

FINAL BILL REPORT

SB 5249

C 112 L 15
Synopsis as Enacted

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

Sponsors: Senators Darneille, Conway and Miloscia.

Senate Committee on Government Operations & Security
House Committee on Technology & Economic Development

Background: Public infrastructure funding is accomplished in a number of different ways in the state. Tax increment financing is a method of redistributing increased tax revenues within a geographic area resulting from a public investment to pay for the bonds required to construct a project.

The Legislature has created a number of tax increment financing programs: the Community Revitalization Financing Program in 2001; the Local Infrastructure Financing Tool Program in 2006; the Local Revitalization Financing Program (LRF) in 2009.

LRF 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 2009 legislation designated seven LRF demonstration projects, provided a total state contribution of \$2.25 million per fiscal year, and set a specific state contribution amount for each project ranging from \$200,000 to \$500,000. The legislation also provided for a competitive process to be administered by the Department of Revenue (DOR) on a first-come basis in order to enable additional sponsoring local governments to seek a state contribution. DOR began accepting applications on September 1, 2009. Thirteen applications were received. Six projects were allocated state contributions before the \$2.5 million cap was reached. Seven additional applications received no state contribution.

In 2010 the Legislature amended the LRF statutes and increased the maximum state contribution for demonstration projects from \$2.25 million to \$4.2 million. Six jurisdictions were allowed to resubmit applications for approval in 2010. Five jurisdictions resubmitted

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applications. Bringing the total LRF award amounts for demonstration projects up to \$4.16 million.

Summary: A city or county does not need 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.

Votes on Final Passage:

Senate	46	1
House	81	16

Effective: July 24, 2015