
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1563

State of Washington

63rd Legislature

2013 Regular Session

By House Capital Budget (originally sponsored by Representatives Farrell, Wylie, McCoy, Orwall, Seaquist, Bergquist, Springer, Pedersen, O'Ban, Kochmar, Moeller, Fitzgibbon, Appleton, Ryu, Stanford, Maxwell, Jinkins, Hunt, Fey, Pollet, Goodman, Habib, and Santos)

READ FIRST TIME 02/27/13.

1 AN ACT Relating to the disposition of surplus property for the
2 development of affordable housing; amending RCW 47.12.063, 79.11.005,
3 79A.05.170, 79A.05.175, 81.112.080, 36.34.135, and 39.102.020; adding
4 a new section to chapter 43.19 RCW; adding a new section to chapter
5 43.20A RCW; adding a new section to chapter 72.09 RCW; adding a new
6 section to chapter 79A.05 RCW; adding a new section to chapter 35.21
7 RCW; adding a new section to chapter 36.34 RCW; adding a new chapter to
8 Title 39 RCW; and repealing RCW 43.19.19201, 43.20A.037, 43.63A.510,
9 47.12.064, and 72.09.055.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 NEW SECTION. **Sec. 1.** The legislature recognizes that many local
12 governmental entities are experiencing financial challenges, and
13 understands the multiple needs of local governmental entities to
14 provide important services. It is the intent of the legislature to
15 provide flexibility to local governmental entities regarding the
16 disposition of surplus property for the development of affordable
17 housing and to allow sufficient discretion to local governmental
18 entities to balance these competing needs.

1 NEW SECTION. **Sec. 2.** (1) A governmental entity may sell, lease,
2 exchange, or donate surplus property to an eligible organization at a
3 price that is less than fair market value, or may create beneficial
4 sales terms including, but not limited to, extended closings, if the
5 affordable housing to be developed on the property will be occupied
6 primarily by extremely low-income, very low-income, federally qualified
7 low-income, or low-income households.

8 (2) A governmental entity disposing of surplus property under
9 subsection (1) of this section must: (a) Enter into a recorded
10 covenant with the eligible organization or a loan note in the name of
11 the governmental entity, to ensure that the property will meet the
12 required income, rent, and sales price restrictions; and (b) monitor
13 compliance with the covenant or loan note.

14 (3) An eligible organization may obtain surplus property through
15 purchase, lease, exchange, or donation, under reasonable option and
16 conveyance conditions, in return for: (a) A recorded covenant to
17 provide rental housing for extremely low-income, very low-income,
18 federally qualified low-income, or low-income households for at least
19 forty years; or (b) a loan note in the name of a governmental entity
20 for homeownership programs in which the homeowners are extremely low-
21 income, very low-income, federally qualified low-income, or low-income.

22 (4) As an alternative to the requirements of this section,
23 counties, cities, and towns may sell surplus property at a discount for
24 affordable housing that may be part of mixed-income or mixed-use
25 developments, provided that the affordable housing complies with the
26 guidelines for affordable housing, income levels, affordable rents,
27 affordable sales prices, and minimum terms of affordability under RCW
28 36.70A.540 for affordable housing incentive programs.

29 (5) The authority granted to counties, cities, and towns in this
30 section is in addition to, and must not be construed to limit, any
31 existing authority.

32 NEW SECTION. **Sec. 3.** The definitions in this section apply
33 throughout this chapter unless the context clearly requires otherwise.

34 (1) "Affordable housing" means residential housing that is rented
35 or owned by a person who qualifies as an extremely low-income, very
36 low-income, federally qualified low-income, or low-income household or
37 who is from a special needs population, and for which monthly housing

1 costs, including utilities other than telephone, do not exceed thirty
2 percent of the household's maximum allowed monthly income for the
3 housing unit. "Affordable housing" also means farmworker housing.

4 (2) "Eligible organization" means a county, city, or town
5 government, local housing authority, public development authority,
6 community renewal agency, regional support network established under
7 chapter 71.24 RCW, nonprofit community or neighborhood-based
8 organization, federally recognized Indian tribe in the state of
9 Washington, or nonprofit housing assistance organization, including
10 such entities materially participating as a general partner or managing
11 members of a partnership, limited liability company, or equivalent
12 organization.

13 (3) "Extremely low-income household" means a single person, family,
14 or unrelated persons living together whose income is at or below thirty
15 percent of the county area median income where the affordable housing
16 is located, adjusted for household size.

17 (4) "Federally qualified low-income household" means a single
18 person, family, or unrelated persons living together whose income is
19 more than fifty percent but is at or below sixty percent of the county
20 area median income where the affordable housing is located, adjusted
21 for household size.

22 (5) "Governmental entity" means the state department of
23 corrections, enterprise services, natural resources, social and health
24 services, or transportation, the state parks and recreation commission,
25 a county, city, or town government, or a regional transit authority.

26 (6) "Low-income household" means a single person, family, or
27 unrelated persons living together whose income is more than sixty
28 percent but is at or below eighty percent of the county area median
29 income where the affordable housing is located, adjusted for household
30 size.

31 (7) "Moderate-income household" means a single person, family, or
32 unrelated persons living together whose income is more than eighty
33 percent but is at or below one hundred fifteen percent of the county
34 area median income where the affordable housing is located.

35 (8) "Primarily" means fifty-one percent or more.

36 (9) "Real property" means land, buildings, or buildings and land.
37 "Real property" also includes air rights.

1 (10) "Surplus property" means real property, or any interest in
2 real property, that is not required for the governmental entity's needs
3 or the discharge of its responsibilities. "Surplus property" includes,
4 but is not limited to, real property, or any interest in real property,
5 declared surplus by a governmental entity under that entity's own
6 policies and procedures. However, "surplus property" does not include
7 state forest lands managed by the department of natural resources.

8 (11) "Very low-income household" means a single person, family, or
9 unrelated persons living together whose income is at or below fifty
10 percent of the county area median income for the county where the
11 affordable housing is located, adjusted for household size.

12 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.19 RCW
13 to read as follows:

14 The department may sell, lease, exchange, or donate surplus
15 property to an eligible organization for the purpose of affordable
16 housing as specified in chapter 39.-- RCW (the new chapter created in
17 section 18 of this act).

18 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.20A RCW
19 to read as follows:

20 The department may sell, lease, exchange, or donate surplus
21 property to an eligible organization for the purpose of affordable
22 housing as specified in chapter 39.-- RCW (the new chapter created in
23 section 18 of this act).

24 **Sec. 6.** RCW 47.12.063 and 2011 c 376 s 2 are each amended to read
25 as follows:

26 (1) It is the intent of the legislature to continue the
27 department's policy giving priority consideration to abutting property
28 owners in agricultural areas when disposing of property through its
29 surplus property program under this section.

30 (2) Whenever the department determines that any real property owned
31 by the state of Washington and under the jurisdiction of the department
32 is no longer required for transportation purposes and that it is in the
33 public interest to do so, the department may sell the property or
34 exchange it in full or part consideration for land or improvements or
35 for construction of improvements at fair market value to any person

1 through the solicitation of written bids through public advertising in
2 the manner prescribed under RCW 47.28.050 or in the manner prescribed
3 under RCW 47.12.283.

4 (3) The department may forego the processes prescribed by RCW
5 47.28.050 and 47.12.283 and sell the real property to any of the
6 following entities or persons at fair market value:

7 (a) Any other state agency;

8 (b) The city or county in which the property is situated;

9 (c) Any other municipal corporation;

10 (d) Regional transit authorities created under chapter 81.112 RCW;

11 (e) The former owner of the property from whom the state acquired
12 title;

13 (f) In the case of residentially improved property, a tenant of the
14 department who has resided thereon for not less than six months and who
15 is not delinquent in paying rent to the state;

16 (g) Any abutting private owner but only after each other abutting
17 private owner (if any), as shown in the records of the county assessor,
18 is notified in writing of the proposed sale. If more than one abutting
19 private owner requests in writing the right to purchase the property
20 within fifteen days after receiving notice of the proposed sale, the
21 property shall be sold at public auction in the manner provided in RCW
22 47.12.283;

23 (h) To any other owner of real property required for transportation
24 purposes;

25 (i) In the case of property suitable for residential use, any
26 nonprofit organization that is dedicated to providing affordable
27 housing to very low-income, low-income, and moderate-income households
28 as defined in ((~~RCW 43.63A.510~~)) section 3 of this act and is eligible
29 to receive assistance through the Washington housing trust fund created
30 in chapter 43.185 RCW; or

31 (j) A federally recognized Indian tribe within whose reservation
32 boundary the property is located.

33 (4) The department also may forego the processes prescribed by RCW
34 47.28.050 and 47.12.283, and may sell, lease, exchange, or donate
35 surplus property to an eligible organization as specified in chapter
36 39.-- RCW (the new chapter created in section 18 of this act) for the
37 purpose of affordable housing or, in the case of surplus property not

1 suitable for residential use, for purposes that support or complement
2 the development of affordable housing.

3 (5) When selling real property pursuant to RCW 47.12.283, the
4 department may withhold or withdraw the property from an auction when
5 requested by one of the entities or persons listed in subsection (3) of
6 this section and only after the receipt of a nonrefundable deposit
7 equal to ten percent of the fair market value of the real property or
8 five thousand dollars, whichever is less. This subsection does not
9 prohibit the department from exercising its discretion to withhold or
10 withdraw the real property from an auction if the department determines
11 that the property is no longer surplus or chooses to sell the property
12 through one of the other means listed in subsection (2) of this
13 section. If a transaction under this subsection is not completed
14 within sixty days, the real property must be put back up for sale.

15 ~~((+5))~~ (6) Sales to purchasers may at the department's option be
16 for cash, by real estate contract, or exchange of land or improvements.
17 Transactions involving the construction of improvements must be
18 conducted pursuant to chapter 47.28 RCW and Title 39 RCW, as
19 applicable, and must comply with all other applicable laws and rules.

20 ~~((+6))~~ (7) Conveyances made pursuant to this section shall be by
21 deed executed by the secretary of transportation and shall be duly
22 acknowledged.

23 ~~((+7))~~ (8) Unless otherwise provided, all moneys received pursuant
24 to the provisions of this section less any real estate broker
25 commissions paid pursuant to RCW 47.12.320 shall be deposited in the
26 motor vehicle fund.

27 NEW SECTION. Sec. 7. A new section is added to chapter 72.09 RCW
28 to read as follows:

29 The department may sell, lease, exchange, or donate surplus
30 property to an eligible organization for the purpose of affordable
31 housing as specified in chapter 39.-- RCW (the new chapter created in
32 section 18 of this act).

33 **Sec. 8.** RCW 79.11.005 and 2003 c 334 s 201 are each amended to
34 read as follows:

35 (1) The department ~~((is authorized to))~~ may sell any real property
36 not designated or acquired as state forest lands, but acquired by the

1 state, either in the name of the forest board, the forestry board, or
2 the division of forestry, for administrative sites, lien foreclosures,
3 or other purposes whenever it shall determine that the lands are no
4 longer or not necessary for public use.

5 (2) The department also may sell, lease, exchange, or donate
6 surplus property, other than state forest lands, to an eligible
7 organization for the purpose of affordable housing as specified in
8 chapter 39.-- RCW (the new chapter created in section 18 of this act).

9 (3) Except as otherwise provided in subsection (2) of this section
10 and chapter 39.-- RCW (the new chapter created in section 18 of this
11 act), the sale may be made after public notice to the highest bidder
12 for such a price as approved by the governor, but not less than the
13 fair market value of the real property, plus the value of improvements
14 thereon. Any instruments necessary to convey title must be executed by
15 the governor in a form approved by the attorney general.

16 ~~((+3))~~ (4) All amounts received from the sale must be credited to
17 the fund of the department of government that is responsible for the
18 acquisition and maintenance of the property sold.

19 NEW SECTION. Sec. 9. A new section is added to chapter 79A.05 RCW
20 to read as follows:

21 The commission may sell, lease, exchange, or donate surplus
22 property to an eligible organization for the purpose of affordable
23 housing as specified in chapter 39.-- RCW (the new chapter created in
24 section 18 of this act).

25 **Sec. 10.** RCW 79A.05.170 and 1991 sp.s. c 13 s 23 are each amended
26 to read as follows:

27 (1) Except for those lands subject to section 9 of this act and
28 chapter 39.-- RCW (the new chapter created in section 18 of this act),
29 any lands owned by the (~~state parks and recreation~~) commission, which
30 are determined to be surplus to the needs of the state for development
31 for state park purposes and which the commission proposes to deed to a
32 local government or other entity, shall be accompanied by a clause
33 requiring that if the land is not used for outdoor recreation purposes,
34 ownership of the land shall revert to the (~~state parks and~~
35 recreation)) commission.

1 (2) The (~~state parks and recreation~~) commission, in cases where
2 land subject to such a reversionary clause is proposed for use or
3 disposal for purposes other than recreation, shall require that, if the
4 land is surplus to the needs of the commission for park purposes at the
5 time the commission becomes aware of its proposed use for nonrecreation
6 purposes, the holder of the land or property shall reimburse the
7 commission for the release of the reversionary interest in the land.
8 The reimbursement shall be in the amount of the fair market value of
9 the reversionary interest as determined by a qualified appraiser
10 agreeable to the commission. Appraisal costs shall be borne by the
11 local entity which holds title to the land.

12 (3) Any funds generated under a reimbursement under this section
13 shall be deposited in the parkland acquisition account which is hereby
14 created in the state treasury. Moneys in this account are to be used
15 solely for the purchase or acquisition of property for use as state
16 park property by the commission, as directed by the legislature; all
17 such funds shall be subject to legislative appropriation.

18 **Sec. 11.** RCW 79A.05.175 and 2007 c 145 s 1 are each amended to
19 read as follows:

20 Except for those lands subject to section 9 of this act and chapter
21 39.-- RCW (the new chapter created in section 18 of this act), whenever
22 the commission finds that any land under its control cannot
23 advantageously be used for park purposes, it is authorized to dispose
24 of such land by the method provided in this section or by the method
25 provided in RCW 79A.05.170. If such lands are school or other grant
26 lands, control thereof shall be relinquished by resolution of the
27 commission to the proper state officials. If such lands were acquired
28 under restrictive conveyances by which the state may hold them only so
29 long as they are used for park purposes, they may be returned to the
30 donor or grantors by the commission. All other such lands may be
31 either sold by the commission to the highest bidder or exchanged for
32 other lands of equal value by the commission, and all conveyance
33 documents shall be executed by the governor. All such exchanges shall
34 be accompanied by a transfer fee, to be set by the commission and paid
35 by the other party to the transfer; such fee shall be paid into the
36 parkland acquisition account established under RCW 79A.05.170. The
37 commission may accept sealed bids, electronic bids, or oral bids at

1 auction. Bids on all sales shall be solicited at least twenty days in
2 advance of the sale date by an advertisement appearing at least once a
3 week for two consecutive weeks in a newspaper of general circulation in
4 the county in which the land to be sold is located. If the commission
5 feels that no bid received adequately reflects the fair value of the
6 land to be sold, it may reject all bids, and may call for new bids.
7 All proceeds derived from the sale of such park property shall be paid
8 into the park land acquisition account. All land considered for
9 exchange shall be evaluated by the commission to determine its
10 adaptability to park usage. The equal value of all lands exchanged
11 shall first be determined by the appraisals to the satisfaction of the
12 commission. No sale or exchange of state park lands shall be made
13 without the unanimous consent of the commission.

14 NEW SECTION. **Sec. 12.** A new section is added to chapter 35.21 RCW
15 to read as follows:

16 Every city and town, including every code city operating under
17 Title 35A RCW, may sell, lease, exchange, or donate surplus property to
18 an eligible organization for the purpose of affordable housing as
19 specified in chapter 39.-- RCW (the new chapter created in section 18
20 of this act). The authority granted to cities and towns, including
21 code cities, in this section is in addition to, and must not be
22 construed to limit, any existing authority.

23 NEW SECTION. **Sec. 13.** A new section is added to chapter 36.34 RCW
24 to read as follows:

25 Every county may sell, lease, exchange, or donate surplus property
26 to an eligible organization for the purpose of affordable housing as
27 specified in chapter 39.-- RCW (the new chapter created in section 18
28 of this act). The authority granted to counties in this section is in
29 addition to, and must not be construed to limit, any existing
30 authority.

31 **Sec. 14.** RCW 81.112.080 and 1992 c 101 s 8 are each amended to
32 read as follows:

33 An authority shall have the following powers in addition to the
34 general powers granted by this chapter:

1 (1) To carry out the planning processes set forth in RCW
2 81.104.100;

3 (2) To acquire by purchase, condemnation, gift, or grant and to
4 lease, construct, add to, improve, replace, repair, maintain, operate,
5 and regulate the use of high capacity transportation facilities and
6 properties within authority boundaries including surface, underground,
7 or overhead railways, tramways, busways, buses, bus sets, entrained and
8 linked buses, ferries, or other means of local transportation except
9 taxis, and including escalators, moving sidewalks, personal rapid
10 transit systems or other people-moving systems, passenger terminal and
11 parking facilities and properties, and such other facilities and
12 properties as may be necessary for passenger, vehicular, and vessel
13 access to and from such people-moving systems, terminal and parking
14 facilities and properties, together with all lands, rights-of-way,
15 property, equipment, and accessories necessary for such high capacity
16 transportation systems. When developing specifications for high
17 capacity transportation system operating equipment, an authority shall
18 take into account efforts to establish or sustain a domestic
19 manufacturing capacity for such equipment. The right of eminent domain
20 shall be exercised by an authority in the same manner and by the same
21 procedure as or may be provided by law for cities of the first class,
22 except insofar as such laws may be inconsistent with the provisions of
23 this chapter. Public transportation facilities and properties which
24 are owned by any city, county, county transportation authority, public
25 transportation benefit area, or metropolitan municipal corporation may
26 be acquired or used by an authority only with the consent of the agency
27 owning such facilities. Such agencies are hereby authorized to convey
28 or lease such facilities to an authority or to contract for their joint
29 use on such terms as may be fixed by agreement between the agency and
30 the authority.

31 The facilities and properties of an authority whose vehicles will
32 operate primarily within the rights-of-way of public streets, roads, or
33 highways, may be acquired, developed, and operated without the corridor
34 and design hearings that are required by RCW 35.58.273 for mass transit
35 facilities operating on a separate right-of-way;

36 (3) To dispose of any real or personal property acquired in
37 connection with any authority function and that is no longer required
38 for the purposes of the authority, in the same manner as provided for

1 cities of the first class. When an authority determines that a
2 facility or any part thereof that has been acquired from any public
3 agency without compensation is no longer required for authority
4 purposes, but is required by the agency from which it was acquired, the
5 authority shall by resolution transfer it to such agency;

6 (4) To sell, lease, exchange, or donate surplus property to an
7 eligible organization for the purpose of affordable housing as
8 specified in chapter 39.-- RCW (the new chapter created in section 18
9 of this act);

10 (5) To fix rates, tolls, fares, and charges for the use of such
11 facilities and to establish various routes and classes of service.
12 Fares or charges may be adjusted or eliminated for any distinguishable
13 class of users.

14 **Sec. 15.** RCW 36.34.135 and 1993 c 461 s 6 are each amended to read
15 as follows:

16 If a county owns property that is located anywhere within the
17 county, including within the limits of a city or town, and that is
18 suitable for affordable housing, the legislative authority of the
19 county may, by negotiation, lease the property for affordable housing
20 for a term not to exceed seventy-five years to any public housing
21 authority or nonprofit organization that has demonstrated its ability
22 to construct or operate housing for very low-income, low-income, or
23 moderate-income households as defined in ((RCW 43.63A.510)) section 3
24 of this act and special needs populations. Leases for housing for very
25 low-income, low-income, or moderate-income households and special needs
26 populations shall not be subject to any requirement of periodic rental
27 adjustments, as provided in RCW 36.34.180, but shall provide for such
28 fixed annual rents as appear reasonable considering the public, social,
29 and health benefits to be derived by providing an adequate supply of
30 safe and sanitary housing for very low-income, low-income, or moderate-
31 income households and special needs populations.

32 **Sec. 16.** RCW 39.102.020 and 2010 c 164 s 11 are each amended to
33 read as follows:

34 The definitions in this section apply throughout this chapter
35 unless the context clearly requires otherwise.

- 1 (1) "Annual state contribution limit" means seven million five
2 hundred thousand dollars statewide per fiscal year.
- 3 (2) "Assessed value" means the valuation of taxable real property
4 as placed on the last completed assessment roll.
- 5 (3) "Board" means the community economic revitalization board under
6 chapter 43.160 RCW.
- 7 (4) "Demonstration project" means one of the following projects:
8 (a) Bellingham waterfront redevelopment project;
9 (b) Spokane river district project at Liberty Lake; and
10 (c) Vancouver riverwest project.
- 11 (5) "Department" means the department of revenue.
- 12 (6) "Fiscal year" means the twelve-month period beginning July 1st
13 and ending the following June 30th.
- 14 (7) "Local excise tax allocation revenue" means an amount of local
15 excise taxes equal to some or all of the sponsoring local government's
16 local excise tax increment, amounts of local excise taxes equal to some
17 or all of any participating local government's excise tax increment as
18 agreed upon in the written agreement under RCW 39.102.080(1), or both,
19 and dedicated to local infrastructure financing.
- 20 (8) "Local excise tax increment" means an amount equal to the
21 estimated annual increase in local excise taxes in each calendar year
22 following the approval of the revenue development area by the board
23 from taxable activity within the revenue development area, as set forth
24 in the application provided to the board under RCW 39.102.040, and
25 updated in accordance with RCW 39.102.140(1)(f).
- 26 (9) "Local excise taxes" means local revenues derived from the
27 imposition of sales and use taxes authorized in RCW 82.14.030.
- 28 (10) "Local government" means any city, town, county, port
29 district, and any federally recognized Indian tribe.
- 30 (11) "Local infrastructure financing" means the use of revenues
31 received from local excise tax allocation revenues, local property tax
32 allocation revenues, other revenues from local public sources, and
33 revenues received from the local option sales and use tax authorized in
34 RCW 82.14.475, dedicated to pay either the principal and interest on
35 bonds authorized under RCW 39.102.150 or to pay public improvement
36 costs on a pay-as-you-go basis subject to RCW 39.102.195, or both.
- 37 (12) "Local property tax allocation revenue" means those tax

1 revenues derived from the receipt of regular property taxes levied on
2 the property tax allocation revenue value and used for local
3 infrastructure financing.

4 (13) "Low-income housing" means residential housing for low-income
5 persons or families who lack the means which is necessary to enable
6 them, without financial assistance, to live in decent, safe, and
7 sanitary dwellings, without overcrowding. For the purposes of this
8 subsection, "low income" means income that does not exceed eighty
9 percent of the median family income for the standard metropolitan
10 statistical area in which the revenue development area is located.

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

13 (15) "Participating local government" means a local government
14 having a revenue development area within its geographic boundaries that
15 has entered into a written agreement with a sponsoring local government
16 as provided in RCW 39.102.080 to allow the use of all or some of its
17 local excise tax allocation revenues or other revenues from local
18 public sources dedicated for local infrastructure financing.

19 (16) "Participating taxing district" means a local government
20 having a revenue development area within its geographic boundaries that
21 has entered into a written agreement with a sponsoring local government
22 as provided in RCW 39.102.080 to allow the use of some or all of its
23 local property tax allocation revenues or other revenues from local
24 public sources dedicated for local infrastructure financing.

25 (17) "Property tax allocation revenue base value" means the
26 assessed value of real property located within a revenue development
27 area less the property tax allocation revenue value.

28 (18)(a)(i) "Property tax allocation revenue value" means
29 seventy-five percent of any increase in the assessed value of real
30 property in a revenue development area resulting from:

31 (A) The placement of new construction, improvements to property, or
32 both, on the assessment roll, where the new construction and
33 improvements are initiated after the revenue development area is
34 approved by the board;

35 (B) The cost of new housing construction, conversion, and
36 rehabilitation improvements, when such cost is treated as new
37 construction for purposes of chapter 84.55 RCW as provided in RCW

1 84.14.020, and the new housing construction, conversion, and
2 rehabilitation improvements are initiated after the revenue development
3 area is approved by the board;

4 (C) The cost of rehabilitation of historic property, when such cost
5 is treated as new construction for purposes of chapter 84.55 RCW as
6 provided in RCW 84.26.070, and the rehabilitation is initiated after
7 the revenue development area is approved by the board.

8 (ii) Increases in the assessed value of real property in a revenue
9 development area resulting from (a)(i)(A) through (C) of this
10 subsection are included in the property tax allocation revenue value in
11 the initial year. These same amounts are also included in the property
12 tax allocation revenue value in subsequent years unless the property
13 becomes exempt from property taxation.

14 (b) "Property tax allocation revenue value" includes seventy-five
15 percent of any increase in the assessed value of new construction
16 consisting of an entire building in the years following the initial
17 year, unless the building becomes exempt from property taxation.

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

21 (d) There is no property tax allocation revenue value if the
22 assessed value of real property in a revenue development area has not
23 increased as a result of any of the reasons specified in (a)(i)(A)
24 through (C) of this subsection.

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

26 (i) For new construction and improvements to property added to the
27 assessment roll, the year during which the new construction and
28 improvements are initially placed on the assessment roll;

29 (ii) For the cost of new housing construction, conversion, and
30 rehabilitation improvements, when such cost is treated as new
31 construction for purposes of chapter 84.55 RCW, the year when such cost
32 is treated as new construction for purposes of levying taxes for
33 collection in the following year; and

34 (iii) For the cost of rehabilitation of historic property, when
35 such cost is treated as new construction for purposes of chapter 84.55
36 RCW, the year when such cost is treated as new construction for
37 purposes of levying taxes for collection in the following year.

1 (19) "Public improvement costs" means the cost of: (a) Design,
2 planning, acquisition including land acquisition, site preparation
3 including land clearing, construction, reconstruction, rehabilitation,
4 improvement, and installation of public improvements; (b) demolishing,
5 relocating, maintaining, and operating property pending construction of
6 public improvements; (c) the local government's portion of relocating
7 utilities as a result of public improvements; (d) financing public
8 improvements, including interest during construction, legal and other
9 professional services, taxes, insurance, principal and interest costs
10 on general indebtedness issued to finance public improvements, and any
11 necessary reserves for general indebtedness; (e) assessments incurred
12 in revaluing real property for the purpose of determining the property
13 tax allocation revenue base value that are in excess of costs incurred
14 by the assessor in accordance with the revaluation plan under chapter
15 84.41 RCW, and the costs of apportioning the taxes and complying with
16 this chapter and other applicable law; (f) administrative expenses and
17 feasibility studies reasonably necessary and related to these costs;
18 and (g) any of the above-described costs that may have been incurred
19 before adoption of the ordinance authorizing the public improvements
20 and the use of local infrastructure financing to fund the costs of the
21 public improvements.

22 (20) "Public improvements" means:

23 (a) Infrastructure improvements within the revenue development area
24 that include:

25 (i) Street, bridge, and road construction and maintenance,
26 including highway interchange construction;

27 (ii) Water and sewer system construction and improvements,
28 including wastewater reuse facilities;

29 (iii) Sidewalks, traffic controls, and streetlights;

30 (iv) Parking, terminal, and dock facilities;

31 (v) Park and ride facilities of a transit authority;

32 (vi) Park facilities and recreational areas, including trails; and

33 (vii) Storm water and drainage management systems;

34 (b) Expenditures for facilities and improvements that support
35 affordable housing as defined in (~~RCW 43.63A.510~~) section 3 of this
36 act.

37 (21) "Real property" has the same meaning as in RCW 84.04.090 and

1 also includes any privately owned improvements located on publicly
2 owned land that are subject to property taxation.

3 (22) "Regular property taxes" means regular property taxes as
4 defined in RCW 84.04.140, except: (a) Regular property taxes levied by
5 public utility districts specifically for the purpose of making
6 required payments of principal and interest on general indebtedness;
7 (b) regular property taxes levied by the state for the support of the
8 common schools under RCW 84.52.065; and (c) regular property taxes
9 authorized by RCW 84.55.050 that are limited to a specific purpose.
10 "Regular property taxes" do not include excess property tax levies that
11 are exempt from the aggregate limits for junior and senior taxing
12 districts as provided in RCW 84.52.043.

13 (23) "Relocating a business" means the closing of a business and
14 the reopening of that business, or the opening of a new business that
15 engages in the same activities as the previous business, in a different
16 location within a one-year period, when an individual or entity has an
17 ownership interest in the business at the time of closure and at the
18 time of opening or reopening. "Relocating a business" does not include
19 the closing and reopening of a business in a new location where the
20 business has been acquired and is under entirely new ownership at the
21 new location, or the closing and reopening of a business in a new
22 location as a result of the exercise of the power of eminent domain.

23 (24) "Revenue development area" means the geographic area adopted
24 by a sponsoring local government and approved by the board, from which
25 local excise and property tax allocation revenues are derived for local
26 infrastructure financing.

27 (25)(a) "Revenues from local public sources" means:

28 (i) Amounts of local excise tax allocation revenues and local
29 property tax allocation revenues, dedicated by sponsoring local
30 governments, participating local governments, and participating taxing
31 districts, for local infrastructure financing; and

32 (ii) Any other local revenues, except as provided in (b) of this
33 subsection, including revenues derived from federal and private
34 sources.

35 (b) Revenues from local public sources do not include any local
36 funds derived from state grants, state loans, or any other state moneys
37 including any local sales and use taxes credited against the state
38 sales and use taxes imposed under chapter 82.08 or 82.12 RCW.

1 (26) "Small business" has the same meaning as provided in RCW
2 19.85.020.

3 (27) "Sponsoring local government" means a city, town, or county,
4 and for the purpose of this chapter a federally recognized Indian tribe
5 or any combination thereof, that adopts a revenue development area and
6 applies to the board to use local infrastructure financing.

7 (28) "State contribution" means the lesser of:

8 (a) One million dollars;

9 (b) The total amount of local excise tax allocation revenues, local
10 property tax allocation revenues, and other revenues from local public
11 sources, that are dedicated by a sponsoring local government, any
12 participating local governments, and participating taxing districts, in
13 the preceding calendar year to the payment of principal and interest on
14 bonds issued under RCW 39.102.150 or to pay public improvement costs on
15 a pay-as-you-go basis subject to RCW 39.102.195, or both;

16 (c) The amount of project award granted by the board in the notice
17 of approval to use local infrastructure financing under RCW 39.102.040;
18 or

19 (d) The highest amount of state excise tax allocation revenues and
20 state property tax allocation revenues for any one calendar year as
21 determined by the sponsoring local government and reported to the board
22 and the department as required by RCW 39.102.140.

23 (29) "State excise tax allocation revenue" means an amount equal to
24 the annual increase in state excise taxes estimated to be received by
25 the state in each calendar year following the approval of the revenue
26 development area by the board, from taxable activity within the revenue
27 development area as set forth in the application provided to the board
28 under RCW 39.102.040 and periodically updated and reported as required
29 in RCW 39.102.140(1)(f).

30 (30) "State excise taxes" means revenues derived from state retail
31 sales and use taxes under RCW 82.08.020(1) and 82.12.020 at the rate
32 provided in RCW 82.08.020(1), less the amount of tax distributions from
33 all local retail sales and use taxes, other than the local sales and
34 use taxes authorized by RCW 82.14.475 for the applicable revenue
35 development area, imposed on the same taxable events that are credited
36 against the state retail sales and use taxes under chapters 82.08 and
37 82.12 RCW.

1 (31) "State property tax allocation revenue" means an amount equal
2 to the estimated tax revenues derived from the imposition of property
3 taxes levied by the state for the support of common schools under RCW
4 84.52.065 on the property tax allocation revenue value, as set forth in
5 the application submitted to the board under RCW 39.102.040 and updated
6 annually in the report required under RCW 39.102.140(1)(f).

7 (32) "Taxing district" means a government entity that levies or has
8 levied for it regular property taxes upon real property located within
9 a proposed or approved revenue development area.

10 NEW SECTION. **Sec. 17.** The following acts or parts of acts are
11 each repealed:

12 (1) RCW 43.19.19201 (Affordable housing--Inventory of suitable
13 property) and 2011 1st sp.s. c 43 s 218, 1995 c 399 s 64, & 1993 c 461
14 s 7;

15 (2) RCW 43.20A.037 (Affordable housing--Inventory of suitable
16 housing) and 1995 c 399 s 65 & 1993 c 461 s 8;

17 (3) RCW 43.63A.510 (Affordable housing--Inventory of state-owned
18 land) and 1993 c 461 s 2 & 1990 c 253 s 6;

19 (4) RCW 47.12.064 (Affordable housing--Inventory of suitable
20 property) and 1995 c 399 s 121 & 1993 c 461 s 10; and

21 (5) RCW 72.09.055 (Affordable housing--Inventory of suitable
22 property) and 1995 c 399 s 202 & 1993 c 461 s 12.

23 NEW SECTION. **Sec. 18.** Sections 1 through 3 of this act constitute
24 a new chapter in Title 39 RCW.

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