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

18 (2) A governmental entity disposing of surplus property under
19 subsection (1) of this section must: (a) Enter into a recorded

1 covenant with the eligible organization or a loan note in the name of
2 the governmental entity, to ensure that the property will meet the
3 required income, rent, and sales price restrictions; and (b) monitor
4 compliance with the covenant or loan note.

5 (3) An eligible organization may obtain surplus property through
6 purchase, lease, exchange, or donation, under reasonable option and
7 conveyance conditions, in return for: (a) A recorded covenant to
8 provide rental housing for extremely low-income, very low-income,
9 federally qualified low-income, or low-income households for at least
10 forty years; or (b) a loan note in the name of a governmental entity
11 for homeownership programs in which the homeowners are extremely low-
12 income, very low-income, federally qualified low-income, or low-income.

13 (4) As an alternative to the requirements of this section,
14 counties, cities, and towns may sell surplus property at a discount for
15 affordable housing that may be part of mixed-income or mixed-use
16 developments, provided that the affordable housing complies with the
17 guidelines for affordable housing, income levels, affordable rents,
18 affordable sales prices, and minimum terms of affordability under RCW
19 36.70A.540 for affordable housing incentive programs.

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

23 NEW SECTION. **Sec. 2.** The definitions in this section apply
24 throughout this chapter unless the context clearly requires otherwise.

25 (1) "Affordable housing" means residential housing that is rented
26 or owned by a person who qualifies as an extremely low-income, very
27 low-income, federally qualified low-income, or low-income household or
28 who is from a special needs population, and for which monthly housing
29 costs, including utilities other than telephone, do not exceed thirty
30 percent of the household's maximum allowed monthly income for the
31 housing unit. "Affordable housing" also means farmworker housing.

32 (2) "Eligible organization" means a county, city, or town
33 government, local housing authority, public development authority,
34 community renewal agency, regional support network established under
35 chapter 71.24 RCW, nonprofit community or neighborhood-based
36 organization, federally recognized Indian tribe in the state of
37 Washington, or nonprofit housing assistance organization, including

1 such entities materially participating as a general partner or managing
2 members of a partnership, limited liability company, or equivalent
3 organization.

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

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

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

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

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

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

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

29 (10) "Surplus property" means real property, or any interest in
30 real property, that is not required for the governmental entity's needs
31 or the discharge of its responsibilities. "Surplus property" includes,
32 but is not limited to, real property, or any interest in real property,
33 declared surplus by a governmental entity under that entity's own
34 policies and procedures. However, "surplus property" does not include
35 state forest lands managed by the department of natural resources.

36 (11) "Very low-income household" means a single person, family, or
37 unrelated persons living together whose income is at or below fifty

1 percent of the county area median income for the county where the
2 affordable housing is located, adjusted for household size.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.19 RCW
4 to read as follows:

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

9 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.20A RCW
10 to read as follows:

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

15 **Sec. 5.** RCW 47.12.063 and 2011 c 376 s 2 are each amended to read
16 as follows:

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

21 (2) Whenever the department determines that any real property owned
22 by the state of Washington and under the jurisdiction of the department
23 is no longer required for transportation purposes and that it is in the
24 public interest to do so, the department may sell the property or
25 exchange it in full or part consideration for land or improvements or
26 for construction of improvements at fair market value to any person
27 through the solicitation of written bids through public advertising in
28 the manner prescribed under RCW 47.28.050 or in the manner prescribed
29 under RCW 47.12.283.

30 (3) The department may forego the processes prescribed by RCW
31 47.28.050 and 47.12.283 and sell the real property to any of the
32 following entities or persons at fair market value:

- 33 (a) Any other state agency;
34 (b) The city or county in which the property is situated;
35 (c) Any other municipal corporation;

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

2 (e) The former owner of the property from whom the state acquired
3 title;

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

7 (g) Any abutting private owner but only after each other abutting
8 private owner (if any), as shown in the records of the county assessor,
9 is notified in writing of the proposed sale. If more than one abutting
10 private owner requests in writing the right to purchase the property
11 within fifteen days after receiving notice of the proposed sale, the
12 property shall be sold at public auction in the manner provided in RCW
13 47.12.283;

14 (h) To any other owner of real property required for transportation
15 purposes;

16 (i) In the case of property suitable for residential use, any
17 nonprofit organization that is dedicated to providing affordable
18 housing to very low-income, low-income, and moderate-income households
19 as defined in ((~~RCW 43.63A.510~~)) section 2 of this act and is eligible
20 to receive assistance through the Washington housing trust fund created
21 in chapter 43.185 RCW; or

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

24 (4) The department also may forego the processes prescribed by RCW
25 47.28.050 and 47.12.283, and may sell, lease, exchange, or donate
26 surplus property to an eligible organization as specified in chapter
27 39.-- RCW (the new chapter created in section 17 of this act) for the
28 purpose of affordable housing or, in the case of surplus property not
29 suitable for residential use, for purposes that support or complement
30 the development of affordable housing.

31 (5) When selling real property pursuant to RCW 47.12.283, the
32 department may withhold or withdraw the property from an auction when
33 requested by one of the entities or persons listed in subsection (3) of
34 this section and only after the receipt of a nonrefundable deposit
35 equal to ten percent of the fair market value of the real property or
36 five thousand dollars, whichever is less. This subsection does not
37 prohibit the department from exercising its discretion to withhold or
38 withdraw the real property from an auction if the department determines

1 that the property is no longer surplus or chooses to sell the property
2 through one of the other means listed in subsection (2) of this
3 section. If a transaction under this subsection is not completed
4 within sixty days, the real property must be put back up for sale.

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

10 ~~((+6))~~ (7) Conveyances made pursuant to this section shall be by
11 deed executed by the secretary of transportation and shall be duly
12 acknowledged.

13 ~~((+7))~~ (8) Unless otherwise provided, all moneys received pursuant
14 to the provisions of this section less any real estate broker
15 commissions paid pursuant to RCW 47.12.320 shall be deposited in the
16 motor vehicle fund.

17 NEW SECTION. Sec. 6. A new section is added to chapter 72.09 RCW
18 to read as follows:

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

23 Sec. 7. RCW 79.11.005 and 2003 c 334 s 201 are each amended to
24 read as follows:

25 (1) The department ~~((is authorized to))~~ may sell any real property
26 not designated or acquired as state forest lands, but acquired by the
27 state, either in the name of the forest board, the forestry board, or
28 the division of forestry, for administrative sites, lien foreclosures,
29 or other purposes whenever it shall determine that the lands are no
30 longer or not necessary for public use.

31 (2) The department also may sell, lease, exchange, or donate
32 surplus property, other than state forest lands, to an eligible
33 organization for the purpose of affordable housing as specified in
34 chapter 39.-- RCW (the new chapter created in section 17 of this act).

35 (3) Except as otherwise provided in subsection (2) of this section
36 and chapter 39.-- RCW (the new chapter created in section 17 of this

1 act), the sale may be made after public notice to the highest bidder
2 for such a price as approved by the governor, but not less than the
3 fair market value of the real property, plus the value of improvements
4 thereon. Any instruments necessary to convey title must be executed by
5 the governor in a form approved by the attorney general.

6 ~~((3))~~ (4) All amounts received from the sale must be credited to
7 the fund of the department of government that is responsible for the
8 acquisition and maintenance of the property sold.

9 NEW SECTION. **Sec. 8.** A new section is added to chapter 79A.05 RCW
10 to read as follows:

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

15 **Sec. 9.** RCW 79A.05.170 and 1991 sp.s. c 13 s 23 are each amended
16 to read as follows:

17 (1) Except for those lands subject to section 8 of this act and
18 chapter 39.-- RCW (the new chapter created in section 17 of this act),
19 any lands owned by the ((state parks and recreation)) commission, which
20 are determined to be surplus to the needs of the state for development
21 for state park purposes and which the commission proposes to deed to a
22 local government or other entity, shall be accompanied by a clause
23 requiring that if the land is not used for outdoor recreation purposes,
24 ownership of the land shall revert to the ((state parks and
25 recreation)) commission.

26 (2) The ((state parks and recreation)) commission, in cases where
27 land subject to such a reversionary clause is proposed for use or
28 disposal for purposes other than recreation, shall require that, if the
29 land is surplus to the needs of the commission for park purposes at the
30 time the commission becomes aware of its proposed use for nonrecreation
31 purposes, the holder of the land or property shall reimburse the
32 commission for the release of the reversionary interest in the land.
33 The reimbursement shall be in the amount of the fair market value of
34 the reversionary interest as determined by a qualified appraiser
35 agreeable to the commission. Appraisal costs shall be borne by the
36 local entity which holds title to the land.

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

7 **Sec. 10.** RCW 79A.05.175 and 2007 c 145 s 1 are each amended to
8 read as follows:

9 Except for those lands subject to section 8 of this act and chapter
10 39.-- RCW (the new chapter created in section 17 of this act), whenever
11 the commission finds that any land under its control cannot
12 advantageously be used for park purposes, it is authorized to dispose
13 of such land by the method provided in this section or by the method
14 provided in RCW 79A.05.170. If such lands are school or other grant
15 lands, control thereof shall be relinquished by resolution of the
16 commission to the proper state officials. If such lands were acquired
17 under restrictive conveyances by which the state may hold them only so
18 long as they are used for park purposes, they may be returned to the
19 donor or grantors by the commission. All other such lands may be
20 either sold by the commission to the highest bidder or exchanged for
21 other lands of equal value by the commission, and all conveyance
22 documents shall be executed by the governor. All such exchanges shall
23 be accompanied by a transfer fee, to be set by the commission and paid
24 by the other party to the transfer; such fee shall be paid into the
25 parkland acquisition account established under RCW 79A.05.170. The
26 commission may accept sealed bids, electronic bids, or oral bids at
27 auction. Bids on all sales shall be solicited at least twenty days in
28 advance of the sale date by an advertisement appearing at least once a
29 week for two consecutive weeks in a newspaper of general circulation in
30 the county in which the land to be sold is located. If the commission
31 feels that no bid received adequately reflects the fair value of the
32 land to be sold, it may reject all bids, and may call for new bids.
33 All proceeds derived from the sale of such park property shall be paid
34 into the park land acquisition account. All land considered for
35 exchange shall be evaluated by the commission to determine its
36 adaptability to park usage. The equal value of all lands exchanged

1 shall first be determined by the appraisals to the satisfaction of the
2 commission. No sale or exchange of state park lands shall be made
3 without the unanimous consent of the commission.

4 NEW SECTION. **Sec. 11.** A new section is added to chapter 35.21 RCW
5 to read as follows:

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

13 NEW SECTION. **Sec. 12.** A new section is added to chapter 36.34 RCW
14 to read as follows:

15 Every county may sell, lease, exchange, or donate surplus property
16 to an eligible organization for the purpose of affordable housing as
17 specified in chapter 39.-- RCW (the new chapter created in section 17
18 of this act). The authority granted to counties in this section is in
19 addition to, and must not be construed to limit, any existing
20 authority.

21 **Sec. 13.** RCW 81.112.080 and 1992 c 101 s 8 are each amended to
22 read as follows:

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

25 (1) To carry out the planning processes set forth in RCW
26 81.104.100;

27 (2) To acquire by purchase, condemnation, gift, or grant and to
28 lease, construct, add to, improve, replace, repair, maintain, operate,
29 and regulate the use of high capacity transportation facilities and
30 properties within authority boundaries including surface, underground,
31 or overhead railways, tramways, busways, buses, bus sets, entrained and
32 linked buses, ferries, or other means of local transportation except
33 taxis, and including escalators, moving sidewalks, personal rapid
34 transit systems or other people-moving systems, passenger terminal and
35 parking facilities and properties, and such other facilities and

1 properties as may be necessary for passenger, vehicular, and vessel
2 access to and from such people-moving systems, terminal and parking
3 facilities and properties, together with all lands, rights-of-way,
4 property, equipment, and accessories necessary for such high capacity
5 transportation systems. When developing specifications for high
6 capacity transportation system operating equipment, an authority shall
7 take into account efforts to establish or sustain a domestic
8 manufacturing capacity for such equipment. The right of eminent domain
9 shall be exercised by an authority in the same manner and by the same
10 procedure as or may be provided by law for cities of the first class,
11 except insofar as such laws may be inconsistent with the provisions of
12 this chapter. Public transportation facilities and properties which
13 are owned by any city, county, county transportation authority, public
14 transportation benefit area, or metropolitan municipal corporation may
15 be acquired or used by an authority only with the consent of the agency
16 owning such facilities. Such agencies are hereby authorized to convey
17 or lease such facilities to an authority or to contract for their joint
18 use on such terms as may be fixed by agreement between the agency and
19 the authority.

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

25 (3) To dispose of any real or personal property acquired in
26 connection with any authority function and that is no longer required
27 for the purposes of the authority, in the same manner as provided for
28 cities of the first class. When an authority determines that a
29 facility or any part thereof that has been acquired from any public
30 agency without compensation is no longer required for authority
31 purposes, but is required by the agency from which it was acquired, the
32 authority shall by resolution transfer it to such agency;

33 (4) To sell, lease, exchange, or donate surplus property to an
34 eligible organization for the purpose of affordable housing as
35 specified in chapter 39.-- RCW (the new chapter created in section 17
36 of this act);

37 (5) To fix rates, tolls, fares, and charges for the use of such

1 facilities and to establish various routes and classes of service.
2 Fares or charges may be adjusted or eliminated for any distinguishable
3 class of users.

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

6 If a county owns property that is located anywhere within the
7 county, including within the limits of a city or town, and that is
8 suitable for affordable housing, the legislative authority of the
9 county may, by negotiation, lease the property for affordable housing
10 for a term not to exceed seventy-five years to any public housing
11 authority or nonprofit organization that has demonstrated its ability
12 to construct or operate housing for very low-income, low-income, or
13 moderate-income households as defined in (~~RCW 43.63A.510~~) section 2
14 of this act and special needs populations. Leases for housing for very
15 low-income, low-income, or moderate-income households and special needs
16 populations shall not be subject to any requirement of periodic rental
17 adjustments, as provided in RCW 36.34.180, but shall provide for such
18 fixed annual rents as appear reasonable considering the public, social,
19 and health benefits to be derived by providing an adequate supply of
20 safe and sanitary housing for very low-income, low-income, or moderate-
21 income households and special needs populations.

22 **Sec. 15.** RCW 39.102.020 and 2010 c 164 s 11 are each amended to
23 read as follows:

24 The definitions in this section apply throughout this chapter
25 unless the context clearly requires otherwise.

26 (1) "Annual state contribution limit" means seven million five
27 hundred thousand dollars statewide per fiscal year.

28 (2) "Assessed value" means the valuation of taxable real property
29 as placed on the last completed assessment roll.

30 (3) "Board" means the community economic revitalization board under
31 chapter 43.160 RCW.

32 (4) "Demonstration project" means one of the following projects:

33 (a) Bellingham waterfront redevelopment project;

34 (b) Spokane river district project at Liberty Lake; and

35 (c) Vancouver riverwest project.

36 (5) "Department" means the department of revenue.

1 (6) "Fiscal year" means the twelve-month period beginning July 1st
2 and ending the following June 30th.

3 (7) "Local excise tax allocation revenue" means an amount of local
4 excise taxes equal to some or all of the sponsoring local government's
5 local excise tax increment, amounts of local excise taxes equal to some
6 or all of any participating local government's excise tax increment as
7 agreed upon in the written agreement under RCW 39.102.080(1), or both,
8 and dedicated to local infrastructure financing.

9 (8) "Local excise tax increment" means an amount equal to the
10 estimated annual increase in local excise taxes in each calendar year
11 following the approval of the revenue development area by the board
12 from taxable activity within the revenue development area, as set forth
13 in the application provided to the board under RCW 39.102.040, and
14 updated in accordance with RCW 39.102.140(1)(f).

15 (9) "Local excise taxes" means local revenues derived from the
16 imposition of sales and use taxes authorized in RCW 82.14.030.

17 (10) "Local government" means any city, town, county, port
18 district, and any federally recognized Indian tribe.

19 (11) "Local infrastructure financing" means the use of revenues
20 received from local excise tax allocation revenues, local property tax
21 allocation revenues, other revenues from local public sources, and
22 revenues received from the local option sales and use tax authorized in
23 RCW 82.14.475, dedicated to pay either the principal and interest on
24 bonds authorized under RCW 39.102.150 or to pay public improvement
25 costs on a pay-as-you-go basis subject to RCW 39.102.195, or both.

26 (12) "Local property tax allocation revenue" means those tax
27 revenues derived from the receipt of regular property taxes levied on
28 the property tax allocation revenue value and used for local
29 infrastructure financing.

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

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

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

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

13 (17) "Property tax allocation revenue base value" means the
14 assessed value of real property located within a revenue development
15 area less the property tax allocation revenue value.

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

19 (A) The placement of new construction, improvements to property, or
20 both, on the assessment roll, where the new construction and
21 improvements are initiated after the revenue development area is
22 approved by the board;

23 (B) The cost of new housing construction, conversion, and
24 rehabilitation improvements, when such cost is treated as new
25 construction for purposes of chapter 84.55 RCW as provided in RCW
26 84.14.020, and the new housing construction, conversion, and
27 rehabilitation improvements are initiated after the revenue development
28 area is approved by the board;

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

33 (ii) Increases in the assessed value of real property in a revenue
34 development area resulting from (a)(i)(A) through (C) of this
35 subsection are included in the property tax allocation revenue value in
36 the initial year. These same amounts are also included in the property
37 tax allocation revenue value in subsequent years unless the property
38 becomes exempt from property taxation.

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

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

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

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

13 (i) For new construction and improvements to property added to the
14 assessment roll, the year during which the new construction and
15 improvements are initially placed on the assessment roll;

16 (ii) For the cost of new housing construction, conversion, and
17 rehabilitation improvements, when such cost is treated as new
18 construction for purposes of chapter 84.55 RCW, the year when such cost
19 is treated as new construction for purposes of levying taxes for
20 collection in the following year; and

21 (iii) For the cost of rehabilitation of historic property, when
22 such cost is treated as new construction for purposes of chapter 84.55
23 RCW, the year when such cost is treated as new construction for
24 purposes of levying taxes for collection in the following year.

25 (19) "Public improvement costs" means the cost of: (a) Design,
26 planning, acquisition including land acquisition, site preparation
27 including land clearing, construction, reconstruction, rehabilitation,
28 improvement, and installation of public improvements; (b) demolishing,
29 relocating, maintaining, and operating property pending construction of
30 public improvements; (c) the local government's portion of relocating
31 utilities as a result of public improvements; (d) financing public
32 improvements, including interest during construction, legal and other
33 professional services, taxes, insurance, principal and interest costs
34 on general indebtedness issued to finance public improvements, and any
35 necessary reserves for general indebtedness; (e) assessments incurred
36 in revaluing real property for the purpose of determining the property
37 tax allocation revenue base value that are in excess of costs incurred
38 by the assessor in accordance with the revaluation plan under chapter

1 84.41 RCW, and the costs of apportioning the taxes and complying with
2 this chapter and other applicable law; (f) administrative expenses and
3 feasibility studies reasonably necessary and related to these costs;
4 and (g) any of the above-described costs that may have been incurred
5 before adoption of the ordinance authorizing the public improvements
6 and the use of local infrastructure financing to fund the costs of the
7 public improvements.

8 (20) "Public improvements" means:

9 (a) Infrastructure improvements within the revenue development area
10 that include:

11 (i) Street, bridge, and road construction and maintenance,
12 including highway interchange construction;

13 (ii) Water and sewer system construction and improvements,
14 including wastewater reuse facilities;

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

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

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

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

19 (vii) Storm water and drainage management systems;

20 (b) Expenditures for facilities and improvements that support
21 affordable housing as defined in (~~RCW 43.63A.510~~) section 2 of this
22 act.

23 (21) "Real property" has the same meaning as in RCW 84.04.090 and
24 also includes any privately owned improvements located on publicly
25 owned land that are subject to property taxation.

26 (22) "Regular property taxes" means regular property taxes as
27 defined in RCW 84.04.140, except: (a) Regular property taxes levied by
28 public utility districts specifically for the purpose of making
29 required payments of principal and interest on general indebtedness;
30 (b) regular property taxes levied by the state for the support of the
31 common schools under RCW 84.52.065; and (c) regular property taxes
32 authorized by RCW 84.55.050 that are limited to a specific purpose.
33 "Regular property taxes" do not include excess property tax levies that
34 are exempt from the aggregate limits for junior and senior taxing
35 districts as provided in RCW 84.52.043.

36 (23) "Relocating a business" means the closing of a business and
37 the reopening of that business, or the opening of a new business that
38 engages in the same activities as the previous business, in a different

1 location within a one-year period, when an individual or entity has an
2 ownership interest in the business at the time of closure and at the
3 time of opening or reopening. "Relocating a business" does not include
4 the closing and reopening of a business in a new location where the
5 business has been acquired and is under entirely new ownership at the
6 new location, or the closing and reopening of a business in a new
7 location as a result of the exercise of the power of eminent domain.

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

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

13 (i) Amounts of local excise tax allocation revenues and local
14 property tax allocation revenues, dedicated by sponsoring local
15 governments, participating local governments, and participating taxing
16 districts, for local infrastructure financing; and

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

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

24 (26) "Small business" has the same meaning as provided in RCW
25 19.85.020.

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

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

31 (a) One million dollars;

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

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

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

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

15 (30) "State excise taxes" means revenues derived from state retail
16 sales and use taxes under RCW 82.08.020(1) and 82.12.020 at the rate
17 provided in RCW 82.08.020(1), less the amount of tax distributions from
18 all local retail sales and use taxes, other than the local sales and
19 use taxes authorized by RCW 82.14.475 for the applicable revenue
20 development area, imposed on the same taxable events that are credited
21 against the state retail sales and use taxes under chapters 82.08 and
22 82.12 RCW.

23 (31) "State property tax allocation revenue" means an amount equal
24 to the estimated tax revenues derived from the imposition of property
25 taxes levied by the state for the support of common schools under RCW
26 84.52.065 on the property tax allocation revenue value, as set forth in
27 the application submitted to the board under RCW 39.102.040 and updated
28 annually in the report required under RCW 39.102.140(1)(f).

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

32 NEW SECTION. **Sec. 16.** The following acts or parts of acts are
33 each repealed:

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

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

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

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

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

9 NEW SECTION. **Sec. 17.** Sections 1 and 2 of this act constitute a
10 new chapter in Title 39 RCW.

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