SENATE BILL REPORT
SB 5293

As of March 1, 2013

Title: An act relating to extending the expiration dates of the local infrastructure financing tool program.

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

Sponsors: Senators Cleveland, Rivers, King, Hobbs, Harper, Billig, Ericksen, Ranker, Eide, Fain, Keiser and Tom.

Brief History:
Committee Activity: Ways & Means: 2/28/13.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: In 2006, the Local Infrastructure Financing Tool program (LIFT) 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 LIFT, a sponsoring local government, either a city, town, county, or federally recognized Indian tribe, creates a revenue development area from which annual increases in revenue from local sales and use taxes and local property taxes are measured. Such increases in revenue 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 LIFT 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

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- 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 LIFT for more than 25 years.

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

Summary of Bill: The expiration date of LIFT 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: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The Legislature decided to provide $7.5 million for these projects. The project in Vancouver is part of a 15-year project to revitalize the downtown. Without this bill, we would have to trigger the state sales tax credit before we were ready to use it. The slow economy has delayed the start of the Yakima project. We have already committed $4 million. This project will go on. There are a lot of protections in the legislation for the state. You do not get the match until local government is up and running and generating business.

Persons Testifying: PRO: Mark Brown, City of Vancouver; Jim Justin, City of Yakima; Doug Levy, City of Everett.