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**SUBSTITUTE SENATE BILL 6316**

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**State of Washington**

**64th Legislature**

**2016 Regular Session**

**By** Senate Government Operations & Security (originally sponsored by Senator Parlette)

READ FIRST TIME 02/05/16.

1 AN ACT Relating to designated disaster area financing; adding a  
2 new section to chapter 82.14 RCW; and adding a new chapter to Title  
3 39 RCW.

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

5 NEW SECTION. **Sec. 1.** DEFINITIONS. The definitions in this  
6 section apply throughout this chapter unless the context clearly  
7 requires otherwise.

8 (1) "Annual state contribution limit" means five million dollars  
9 statewide per fiscal year.

10 (2) "Bond" means a bond, a note, or other evidence of  
11 indebtedness, including but not limited to a lease-purchase agreement  
12 or an executory conditional sales contract.

13 (3) "Department" means the department of commerce.

14 (4) "Dedicated disaster area financing" means the use of revenues  
15 from local public sources and revenues received from the local option  
16 sales and use tax authorized in section 12 of this act dedicated to  
17 pay the principal and interest on bonds authorized under section 8 of  
18 this act and public improvement costs within the designated disaster  
19 area on a pay-as-you-go basis.

20 (5) "Designated disaster area" means the geographic area adopted  
21 by a sponsoring local government and approved by the department, from

1 which local sales and use tax increments are estimated for designated  
2 disaster area financing.

3 (6) "Fiscal year" means the twelve-month period beginning July  
4 1st and ending the following June 30th.

5 (7) "Local government" means any city, town, county, or port  
6 district.

7 (8) "Local sales and use tax increment" means the estimated  
8 annual increase in local sales and use taxes as determined by the  
9 local government in the calendar years following the approval of the  
10 designated disaster area by the department from taxable activity  
11 within the designated disaster area.

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

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

16 (11) "Participating local government" means a local government  
17 having a designated disaster area within its geographic boundaries  
18 that has taken action as provided in section 5 of this act to allow  
19 the use of all or some of its local sales and use tax increment or  
20 other revenues from local public sources for dedicated disaster area  
21 financing.

22 (12) "Public improvement costs" means the costs of:

23 (a) Design, planning, acquisition, including land acquisition,  
24 site preparation, including land clearing, construction,  
25 reconstruction, rehabilitation, improvement, and installation of  
26 public improvements;

27 (b) Demolishing, relocating, maintaining, and operating property  
28 pending construction of public improvements;

29 (c) Relocating utilities as a result of public improvements;

30 (d) Financing public improvements, including interest during  
31 construction, legal and other professional services, taxes,  
32 insurance, principal and interest costs on general indebtedness  
33 issued to finance public improvements, and any necessary reserves for  
34 general indebtedness; and

35 (e) Administrative expenses and feasibility studies reasonably  
36 necessary and related to these costs, including related costs that  
37 may have been incurred before adoption of the ordinance authorizing  
38 the public improvements and the use of dedicated disaster area  
39 financing to fund the costs of the public improvements.

40 (13) "Public improvements" means:

1 (a) Infrastructure improvements within the designated disaster  
2 area that include:

- 3 (i) Street, road, bridge, and rail construction and maintenance;
- 4 (ii) Water and sewer system construction and improvements;
- 5 (iii) Sidewalks, streetlights, landscaping, and streetscaping;
- 6 (iv) Parking, terminal, and dock facilities;
- 7 (v) Park and ride facilities of a transit authority;
- 8 (vi) Park facilities, recreational areas, and environmental  
9 remediation;
- 10 (vii) Storm water and drainage management systems;
- 11 (viii) Electric, gas, fiber, and other utility infrastructures;

12 and

13 (b) Expenditures for any of the following purposes:

14 (i) Providing environmental analysis, professional management,  
15 planning, and promotion within the designated disaster area,  
16 including the management and promotion of retail trade activities in  
17 the designated disaster area;

18 (ii) Providing maintenance and security for common or public  
19 areas in the designated disaster area; or

20 (iii) Historic preservation activities authorized under RCW  
21 35.21.395.

22 (14) "Qualifying disaster" means a disaster that reaches such a  
23 dimension or degree of destructiveness as to warrant the governor  
24 proclaiming a state of emergency pursuant to RCW 43.06.010.

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

28 (16)(a) "Revenues from local public sources" means:

29 (i) The local sales and use tax amounts received as a result of  
30 an interlocal agreement and local sales and use tax amounts from  
31 sponsoring local governments based on its local sales and use tax  
32 increment, which are dedicated by a sponsoring local government and  
33 participating local governments, for payment of bonds issued under  
34 section 8 of this act or public improvement costs within the  
35 designated disaster area on a pay-as-you-go basis; and

36 (ii) Any other local revenues, except as provided in (b) of this  
37 subsection, including revenues derived from federal and private  
38 sources, which are dedicated for the payment of bonds issued under  
39 section 8 of this act or public improvement costs within the  
40 designated disaster area on a pay-as-you-go basis.

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

5 (17) "Sponsoring local government" means a city, town, county, or  
6 any combination thereof, that adopts a designated disaster area.

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

8 (a) Five hundred thousand dollars;

9 (b) The project award amount approved by the department as  
10 provided in section 7 of this act; or

11 (c) The total amount of revenues from local public sources  
12 dedicated in the preceding calendar year to the payment of principal  
13 and interest on bonds issued under section 8 of this act and public  
14 improvement costs within the designated disaster area on a pay-as-  
15 you-go basis. Revenues from local public sources dedicated in the  
16 preceding calendar year that are in excess of the project award may  
17 be carried forward and used in later years for the purpose of this  
18 subsection (18)(c).

19 NEW SECTION. **Sec. 2.** CONDITIONS. A local government may finance  
20 public improvements using designated disaster area financing subject  
21 to the following conditions:

22 (1) Structural damage to real property within the local  
23 government's boundaries directly caused by a qualifying disaster  
24 totals at least ten million dollars.

25 (2) The local government has adopted an ordinance designating a  
26 designated disaster area within its boundaries and specified the  
27 public improvements proposed to be financed in whole or in part with  
28 the use of designated disaster area financing.

29 (3) The public improvements proposed to be financed in whole or  
30 in part using designated disaster area financing are expected to  
31 encourage private development within the designated disaster area and  
32 to increase the fair market value of real property within the  
33 designated disaster area.

34 (4) The local government has entered into a contract with a  
35 private developer relating to the development of private improvements  
36 within the designated disaster area or has received a letter of  
37 intent from a private developer relating to the developer's plans for  
38 the development of private improvements within the designated  
39 disaster area.

1 (5) Private development that is anticipated to occur within the  
2 designated disaster area, as a result of the public improvements,  
3 will be consistent with the countywide planning policy adopted by the  
4 county under RCW 36.70A.210 and the local government's comprehensive  
5 plan and development regulations adopted under chapter 36.70A RCW.

6 (6) The local government may not use dedicated disaster area  
7 financing to finance the costs associated with the financing, design,  
8 acquisition, construction, equipping, operating, maintaining,  
9 remodeling, repairing, and reequipping of public facilities funded  
10 with taxes collected under RCW 82.14.048 or 82.14.390.

11 (7) The governing body of the local government must make a  
12 finding that designated disaster area financing:

13 (a) Will not be used for the purpose of relocating a business  
14 from outside the designated disaster area, but within this state,  
15 into the designated disaster area unless convincing evidence is  
16 provided that the firm being relocated would otherwise leave the  
17 state;

18 (b) Will improve the viability of existing business entities  
19 within the designated disaster area; and

20 (c) Will be used exclusively in areas within the jurisdiction of  
21 the local government directly damaged by a qualifying disaster and  
22 deemed in need of either economic development or redevelopment, or  
23 both, and absent the financing available under this chapter and  
24 section 12 of this act the proposed economic development or  
25 redevelopment would more than likely not occur.

26 (8) The governing body of the local government finds that the  
27 public improvements proposed to be financed in whole or in part using  
28 designated disaster area financing are reasonably likely to:

29 (a) Increase private investment within the designated disaster  
30 area;

31 (b) Increase employment within the designated disaster area; and

32 (c) Generate, over the period of time that the local sales and  
33 use tax will be imposed under section 12 of this act, increases in  
34 state and local property, sales, and use tax revenues that are equal  
35 to or greater than the respective state and local contributions made  
36 under this chapter.

37 NEW SECTION. **Sec. 3.** CREATION OF DESIGNATED DISASTER AREA. (1)  
38 Before adopting an ordinance creating the designated disaster area, a  
39 sponsoring local government must:

1 (a) Provide notice to all local governments with geographic  
2 boundaries within the proposed designated disaster area of the  
3 sponsoring local government's intent to create a designated disaster  
4 area. Notice must be provided in writing to the governing body of the  
5 local governments at least sixty days in advance of the public  
6 hearing as required by (b) of this subsection. The notice must  
7 include at least the following information:

8 (i) The name of the proposed designated disaster area;

9 (ii) The date for the public hearing as required by (b) of this  
10 subsection;

11 (iii) The earliest anticipated date when the sponsoring local  
12 government will take action to adopt the proposed designated disaster  
13 area; and

14 (iv) The name of a contact person with the phone number of the  
15 sponsoring local government and mailing address where a copy of an  
16 ordinance adopted under this section may be sent; and

17 (b) Hold a public hearing on the proposed financing of the public  
18 improvements in whole or in part with designated disaster area  
19 financing. Notice of the public hearing must be published in a legal  
20 newspaper of general circulation within the proposed designated  
21 disaster area at least ten days before the public hearing and posted  
22 in at least six conspicuous public places located in the proposed  
23 designated disaster area. Notices must describe the contemplated  
24 public improvements, estimate the costs of the public improvements,  
25 describe the portion of the costs of the public improvements to be  
26 borne by designated disaster area financing, describe any other  
27 sources of revenue to finance the public improvements, describe the  
28 boundaries of the proposed designated disaster area, and estimate the  
29 period during which designated disaster area financing is  
30 contemplated to be used. The public hearing may be held by either the  
31 governing body of the sponsoring local government, or a committee of  
32 the governing body that includes at least a majority of the whole  
33 governing body.

34 (2) To create a designated disaster area, a sponsoring local  
35 government must adopt an ordinance establishing the designated  
36 disaster area that:

37 (a) Describes the public improvements proposed to be made in the  
38 designated disaster area;

39 (b) Describes the boundaries of the designated disaster area,  
40 subject to the limitations in section 4 of this act;

1 (c) Estimates the cost of the proposed public improvements and  
2 the portion of these costs to be financed by designated disaster area  
3 financing;

4 (d) Estimates the time during which revenues from local public  
5 sources, such as amounts of local sales and use taxes from  
6 participating local governments, are to be used for designated  
7 disaster area financing;

8 (e) Finds that all of the requirements in section 2 of this act  
9 are met;

10 (f) Provides the anticipated date when the criteria for the sales  
11 and use tax in section 12 of this act will be met and the anticipated  
12 date when the sales and use tax in section 12 of this act will be  
13 imposed.

14 (3) The sponsoring local government must deliver a certified copy  
15 of the adopted ordinance to the county treasurer, county assessor,  
16 the department of revenue, and the department.

17 NEW SECTION. **Sec. 4.** LIMITATIONS ON DESIGNATED DISASTER AREAS.

18 A designated disaster area is subject to the following limitations:

19 (1) A designated disaster area may be located within the  
20 boundaries of more than one participating local government. Within  
21 the boundaries of a participating local government, the total area of  
22 the designated disaster area cannot be more than fifty percent  
23 greater than the portion of the affected area that is located within  
24 the boundaries of the participating local government.

25 (2)(a) Except as provided in (b) of this subsection, no  
26 designated disaster area may have within its geographic boundaries  
27 any part of a hospital benefit zone under chapter 39.100 RCW, any  
28 part of a revenue development area created under chapter 39.102 RCW,  
29 any part of a revitalization area under chapter 39.104 RCW, any part  
30 of an increment area under chapter 39.89 RCW, or any part of another  
31 designated disaster area under this chapter.

32 (b) A designated disaster area's boundaries may include all or a  
33 portion of an existing increment area if:

34 (i) The state of Washington has loaned money for environmental  
35 cleanup on such an area in order to stimulate redevelopment of  
36 brownfields;

37 (ii) The environmental cleanup, for which the state's loans were  
38 intended, has been completed; and

1 (iii) The sponsoring local government determines the creation of  
2 the designated disaster area is necessary for redevelopment and  
3 protecting the state's investment by increasing property tax revenue.

4 (3) A designated disaster area is limited to contiguous tracts,  
5 lots, pieces, or parcels of land without the creation of islands of  
6 property not included in the designated disaster area.

7 (4) The boundaries may not be drawn to purposely exclude parcels  
8 where economic growth is unlikely to occur.

9 (5) The public improvements financed through bonds issued under  
10 section 8 of this act and public improvements made on a pay-as-you-go  
11 basis must be located in the designated disaster area.

12 (6) A designated disaster area cannot comprise an area containing  
13 more than twenty-five percent of the total assessed value of the  
14 taxable real property within the boundaries of the sponsoring local  
15 government at the time the designated disaster area is created.

16 (7) The boundaries of the designated disaster area may not be  
17 changed for the time period that local sales and use taxes of  
18 participating local governments, and the local sales and use tax  
19 under section 12 of this act, are used to pay bonds issued under  
20 section 8 of this act and public improvement costs within the  
21 designated disaster area on a pay-as-you-go basis, as provided under  
22 this chapter.

23 (8) A designated disaster area must be geographically restricted  
24 to the location of the public improvement and adjacent locations that  
25 the sponsoring local government finds to have a high likelihood of  
26 receiving direct positive business and economic impacts due to the  
27 public improvement, such as a neighborhood or a block.

28 NEW SECTION. **Sec. 5.** OPTING IN OR OUT AS A PARTICIPATING LOCAL  
29 GOVERNMENT. (1) A participating local government must enter into an  
30 interlocal agreement as provided in chapter 39.34 RCW to participate  
31 in designated disaster area financing with the sponsoring local  
32 government.

33 (2)(a) If a local government that imposes a sales and use tax  
34 under RCW 82.14.030 does not want to participate in the designated  
35 disaster area financing of public improvements in a designated  
36 disaster area, its governing body must adopt an ordinance and notify  
37 the sponsoring local government that the taxing authority will not be  
38 a participating local government.



1 (b) The local government must provide a copy of the adopted  
2 ordinance and the notice to the sponsoring local government creating  
3 the designated disaster area before the anticipated date that the  
4 sponsoring local government proposes to adopt an ordinance creating  
5 the designated disaster area as provided in the notice required by  
6 section 3 of this act.

7 NEW SECTION. **Sec. 6.** LOCAL SALES AND USE TAX INCREMENTS. (1) A  
8 sponsoring local government may use annually local sales and use tax  
9 amounts equal to some or all of its local sales and use tax  
10 increments to finance public improvements in the designated disaster  
11 area. The amounts of local sales and use tax dedicated by a  
12 participating local government must begin and cease on the dates  
13 specified in an interlocal agreement authorized in chapter 39.34 RCW.  
14 Participating local governments are authorized to allocate some or  
15 all of their local sales and use tax increment to the sponsoring  
16 local government as provided by section 5 of this act.

17 (2) Upon request, the department, with the assistance of the  
18 department of revenue, must assist sponsoring local governments in  
19 estimating sales and use tax revenues from estimated taxable activity  
20 in the proposed or adopted designated disaster area. The sponsoring  
21 local government must provide the department with accurate  
22 information describing the geographical boundaries of the designated  
23 disaster area in an electronic format or in a manner as otherwise  
24 prescribed by the department.

25 NEW SECTION. **Sec. 7.** APPLICATION PROCESS. (1) Prior to applying  
26 to the department to receive a state contribution, a sponsoring local  
27 government must adopt a designated disaster area within the  
28 limitations in section 4 of this act and in accordance with section 3  
29 of this act.

30 (2)(a) As a condition to imposing a sales and use tax under  
31 section 12 of this act, a sponsoring local government must apply to  
32 the department and be approved for a project award amount. The  
33 application must be in a form and manner prescribed by the department  
34 and include, but not be limited to:

35 (i) Information establishing that over the period of time that  
36 the local sales and use tax will be imposed under section 12 of this  
37 act, increases in state and local property, sales and use tax  
38 revenues as a result of public improvements in the designated

1 disaster area will be equal to or greater than the respective state  
2 and local contributions made under this chapter;

3 (ii) Information demonstrating that the sponsoring local  
4 government will meet the requirements necessary to receive the full  
5 amount of state contribution it is requesting on an annual basis;

6 (iii) The amount of state contribution it is requesting;

7 (iv) The anticipated effective date for imposing the tax under  
8 section 12 of this act;

9 (v) The estimated number of years that the tax will be imposed;

10 (vi) The anticipated rate of tax to be imposed under section 12  
11 of this act, subject to the rate-setting conditions in section 12(3)  
12 of this act, should the sponsoring local government be approved for a  
13 project award;

14 (vii) The anticipated date when bonds issued under section 8 of  
15 this act will be issued; and

16 (viii) Any other information required by the department to  
17 evaluate the merits of the application.

18 (b) As part of the application, each applicant must provide to  
19 the department a copy of the adopted ordinance creating the  
20 designated disaster area as required in section 3 of this act and  
21 copies of any adopted interlocal agreements from participating local  
22 governments.

23 (3)(a) Project awards must be determined through a competitive  
24 process. In evaluating applications for a project award, the  
25 department must develop the relative weight to be assigned to the  
26 following criteria:

27 (i) The project's potential to enhance the sponsoring local  
28 government's regional and/or international competitiveness;

29 (ii) The project's ability to encourage mixed use and transit-  
30 oriented development and the redevelopment of a geographic area;

31 (iii) Achieving an overall distribution of projects statewide  
32 that reflect geographic diversity;

33 (iv) The estimated wages and benefits for the project are greater  
34 than the average labor market area;

35 (v) The estimated state and local net employment change over the  
36 life of the project;

37 (vi) The current economic health and vitality of the proposed  
38 designated disaster area and the contiguous community and the  
39 estimated impact of the proposed project on the proposed dedicated  
40 disaster area and contiguous community;

1 (vii) The estimated state and local net property tax change over  
2 the life of the project;

3 (viii) The estimated state and local sales and use tax increase  
4 over the life of the project;

5 (ix) If a project is located within an urban growth area,  
6 evidence that the project utilizes existing urban infrastructure and  
7 that the transportation needs of the project will be adequately met  
8 through the use of dedicated disaster area financing or other  
9 sources.

10 (b) The total of all project awards may not exceed the annual  
11 state contribution limit.

12 (c) If the level of available state contribution is less than the  
13 amount requested by the next available applicant, the applicant must  
14 be given the first opportunity to accept the lesser amount of state  
15 contribution but only if the applicant produces a new application  
16 within sixty days of being notified by the department and the  
17 application describes the impact on the proposed project as a result  
18 of the lesser award in addition to new application information  
19 outlined in subsection (2) of this section.

20 (d) Applications that are not approved for a project award due to  
21 lack of available state contribution must be retained on file by the  
22 department in order of the date of their receipt.

23 (e) Once total project awards reach the amount of annual state  
24 contribution limit, no more applications will be accepted.

25 (f) If the annual contribution limit is increased by making  
26 additional funds available for applicants that apply through a  
27 competitive process, applications will be accepted again beginning  
28 sixty days after the effective date of the increase. However, in the  
29 time period before any new applications are accepted, all sponsoring  
30 local governments with a complete application already on file with  
31 the department must be provided an opportunity to either withdraw  
32 their application or update the information in the application. The  
33 updated application must be for a project that is substantially the  
34 same as the project in the original application. The department must  
35 consider these applications for project awards prior to considering  
36 any new applications.

37 (4) The department must notify the sponsoring local government of  
38 approval or denial of a project award within sixty days of the  
39 department's receipt of the sponsoring local government's  
40 application. Determination of a project award by the department is

1 final. Notification must include the earliest date when the tax  
2 authorized under section 12 of this act may be imposed, subject to  
3 conditions in chapter 82.14 RCW. The project award notification must  
4 specify the rate requested in the application and any adjustments to  
5 the rate that would need to be made based on the project award and  
6 rate restrictions in section 12 of this act.

7 (5) The department must begin accepting applications on July 1,  
8 2016.

9 NEW SECTION. **Sec. 8.** ISSUANCE OF GENERAL OBLIGATION BONDS. (1)

10 A sponsoring local government creating a designated disaster area and  
11 authorizing the use of designated disaster area financing may incur  
12 general indebtedness, including issuing general obligation bonds, to  
13 finance the public improvements and retire the indebtedness in whole  
14 or in part from designated disaster area financing it receives,  
15 subject to the following requirements:

16 (a)(i) The ordinance adopted by the sponsoring local government  
17 creating the designated disaster area and authorizing the use of  
18 designated disaster area financing indicates an intent to incur this  
19 indebtedness and the maximum amount of this indebtedness that is  
20 contemplated; and

21 (ii) The sponsoring local government includes this statement of  
22 intent in all notices required by section 3 of this act; or

23 (b) The sponsoring local government adopts a resolution, after  
24 opportunity for public comment, that indicates an intent to incur  
25 this indebtedness and the maximum amount of this indebtedness that is  
26 contemplated.

27 (2) The general indebtedness incurred under subsection (1) of  
28 this section may be payable from other tax revenues, the full faith  
29 and credit of the sponsoring local government, and nontax income,  
30 revenues, fees, and rents from the public improvements, as well as  
31 contributions, grants, and nontax money available to the local  
32 government for payment of costs of the public improvements or  
33 associated debt service on the general indebtedness.

34 (3) In addition to the requirements in subsection (1) of this  
35 section, a sponsoring local government creating a designated disaster  
36 area and authorizing the use of designated disaster area financing  
37 may require any nonpublic participants to provide adequate security  
38 to protect the public investment in the public improvement within the  
39 designated disaster area.

1 (4) Bonds issued under this section must be authorized by  
2 ordinance of the sponsoring local government and may be issued in one  
3 or more series and must bear a date or dates, be payable upon demand  
4 or mature at a time or times, bear interest at a rate or rates, be in  
5 a denomination or denominations, be in a form either coupon or  
6 registered as provided in RCW 39.46.030, carry conversion or  
7 registration privileges, have a rank or priority, be executed in a  
8 manner, be payable in a medium of payment, at a place or places, and  
9 be subject to terms of redemption with or without premium, be secured  
10 in a manner, and have other characteristics, as may be provided by an  
11 ordinance or trust indenture or mortgage issued pursuant thereto.

12 (5) The sponsoring local government may:

13 (a) Annually pay into the special fund established pursuant to  
14 this section a fixed proportion or a fixed amount of any revenues  
15 derived from taxes imposed under section 12 of this act, such payment  
16 to continue until all bonds payable from the fund are paid in full;  
17 and

18 (b) Issue revenue bonds payable from any or all revenues  
19 deposited in the special fund established pursuant to this section.

20 (6) In case any of the public officials of the sponsoring local  
21 government whose signatures appear on any bonds or any coupons issued  
22 under this chapter cease to be the officials before the delivery of  
23 the bonds, the signatures must, nevertheless, be valid and sufficient  
24 for all purposes, the same as if the officials had remained in office  
25 until the delivery. Any provision of any law to the contrary  
26 notwithstanding, any bonds issued under this chapter are fully  
27 negotiable.

28 (7) Notwithstanding subsections (4) through (6) of this section,  
29 bonds issued under this section may be issued and sold in accordance  
30 with chapter 39.46 RCW.

31 NEW SECTION. **Sec. 9.** USE OF TAX REVENUE FOR BOND REPAYMENT. A  
32 sponsoring local government that issues bonds issued under section 8  
33 of this act to finance public improvements may pledge for the payment  
34 of such bonds all or part of any revenues derived from taxes imposed  
35 under section 12 of this act and held in connection with the public  
36 improvements.

37 NEW SECTION. **Sec. 10.** LIMITATION ON BONDS ISSUED. The bonds  
38 issued by a local government under section 8 of this act to finance

1 public improvements do not constitute an obligation of the state of  
2 Washington, either general or special.

3 NEW SECTION. **Sec. 11.** REPORTING REQUIREMENTS. (1) A sponsoring  
4 local government receiving a project award under section 7 of this  
5 act must provide a report to the department by March 1st of each year  
6 beginning March 1st after the project award has been approved. The  
7 report must contain the following information:

8 (a) The amount of local sales and use tax and other revenue from  
9 local public sources dedicated by any participating local government  
10 used for the payment of bonds issued under section 8 of this act and  
11 public improvement costs within the designated disaster area on a  
12 pay-as-you-go basis in the preceding calendar year;

13 (b) The amount of local sales and use tax dedicated by the  
14 sponsoring local government, as it relates to the sponsoring local  
15 government's local sales and use tax increment, used for the payment  
16 of bonds issued under section 8 of this act and public improvement  
17 costs within the designated disaster area on a pay-as-you-go basis in  
18 the preceding calendar year;

19 (c) The amounts, other than those listed in (a) and (b) of this  
20 subsection, from local public sources, broken down by type or source,  
21 used for payment of bonds issued under section 8 of this act or  
22 public improvement costs within the designated disaster area on a  
23 pay-as-you-go basis in the preceding calendar year;

24 (d) The anticipated date when bonds issued under section 8 of  
25 this act are expected to be retired;

26 (e) The names of any businesses locating within the designated  
27 disaster area as a result of the public improvements undertaken by  
28 the sponsoring local government and financed in whole or in part with  
29 designated disaster area financing;

30 (f) An estimate of the cumulative number of permanent jobs  
31 created in the designated disaster area as a result of the public  
32 improvements undertaken by the sponsoring local government and  
33 financed in whole or in part with designated disaster area financing;

34 (g) An estimate of the average wages and benefits received by all  
35 employees of businesses locating within the designated disaster area  
36 as a result of the public improvements undertaken by the sponsoring  
37 local government and financed in whole or in part with designated  
38 disaster area financing;

1 (h) A list of public improvements financed by bonds issued under  
2 section 8 of this act and public improvements made on a pay-as-you-go  
3 basis within the designated disaster area;

4 (i) That the sponsoring local government is in compliance with  
5 section 2 of this act;

6 (j) At least once every three years, updated estimates of the  
7 amounts of state and local sales and use tax increments received  
8 since the approval by the department of the project award under  
9 section 7 of this act;

10 (k) The amount of revenues from local public sources that (i)  
11 were expended in prior years for the payment of bonds issued under  
12 section 8 of this act and public improvement costs within the  
13 designated disaster area on a pay-as-you-go basis in prior calendar  
14 years that were in excess of the project award amount for that year  
15 and are carried forward for dedication in future years, (ii) are  
16 deemed dedicated to payment of bonds or public improvement costs in  
17 the calendar year for which the report is prepared, and (iii) remain  
18 available for dedication in future years; and

19 (1) Any other information required by the department to (i)  
20 enable the department to fulfill its duties under this chapter and  
21 (ii) enable the department of revenue to fulfill its duties under  
22 section 12 of this act.

23 (2) The department must make a report available to the public and  
24 the legislature by June 1st of each year. The report must include a  
25 summary of the information provided to the department by sponsoring  
26 local governments under subsection (1) of this section.

27 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14  
28 RCW to read as follows:

29 (1) Any city or county that has been approved for a project award  
30 under section 7 of this act may impose a sales and use tax under the  
31 authority of this section in accordance with the terms of this  
32 chapter. Except as provided in this section, the tax is in addition  
33 to other taxes authorized by law and must be collected from those  
34 persons who are taxable by the state under chapters 82.08 and 82.12  
35 RCW upon the occurrence of any taxable event within the taxing  
36 jurisdiction of the city or county.

37 (2) The tax authorized under subsection (1) of this section is  
38 credited against the state taxes imposed under RCW 82.08.020(1) and  
39 82.12.020 at the rate provided in RCW 82.08.020(1). The department

1 must perform the collection of such taxes on behalf of the city or  
2 county at no cost to the city or county. The taxes must be  
3 distributed to cities and counties as provided in RCW 82.14.060.

4 (3) The rate of tax imposed by a city or county may not exceed  
5 the lesser of:

6 (a) The rate provided in RCW 82.08.020(1), less:

7 (i) The aggregate rates of all other local sales and use taxes  
8 imposed by any taxing authority on the same taxable events;

9 (ii) The aggregate rates of all taxes under RCW 82.14.465,  
10 82.14.475, 82.14.510, and this section that are authorized but have  
11 not yet been imposed on the same taxable events by a city or county  
12 that has been approved to receive a state contribution by the  
13 department, the department of commerce, or the community economic  
14 revitalization board under chapter 39.--- (the new chapter created in  
15 section 13 of this act), 39.100, 39.102, or 39.104 RCW; and

16 (iii) The percentage amount of distributions required under RCW  
17 82.08.020(5) multiplied by the rate of state taxes imposed under RCW  
18 82.08.020(1); and

19 (b) The rate, as determined by the city or county in consultation  
20 with the department, reasonably necessary to receive the project  
21 award under section 7 of this act over ten months.

22 (4) Upon request, the department of commerce, with assistance  
23 from the department, must assist a city or county in establishing its  
24 tax rate in accordance with subsection (3) of this section. Once the  
25 rate of tax is selected through the application process and approved  
26 under section 7 of this act, it may not be increased.

27 (5)(a) No tax may be imposed under the authority of this section  
28 before July 1st of the calendar year immediately following the year  
29 in which the department of commerce approved the application made  
30 under section 7 of this act;

31 (b) The tax imposed under this section expires the earlier of the  
32 date that the bonds issued under the authority of section 8 of this  
33 act are retired or thirty years after the tax is first imposed.

34 (6) An ordinance or resolution adopted by the legislative  
35 authority of the city or county imposing a tax under this section  
36 must provide that:

37 (a) The tax will first be imposed on the first day of a fiscal  
38 year;



1 (b) The cumulative amount of tax received by the city or county,  
2 in any fiscal year, may not exceed the amount approved by the  
3 department under subsection (10) of this section;

4 (c) The department must cease distributing the tax for the  
5 remainder of any fiscal year in which either:

6 (i) The amount of tax received by the city or county equals the  
7 amount of distributions approved by the department for the fiscal  
8 year under subsection (10) of this section; or

9 (ii) The amount of revenue distributed to all sponsoring and  
10 cosponsoring local governments from taxes imposed under this section  
11 equals the annual state contribution limit;

12 (d) The tax will be distributed again, should it cease to be  
13 distributed for any of the reasons provided in (c) of this  
14 subsection, at the beginning of the next fiscal year, subject to the  
15 restrictions in this section; and

16 (e) The state is entitled to any revenue generated by the tax in  
17 excess of the amounts specified in (c) of this subsection.

18 (7) If a city or county receives approval for more than one  
19 designated disaster area within its jurisdiction, the city or county  
20 may impose a sales and use tax under this section for each designated  
21 disaster area.

22 (8) The department must determine the amount of tax receipts  
23 distributed to each city and county imposing a sales and use tax  
24 under the authority of this section and must advise a city or county  
25 when tax distributions for the fiscal year equal the amount  
26 determined by the department in subsection (10) of this section.  
27 Determinations by the department of the amount of tax distributions  
28 attributable to a city or county are not appealable. The department  
29 must remit any tax receipts in excess of the amounts specified in  
30 subsection (6)(c) of this section to the state treasurer who must  
31 deposit the money in the general fund.

32 (9) If a city or county fails to comply with section 11 of this  
33 act, no tax may be distributed in the subsequent fiscal year until  
34 such time as the city or county complies and the department  
35 calculates the state contribution amount according to subsection (10)  
36 of this section for the fiscal year.

37 (10) For each fiscal year that a city or county imposes the tax  
38 under the authority of this section, the department must approve the  
39 amount of taxes that may be distributed to the city or county. The

1 amount approved by the department under this subsection is the lesser  
2 of:

3 (a) The state contribution;

4 (b) The amount of project award granted by the department of  
5 commerce as provided in section 7 of this act; or

6 (c) The total amount of revenues from local public sources  
7 dedicated or, in the case of carry forward revenues, deemed dedicated  
8 in the preceding calendar year, as reported in the required annual  
9 report under section 11 of this act.

10 (11) The amount of tax distributions received from taxes imposed  
11 under the authority of this section by all cities and counties is  
12 limited annually to not more than the amount of annual state  
13 contribution limit.

14 (12) The definitions in section 1 of this act apply to this  
15 section subject to subsection (13) of this section and unless the  
16 context clearly requires otherwise.

17 (13) For purposes of this section, the following definitions  
18 apply:

19 (a) "Department" means the department of revenue.

20 (b) "Local sales and use taxes" means sales and use taxes imposed  
21 by cities, counties, public facilities districts, and other local  
22 governments under the authority of this chapter, chapter 67.28 RCW,  
23 or any other chapter, and that are credited against the state sales  
24 and use taxes.

25 (c) "State sales and use taxes" means the taxes imposed in RCW  
26 82.08.020(1) and 82.12.020.

27 NEW SECTION. **Sec. 13.** Sections 1 through 11 of this act  
28 constitute a new chapter in Title 39 RCW.

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