
**Technology & Economic Development
Committee**

SB 5249

Brief Description: Creating a bond issuance exemption for qualifying local revitalization financing projects.

Sponsors: Senators Darneille, Conway and Miloscia.

Brief Summary of Bill

- Eliminates the requirement that a city or county issue bonds for certain Local Revitalization Financing program demonstration projects.

Hearing Date: 3/11/15

Staff: Kirsten Lee (786-7133).

Background:

Local Revitalization Financing Program.

In 2009 the Legislature created the Local Revitalization Financing (LRF) program. The LRF program authorizes cities and counties to create 'revitalization areas' and allows certain increases in local sales and use tax revenues and local property tax revenues generated from within the revitalization area, additional funds from other local public sources, and a state contribution to be used for payment of bonds issued for financing local public improvements within the revitalization area.

The Department of Revenue (Department) is responsible for the administration of the LRF program. To seek a state contribution, the local government that created a revitalization area must apply to the Department. In 2009, seven demonstration projects were initially funded with state contributions, totaling \$2.25 million. The maximum amount of state contribution for each demonstration project ranged from \$200,000 to \$500,000 per project. An additional \$2.5 million

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was allocated for six projects approved on a first-come basis. The maximum state contribution for each project approved on a first-come basis was \$500,000.

In 2010 legislation amended the LRF statutes by increasing the state contribution for demonstration projects from \$2.25 million to \$4.2 million. Out of the initial seven demonstration projects, five resubmitted applications in 2010. The total LRF award amount for demonstration projects is \$4.16 million. A total of 18 revitalization areas are eligible to receive LRF awards totaling \$6.66 million statewide.

For the LRF program demonstration projects, cities and counties may not impose taxes until bonds have been issued to finance public improvements and to retire the indebtedness in whole or in part from the local revitalization financing they receive.

Summary of Bill:

A city or county is no longer required to issue bonds for the Tacoma International Financial Services Area/Tacoma Dome Demonstration Project, or for local revitalization financing projects of less than \$150,000.

Appropriation: None.

Fiscal Note: Available.

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