

HB 2497 - S COMM AMD

By Committee on Housing Stability & Affordability

ADOPTED 03/03/2020

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 39.89.020 and 2001 c 212 s 2 are each amended to  
4 read as follows:

5 The definitions in this section apply throughout this chapter  
6 unless the context clearly requires otherwise.

7 (1) "Assessed value of real property" means the valuation of real  
8 property as placed on the last completed assessment roll.

9 (2) "Local government" means any city, town, county, port  
10 district, or any combination thereof.

11 (3) "Ordinance" means any appropriate method of taking  
12 legislative action by a local government.

13 (4) "Public improvements" means:

14 (a) Infrastructure improvements within the increment area that  
15 include:

16 (i) Street and road construction and maintenance;

17 (ii) Water and sewer system construction and improvements;

18 (iii) Sidewalks and streetlights;

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

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

21 (vi) Park facilities and recreational areas; and

22 (vii) Stormwater and drainage management systems; and

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

24 (i) Providing environmental analysis, professional management,  
25 planning, and promotion within the increment area, including the  
26 management and promotion of retail trade activities in the increment  
27 area;

28 (ii) Providing maintenance and security for common or public  
29 areas in the increment area; or

30 (iii) Historic preservation activities authorized under RCW  
31 35.21.395.

1 (5) "Public improvement costs" means the costs of: (a) Design,  
2 planning, acquisition, site preparation, construction,  
3 reconstruction, rehabilitation, improvement, and installation of  
4 public improvements; (b) purchasing, rehabilitating, retrofitting for  
5 energy efficiency, and constructing housing for the purpose of  
6 creating or preserving permanently affordable housing; (c)  
7 relocating, maintaining, and operating property pending construction  
8 of public improvements; ~~((e))~~ (d) relocating utilities as a result  
9 of public improvements; ~~((d))~~ (e) financing public improvements,  
10 including interest during construction, legal and other professional  
11 services, taxes, insurance, principal and interest costs on general  
12 indebtedness issued to finance public improvements, and any necessary  
13 reserves for general indebtedness; ~~((e))~~ (f) assessments incurred  
14 in revaluing real property for the purpose of determining the tax  
15 allocation base value that are in excess of costs incurred by the  
16 assessor in accordance with the revaluation plan under chapter 84.41  
17 RCW, and the costs of apportioning the taxes and complying with this  
18 chapter and other applicable law; and ~~((f))~~ (g) administrative  
19 expenses and feasibility studies reasonably necessary and related to  
20 these costs, including related costs that may have been incurred  
21 before adoption of the ordinance authorizing the public improvements  
22 and the use of community revitalization financing to fund the costs  
23 of the public improvements.

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

33 (7) "Tax allocation base value" means the true and fair value of  
34 real property located within an increment area for taxes imposed in  
35 the year in which the increment area is created, plus twenty-five  
36 percent of any increase in the true and fair value of real property  
37 located within an increment area that is placed on the assessment  
38 rolls after the increment area is created.

1 (8) "Tax allocation revenues" means those tax revenues derived  
2 from the imposition of regular property taxes on the increment value  
3 and distributed to finance public improvements.

4 (9) "Increment area" means the geographic area from which taxes  
5 are to be appropriated to finance public improvements authorized  
6 under this chapter.

7 (10) "Increment value" means seventy-five percent of any increase  
8 in the true and fair value of real property in an increment area that  
9 is placed on the tax rolls after the increment area is created.

10 (11) "Taxing districts" means a governmental entity that levies  
11 or has levied for it regular property taxes upon real property  
12 located within a proposed or approved increment area.

13 (12) "Value of taxable property" means the value of the taxable  
14 property as defined in RCW 39.36.015.

15 (13) "Permanently affordable housing" means housing, regardless  
16 of ownership, for which there is a legally binding, recorded document  
17 in effect that limits the price at which the owner may sell or  
18 restricts the occupancy of the unit to a qualified, low-income  
19 household, for a period of at least forty years for a property used  
20 for shelter or rental housing, or for a period of at least twenty-  
21 five years for a property to be owned by a low-income household.  
22 These documents include, but are not limited to, affordability  
23 covenants, deed restrictions, and community land trust leases. Resale  
24 restrictions exercised by providers of permanently affordable housing  
25 can include, but are not limited to:

26 (a) Continuous ownership of land by a public entity or nonprofit  
27 housing provider with a lease allowing ownership of the structure by  
28 an income-eligible household;

29 (b) A nonpossessory interest or right in real property, such as a  
30 deed restriction, restrictive covenant, resale restriction or other  
31 contractual agreement, that ensures affordability.

32 **Sec. 2.** RCW 39.102.020 and 2018 c 178 s 1 are each amended to  
33 read as follows:

34 The definitions in this section apply throughout this chapter  
35 unless the context clearly requires otherwise.

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

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

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

3 (4) "Dedicated" means pledged, set aside, allocated, received,  
4 budgeted, or otherwise identified.

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

6 (a) Bellingham waterfront redevelopment project;

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

8 (c) Vancouver riverwest project.

9 (6) "Department" means the department of revenue.

10 (7) "Fiscal year" means the twelve-month period beginning July  
11 1st and ending the following June 30th.

12 (8) "Local excise tax allocation revenue" means an amount of  
13 local excise taxes equal to some or all of the sponsoring local  
14 government's local excise tax increment, amounts of local excise  
15 taxes equal to some or all of any participating local government's  
16 excise tax increment as agreed upon in the written agreement under  
17 RCW 39.102.080(1), or both, and dedicated to local infrastructure  
18 financing.

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

25 (10) "Local excise taxes" means local revenues derived from the  
26 imposition of sales and use taxes authorized in RCW 82.14.030.

27 (11) "Local government" means any city, town, county, port  
28 district, and any federally recognized Indian tribe.

29 (12) "Local infrastructure financing" means the use of revenues  
30 received from local excise tax allocation revenues, local property  
31 tax allocation revenues, other revenues from local public sources,  
32 and revenues received from the local option sales and use tax  
33 authorized in RCW 82.14.475, dedicated to pay either the principal  
34 and interest on bonds authorized under RCW 39.102.150 or to pay  
35 public improvement costs on a pay-as-you-go basis subject to RCW  
36 39.102.195, or both.

37 (13) "Local property tax allocation revenue" means those tax  
38 revenues derived from the receipt of regular property taxes levied on  
39 the property tax allocation revenue value and used for local  
40 infrastructure financing.

1 (14) "Low-income housing" means residential housing for low-  
2 income persons or families who lack the means which is necessary to  
3 enable them, without financial assistance, to live in decent, safe,  
4 and sanitary dwellings, without overcrowding. For the purposes of  
5 this subsection, "low income" means income that does not exceed  
6 eighty percent of the median family income for the standard  
7 metropolitan statistical area in which the revenue development area  
8 is located.

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

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

18 (17) "Participating taxing district" means a local government  
19 having a revenue development area within its geographic boundaries  
20 that has entered into a written agreement with a sponsoring local  
21 government as provided in RCW 39.102.080 to allow the use of some or  
22 all of its local property tax allocation revenues or other revenues  
23 from local public sources dedicated for local infrastructure  
24 financing.

25 (18) "Property tax allocation revenue base value" means the  
26 assessed value of real property located within a revenue development  
27 area less the property tax allocation revenue value.

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

31 (A) The placement of new construction, improvements to property,  
32 or both, on the assessment roll, where the new construction and  
33 improvements are initiated after the revenue development area is  
34 approved by the board;

35 (B) The cost of new housing construction, conversion, and  
36 rehabilitation improvements, when such cost is treated as new  
37 construction for purposes of chapter 84.55 RCW as provided in RCW  
38 84.14.020, and the new housing construction, conversion, and  
39 rehabilitation improvements are initiated after the revenue  
40 development area is approved by the board;

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

5 (ii) Increases in the assessed value of real property in a  
6 revenue development area resulting from (a)(i)(A) through (C) of this  
7 subsection are included in the property tax allocation revenue value  
8 in the initial year. These same amounts are also included in the  
9 property tax allocation revenue value in subsequent years unless the  
10 property becomes exempt from property taxation.

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

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

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

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

23 (i) For new construction and improvements to property added to  
24 the assessment roll, the year during which the new construction and  
25 improvements are initially placed on the assessment roll;

26 (ii) For the cost of new housing construction, conversion, and  
27 rehabilitation improvements, when such cost is treated as new  
28 construction for purposes of chapter 84.55 RCW, the year when such  
29 cost is treated as new construction for purposes of levying taxes for  
30 collection in the following year; and

31 (iii) For the cost of rehabilitation of historic property, when  
32 such cost is treated as new construction for purposes of chapter  
33 84.55 RCW, the year when such cost is treated as new construction for  
34 purposes of levying taxes for collection in the following year.

35 (20) "Public improvement costs" means the cost of: (a) Design,  
36 planning, acquisition including land acquisition, site preparation  
37 including land clearing, construction, reconstruction,  
38 rehabilitation, improvement, and installation of public improvements;

39 (b) demolishing, relocating, maintaining, and operating property  
40 pending construction of public improvements; (c) the local

1 government's portion of relocating utilities as a result of public  
2 improvements; (d) financing public improvements, including interest  
3 during construction, legal and other professional services, taxes,  
4 insurance, principal and interest costs on general indebtedness  
5 issued to finance public improvements, and any necessary reserves for  
6 general indebtedness; (e) assessments incurred in revaluing real  
7 property for the purpose of determining the property tax allocation  
8 revenue base value that are in excess of costs incurred by the  
9 assessor in accordance with the revaluation plan under chapter 84.41  
10 RCW, and the costs of apportioning the taxes and complying with this  
11 chapter and other applicable law; (f) administrative expenses and  
12 feasibility studies reasonably necessary and related to these costs;  
13 and (g) any of the above-described costs that may have been incurred  
14 before adoption of the ordinance authorizing the public improvements  
15 and the use of local infrastructure financing to fund the costs of  
16 the public improvements.

17 (21) "Public improvements" means:

18 (a) Infrastructure improvements within the revenue development  
19 area that include:

20 (i) Street, bridge, and road construction and maintenance,  
21 including highway interchange construction;

22 (ii) Water and sewer system construction and improvements,  
23 including wastewater reuse facilities;

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

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

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

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

28 and

29 (vii) Stormwater and drainage management systems;

30 (b) Expenditures for facilities and improvements that support  
31 affordable housing as defined in RCW 43.63A.510; and

32 (c) Expenditures to purchase, rehabilitate, retrofit for energy  
33 efficiency, and construct housing for the purpose of creating or  
34 preserving permanently affordable housing.

35 (22) "Real property" has the same meaning as in RCW 84.04.090 and  
36 also includes any privately owned improvements located on publicly  
37 owned land that are subject to property taxation.

38 (23) "Regular property taxes" means regular property taxes as  
39 defined in RCW 84.04.140, except: (a) Regular property taxes levied  
40 by public utility districts specifically for the purpose of making

1 required payments of principal and interest on general indebtedness;  
2 (b) regular property taxes levied by the state for the support of the  
3 common schools under RCW 84.52.065; and (c) regular property taxes  
4 authorized by RCW 84.55.050 that are limited to a specific purpose.  
5 "Regular property taxes" do not include excess property tax levies  
6 that are exempt from the aggregate limits for junior and senior  
7 taxing districts as provided in RCW 84.52.043.

8 (24) "Relocating a business" means the closing of a business and  
9 the reopening of that business, or the opening of a new business that  
10 engages in the same activities as the previous business, in a  
11 different location within a one-year period, when an individual or  
12 entity has an ownership interest in the business at the time of  
13 closure and at the time of opening or reopening. "Relocating a  
14 business" does not include the closing and reopening of a business in  
15 a new location where the business has been acquired and is under  
16 entirely new ownership at the new location, or the closing and  
17 reopening of a business in a new location as a result of the exercise  
18 of the power of eminent domain.

19 (25) "Revenue development area" means the geographic area adopted  
20 by a sponsoring local government and approved by the board, from  
21 which local excise and property tax allocation revenues are derived  
22 for local infrastructure financing.

23 (26) (a) "Revenues from local public sources" means:

24 (i) Amounts of local excise tax allocation revenues and local  
25 property tax allocation revenues, dedicated by sponsoring local  
26 governments, participating local governments, and participating  
27 taxing districts, for local infrastructure financing; and

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

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

35 (27) "Small business" has the same meaning as provided in RCW  
36 19.85.020.

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



1 (29) "State contribution" means the lesser of:

2 (a) One million dollars;

3 (b) The total amount of local excise tax allocation revenues,  
4 local property tax allocation revenues, and other revenues from local  
5 public sources, that are dedicated by a sponsoring local government,  
6 any participating local governments, and participating taxing  
7 districts, in the preceding calendar year to the payment of principal  
8 and interest on bonds issued under RCW 39.102.150 or to pay public  
9 improvement costs on a pay-as-you-go basis subject to RCW 39.102.195,  
10 or both. Revenues from local public sources dedicated in the  
11 preceding calendar year that are in excess of the project award may  
12 be carried forward and used in later years for the purpose of this  
13 subsection (29) (b);

14 (c) The amount of project award granted by the board in the  
15 notice of approval to use local infrastructure financing under RCW  
16 39.102.040; or

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

21 (30) "State excise tax allocation revenue" means an amount equal  
22 to the annual increase in state excise taxes estimated to be received  
23 by the state in each calendar year following the approval of the  
24 revenue development area by the board, from taxable activity within  
25 the revenue development area as set forth in the application provided  
26 to the board under RCW 39.102.040 and periodically updated and  
27 reported as required in RCW 39.102.140(1)(f).

28 (31) "State excise taxes" means revenues derived from state  
29 retail sales and use taxes under RCW 82.08.020(1) and 82.12.020 at  
30 the rate provided in RCW 82.08.020(1), less the amount of tax  
31 distributions from all local retail sales and use taxes, other than  
32 the local sales and use taxes authorized by RCW 82.14.475 for the  
33 applicable revenue development area, imposed on the same taxable  
34 events that are credited against the state retail sales and use taxes  
35 under chapters 82.08 and 82.12 RCW.

36 (32) "State property tax allocation revenue" means an amount  
37 equal to the estimated tax revenues derived from the imposition of  
38 property taxes levied by the state for the support of common schools  
39 under RCW 84.52.065 on the property tax allocation revenue value, as  
40 set forth in the application submitted to the board under RCW

1 39.102.040 and updated annually in the report required under RCW  
2 39.102.140(1)(f).

3 (33) "Taxing district" means a government entity that levies or  
4 has levied for it regular property taxes upon real property located  
5 within a proposed or approved revenue development area.

6 (34) "Permanently affordable housing" means housing, regardless  
7 of ownership, for which there is a legally binding, recorded document  
8 in effect that limits the price at which the owner may sell or  
9 restricts the occupancy of the unit to a qualified, low-income  
10 household, for a period of at least forty years for a property used  
11 for shelter or rental housing, or for a period of at least twenty-  
12 five years for a property to be owned by a low-income household.  
13 These documents include, but are not limited to, affordability  
14 covenants, deed restrictions, and community land trust leases. Resale  
15 restrictions exercised by providers of permanently affordable housing  
16 can include, but are not limited to:

17 (a) Continuous ownership of land by a public entity or nonprofit  
18 housing provider with a lease allowing ownership of the structure by  
19 an income-eligible household;

20 (b) A nonpossessory interest or right in real property, such as a  
21 deed restriction, restrictive covenant, resale restriction or other  
22 contractual agreement, that ensures affordability.

23 **Sec. 3.** RCW 39.104.020 and 2016 c 207 s 1 are each amended to  
24 read as follows:

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

27 (1) "Annual state contribution limit" means two million five  
28 hundred thousand dollars statewide per fiscal year, plus the  
29 additional amounts approved for demonstration projects in RCW  
30 82.14.505.

31 (2) "Approving agency" means the department of revenue for  
32 project awards approved before June 9, 2016, and the department of  
33 commerce for project awards approved after June 9, 2016.

34 (3) "Assessed value" means the valuation of taxable real property  
35 as placed on the last completed assessment roll.

36 (4) "Bond" means a bond, a note or other evidence of  
37 indebtedness, including but not limited to a lease-purchase agreement  
38 or an executory conditional sales contract.

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

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

3 (7) "Local government" means any city, town, county, and port  
4 district.

5 (8) "Local property tax allocation revenue" means those tax  
6 revenues derived from the receipt of regular property taxes levied on  
7 the property tax allocation revenue value and used for local  
8 revitalization financing.

9 (9) "Local revitalization financing" means the use of revenues  
10 from local public sources, dedicated to pay the principal and  
11 interest on bonds authorized under RCW 39.104.110 and public  
12 improvement costs within the revitalization area on a pay-as-you-go  
13 basis, and revenues received from the local option sales and use tax  
14 authorized in RCW 82.14.510, dedicated to pay the principal and  
15 interest on bonds authorized under RCW 39.104.110.

16 (10) "Local sales and use tax increment" means the estimated  
17 annual increase in local sales and use taxes as determined by the  
18 local government in the calendar years following the approval of the  
19 revitalization area by the department from taxable activity within  
20 the revitalization area.

21 (11) "Local sales and use taxes" means local revenues derived  
22 from the imposition of sales and use taxes authorized in RCW  
23 82.14.030.

24 (12) "Ordinance" means any appropriate method of taking  
25 legislative action by a local government.

26 (13) "Participating local government" means a local government  
27 having a revitalization area within its geographic boundaries that  
28 has taken action as provided in RCW 39.104.070(1) to allow the use of  
29 all or some of its local sales and use tax increment or other  
30 revenues from local public sources dedicated for local revitalization  
31 financing.

32 (14) "Participating taxing district" means a taxing district  
33 that:

34 (a) Has a revitalization area wholly or partially within its  
35 geographic boundaries;

36 (b) Levies or has levied for it regular property taxes as defined  
37 in this section; and

38 (c) Has not taken action as provided in RCW 39.104.060(2).

1 (15) "Property tax allocation revenue base value" means the  
2 assessed value of real property located within a revitalization area,  
3 less the property tax allocation revenue value.

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

7 (A) The placement of new construction, improvements to property,  
8 or both, on the assessment roll, where the new construction and  
9 improvements are initiated after the revitalization area is approved;

10 (B) The cost of new housing construction, conversion, and  
11 rehabilitation improvements, when the cost is treated as new  
12 construction for purposes of chapter 84.55 RCW as provided in RCW  
13 84.14.020, and the new housing construction, conversion, and  
14 rehabilitation improvements are initiated after the revitalization  
15 area is approved;

16 (C) The cost of rehabilitation of historic property, when the  
17 cost is treated as new construction for purposes of chapter 84.55 RCW  
18 as provided in RCW 84.26.070, and the rehabilitation is initiated  
19 after the revitalization area is approved.

20 (ii) Increases in the assessed value of real property in a  
21 revitalization area resulting from (a) (i) (A) through (C) of this  
22 subsection are included in the property tax allocation revenue value  
23 in the initial year. These same amounts are also included in the  
24 property tax allocation revenue value in subsequent years unless the  
25 property becomes exempt from property taxation.

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

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

33 (d) There is no property tax allocation revenue value if the  
34 assessed value of real property in a revitalization area has not  
35 increased as a result of any of the reasons specified in (a) (i) (A)  
36 through (C) of this subsection.

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

38 (i) For new construction and improvements to property added to  
39 the assessment roll, the year during which the new construction and  
40 improvements are initially placed on the assessment roll;

1 (ii) For the cost of new housing construction, conversion, and  
2 rehabilitation improvements, when the cost is treated as new  
3 construction for purposes of chapter 84.55 RCW, the year when the  
4 cost is treated as new construction for purposes of levying taxes for  
5 collection in the following year; and

6 (iii) For the cost of rehabilitation of historic property, when  
7 the cost is treated as new construction for purposes of chapter 84.55  
8 RCW, the year when such cost is treated as new construction for  
9 purposes of levying taxes for collection in the following year.

10 (17) "Public improvement costs" means the costs of:

11 (a) Design, planning, acquisition, including land acquisition,  
12 site preparation including land clearing, construction,  
13 reconstruction, rehabilitation, improvement, and installation of  
14 public improvements;

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

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

18 (d) Financing public improvements, including interest during  
19 construction, legal and other professional services, taxes,  
20 insurance, principal and interest costs on general indebtedness  
21 issued to finance public improvements, and any necessary reserves for  
22 general indebtedness; and

23 (e) Administrative expenses and feasibility studies reasonably  
24 necessary and related to these costs, including related costs that  
25 may have been incurred before adoption of the ordinance authorizing  
26 the public improvements and the use of local revitalization financing  
27 to fund the costs of the public improvements.

28 (18) "Public improvements" means:

29 (a) Infrastructure improvements within the revitalization area  
30 that include:

31 (i) Street, road, bridge, and rail construction and maintenance;

32 (ii) Water and sewer system construction and improvements;

33 (iii) Sidewalks, streetlights, landscaping, and streetscaping;

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

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

36 (vi) Park facilities, recreational areas, and environmental  
37 remediation;

38 (vii) Stormwater and drainage management systems;

39 (viii) Electric, gas, fiber, and other utility infrastructures;

40 ((and))

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

2 (i) Providing environmental analysis, professional management,  
3 planning, and promotion within the revitalization area, including the  
4 management and promotion of retail trade activities in the  
5 revitalization area;

6 (ii) Providing maintenance and security for common or public  
7 areas in the revitalization area; or

8 (iii) Historic preservation activities authorized under RCW  
9 35.21.395; and

10 (c) Expenditures to purchase, rehabilitate, retrofit for energy  
11 efficiency, and construct housing for the purpose of creating or  
12 preserving permanently affordable housing.

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

16 (20)(a) "Regular property taxes" means regular property taxes as  
17 defined in RCW 84.04.140, except: (i) Regular property taxes levied  
18 by public utility districts specifically for the purpose of making  
19 required payments of principal and interest on general indebtedness;  
20 (ii) regular property taxes levied by the state for the support of  
21 common schools under RCW 84.52.065; and (iii) regular property taxes  
22 authorized by RCW 84.55.050 that are limited to a specific purpose.

23 (b) "Regular property taxes" do not include:

24 (i) Excess property tax levies that are exempt from the aggregate  
25 limits for junior and senior taxing districts as provided in RCW  
26 84.52.043; and

27 (ii) Property taxes that are specifically excluded through an  
28 interlocal agreement between the sponsoring local government and a  
29 participating taxing district as set forth in RCW 39.104.060(3).

30 (21)(a) "Revenues from local public sources" means:

31 (i) The local sales and use tax amounts received as a result of  
32 interlocal agreement, local sales and use tax amounts from sponsoring  
33 local governments based on its local sales and use tax increment, and  
34 local property tax allocation revenues, which are dedicated by a  
35 sponsoring local government, participating local governments, and  
36 participating taxing districts, for payment of bonds under RCW  
37 39.104.110 or public improvement costs within the revitalization area  
38 on a pay-as-you-go basis; and

39 (ii) Any other local revenues, except as provided in (b) of this  
40 subsection, including revenues derived from federal and private

1 sources and amounts received by taxing districts as set forth by an  
2 interlocal agreement as described in RCW 39.104.060(4), which are  
3 dedicated for the payment of bonds under RCW 39.104.110 or public  
4 improvement costs within the revitalization area on a pay-as-you-go  
5 basis.

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

10 (22) "Revitalization area" means the geographic area adopted by a  
11 sponsoring local government and approved by the approving agency,  
12 from which local sales and use tax increments are estimated and  
13 property tax allocation revenues are derived for local revitalization  
14 financing.

15 (23) "Sponsoring local government" means a city, town, county, or  
16 any combination thereof, that adopts a revitalization area.

17 (24) "State contribution" means the lesser of:

18 (a) Five hundred thousand dollars;

19 (b) The project award amount approved by the approving agency as  
20 provided in RCW 39.104.100 or 82.14.505; or

21 (c) The total amount of revenues from local public sources  
22 dedicated in the preceding calendar year to the payment of principal  
23 and interest on bonds issued under RCW 39.104.110 and public  
24 improvement costs within the revitalization area on a pay-as-you-go  
25 basis. Revenues from local public sources dedicated in the preceding  
26 calendar year that are in excess of the project award may be carried  
27 forward and used in later years for the purpose of this subsection  
28 (24) (c).

29 (25) "State property tax increment" means the estimated amount of  
30 annual tax revenues estimated to be received by the state from the  
31 imposition of property taxes levied by the state for the support of  
32 common schools under RCW 84.52.065 on the property tax allocation  
33 revenue value, as determined by the sponsoring local government in an  
34 application under RCW 39.104.100 and updated periodically as required  
35 in RCW 82.32.765.

36 (26) "State sales and use tax increment" means the estimated  
37 amount of annual increase in state sales and use taxes to be received  
38 by the state from taxable activity within the revitalization area in  
39 the years following the approval of the revitalization area as

1 determined by the sponsoring local government in an application under  
2 RCW 39.104.100 and updated periodically as required in RCW 82.32.765.

3 (27) "State sales and use taxes" means state retail sales and use  
4 taxes under RCW 82.08.020(1) and 82.12.020 at the rate provided in  
5 RCW 82.08.020(1), less the amount of tax distributions from all local  
6 retail sales and use taxes, other than the local sales and use taxes  
7 authorized by RCW 82.14.510 for the applicable revitalization area,  
8 imposed on the same taxable events that are credited against the  
9 state retail sales and use taxes under RCW 82.08.020(1) and  
10 82.12.020.

11 (28) "Taxing district" means a government entity that levies or  
12 has levied for it regular property taxes upon real property located  
13 within a proposed or approved revitalization area.

14 (29) "Permanently affordable housing" means housing, regardless  
15 of ownership, for which there is a legally binding, recorded document  
16 in effect that limits the price at which the owner may sell or  
17 restricts the occupancy of the unit to a qualified, low-income  
18 household, for a period of at least forty years for a property used  
19 for shelter or rental housing, or for a period of at least twenty-  
20 five years for a property to be owned by a low-income household.  
21 These documents include, but are not limited to, affordability  
22 covenants, deed restrictions, and community land trust leases. Resale  
23 restrictions exercised by providers of permanently affordable housing  
24 can include, but are not limited to:

25 (a) Continuous ownership of land by a public entity or nonprofit  
26 housing provider with a lease allowing ownership of the structure by  
27 an income-eligible household;

28 (b) A nonpossessory interest or right in real property, such as a  
29 deed restriction, restrictive covenant, resale restriction or other  
30 contractual agreement, that ensures affordability."

**HB 2497 - S COMM AMD**

By Committee on Housing Stability & Affordability

**ADOPTED 03/03/2020**

31 On page 1, line 4 of the title, after "financing;" strike the  
32 remainder of the title and insert "and amending RCW 39.89.020,  
33 39.102.020, and 39.104.020."



EFFECT: Adds that the recorded document limiting the sales price or restricting the occupancy of the unit is limited to 40 years for property used for a shelter or rental housing or 25 years for a property owned by a low-income household.

--- END ---