

HOUSE BILL REPORT

SB 6177

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to allowing excess local infrastructure financing revenues to be carried forward.

Brief Description: Allowing excess local infrastructure financing revenues to be carried forward.

Sponsors: Senators King, Takko and Mullet.

Brief History:

Committee Activity:

Technology & Economic Development: 2/14/18, 2/22/18 [DP].

Brief Summary of Bill

- Allows certain excess revenues from local public sources, under the Local Infrastructure Financing Tool program, to be carried forward and used to calculate the state's contribution in subsequent years.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 12 members: Representatives Morris, Chair; Tarleton, Vice Chair; Doglio, Fey, Harmsworth, Hudgins, Manweller, Nealey, Slatter, Steele, Wylie and Young.

Minority Report: Do not pass. Signed by 1 member: Representative Santos.

Staff: Kirsten Lee (786-7133).

Background:

In 2006 the Local Infrastructure Financing Tool (LIFT) program was created and made available to certain local governments for financing local public improvement projects intended to encourage economic development or redevelopment. As part of the LIFT program, a sponsoring local government (a city, town, county, port district, or federally

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recognized Indian tribe) creates a "revenue development area" from which annual increases in revenues from local sales and use taxes and local property taxes are measured. These increases in revenues and any additional revenues from other local public sources are then used to pay for public improvements in the revenue development area and are also used to match a state contribution.

State funding for the LIFT program is provided through a credit against the state sales and use tax. The sponsoring local government is allowed to retain a certain amount of state sales and use tax revenue that would otherwise be deposited in the State General Fund. The maximum state contribution that a sponsoring local government may receive each year is limited to the lesser of:

- \$1 million;
- the amount of local matching funds (local excise tax allocation revenues, local property tax allocation revenues, and other revenues from local public sources) dedicated to the payment of the public improvements or bonds in the previous calendar year;
- the amount of the project award granted; or
- the highest amount of state retail sales and use tax revenues and state property tax revenues for any one calendar year.

The local funds and state contribution are used for the payment of bonds issued for financing local public improvements within the revenue development area. The public improvements may be financed on a pay-as-you-go basis.

The maximum statewide contribution for all of the LIFT projects is capped at \$7.5 million per year. Nine projects have been awarded state contributions under the LIFT program. The projects are located in Bellingham, Bothell, Everett, Federal Way, Mount Vernon, Puyallup, Vancouver, Yakima, and Spokane County.

The application process for the LIFT program is closed. The expiration date for the LIFT program is June 30, 2044.

Summary of Bill:

Under the LIFT program, the sponsoring local government may carry forward revenues from local public sources dedicated to the payment of the public improvements or bonds in the previous calendar year that are in excess of the project award. These excess revenues may be used in later years for the purpose of calculating the state's contribution.

Outdated expiration dates are repealed.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is a simple bill that creates no new cost. The bill allows cities to participating in the LIFT program to receive state contributions for upfront project dollars exceeding \$1 million. The bill enables the City of Yakima to meet financial obligations in the future. The City of Yakima is trying to rebuild a certain area of the city and the funding package requires the City of Yakima to contribute. This bill would allow them to uphold their end. The bill also helps Bothell, Mount Vernon, Puyallup, Vancouver, Bellingham, Federal Way, and Spokane. The new provision aligns with other similar programs.

(Opposed) None.

Persons Testifying: Senator King, prime sponsor; and Cliff Moore, City of Yakima.

Persons Signed In To Testify But Not Testifying: None.