrepancy is found, the Department must adjust its determination accordingly.

"Dedicated" is defined to mean pledged, set aside, allocated, received, budgeted, or otherwise identified.

The sponsoring local government's annual report to the Community Economic Revitalization Board and Department must additionally include local revenues received by any cosponsoring and participating local governments for the LIFT-related public improvements.

**Votes on Final Passage:**

House	81	16	
Senate	45	2	(Senate amended)

Second Special Session

House	73	14
Senate	43	4

**Effective:** September 28, 2013