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ENGROSSED SUBSTITUTE HOUSE BILL 2804

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State of Washington

66th Legislature

2020 Regular Session

By House Local Government (originally sponsored by Representatives Duerr, Ryu, Pollet, Slatter, and Boehnke)

READ FIRST TIME 02/07/20.

1 AN ACT Relating to local government infrastructure; amending RCW  
2 39.104.020, 39.104.100, and 82.14.510; adding a new section to  
3 chapter 39.104 RCW; and providing an expiration date.

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

5 **Sec. 1.** RCW 39.104.020 and 2016 c 207 s 1 are each amended to  
6 read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Annual state contribution limit" means two million five  
10 hundred thousand dollars statewide per fiscal year for projects  
11 approved prior to January 1, 2020, plus the additional amounts  
12 approved for demonstration projects in RCW 82.14.505. For projects  
13 approved after January 1, 2021, the annual state contribution limit  
14 means up to fifteen million dollars statewide per fiscal year for no  
15 more than twenty years.

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

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

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

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

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

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

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

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

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

25 (11) "Local sales and use taxes" means local revenues derived  
26 from the imposition of sales and use taxes authorized in RCW  
27 82.14.030.

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

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

36 (14) "Participating taxing district" means a taxing district  
37 that:

38 (a) Has a revitalization area wholly or partially within its  
39 geographic boundaries;

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

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

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

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

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

13 (B) The cost of new housing construction, conversion, and  
14 rehabilitation improvements, when the cost is treated as new  
15 construction for purposes of chapter 84.55 RCW as provided in RCW  
16 84.14.020, and the new housing construction, conversion, and  
17 rehabilitation improvements are initiated after the revitalization  
18 area is approved;

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

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

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

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

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

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

1 (i) For new construction and improvements to property added to  
2 the assessment roll, the year during which the new construction and  
3 improvements are initially placed on the assessment roll;

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

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

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

14 (a) Design, planning, acquisition, including land acquisition,  
15 site preparation including land clearing, construction,  
16 reconstruction, rehabilitation, improvement, environmental  
17 remediation, and installation of public improvements;

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

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

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

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

31 (18) "Public improvements" means:

32 (a) Infrastructure improvements within the revitalization area  
33 that include:

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

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

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

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

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

39 (vi) Park facilities, recreational areas, and environmental  
40 remediation;

1 (vii) Stormwater and drainage management systems;  
2 (viii) Electric, gas, fiber, and other utility infrastructures;  
3 and

4 (ix) Site stabilization to allow for higher density construction;

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

6 (i) Providing environmental analysis, professional management,  
7 planning, and promotion within the revitalization area, including the  
8 management and promotion of retail trade activities in the  
9 revitalization area;

10 (ii) Providing maintenance and security for common or public  
11 areas in the revitalization area; (~~or~~)

12 (iii) Historic preservation activities authorized under RCW  
13 35.21.395; or

14 (iv) Relocation and construction of a state-owned facility, with  
15 written permission from the state agency owning the facility and the  
16 office of financial management.

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

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

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

28 (i) Excess property tax levies that are exempt from the aggregate  
29 limits for junior and senior taxing districts as provided in RCW  
30 84.52.043; and

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

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

35 (i) The local sales and use tax amounts received as a result of  
36 interlocal agreement, local sales and use tax amounts from sponsoring  
37 local governments based on its local sales and use tax increment, and  
38 local property tax allocation revenues, which are dedicated by a  
39 sponsoring local government, participating local governments, and  
40 participating taxing districts, for payment of bonds under RCW

1 39.104.110 or public improvement costs within the revitalization area  
2 on a pay-as-you-go basis; and

3 (ii) Any other local revenues, except as provided in (b) of this  
4 subsection, including revenues derived from federal and private  
5 sources and amounts received by taxing districts as set forth by an  
6 interlocal agreement as described in RCW 39.104.060(4), which are  
7 dedicated for the payment of bonds under RCW 39.104.110 or public  
8 improvement costs within the revitalization area on a pay-as-you-go  
9 basis.

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

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

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

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

22 (a) ~~((Five hundred thousand dollars;~~

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

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

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

1 (26) "State sales and use tax increment" means the estimated  
2 amount of annual increase in state sales and use taxes to be received  
3 by the state from taxable activity within the revitalization area in  
4 the years following the approval of the revitalization area as  
5 determined by the sponsoring local government in an application under  
6 RCW 39.104.100 and updated periodically as required in RCW 82.32.765.

7 (27) "State sales and use taxes" means state retail sales and use  
8 taxes under RCW 82.08.020(1) and 82.12.020 at the rate provided in  
9 RCW 82.08.020(1), less the amount of tax distributions from all local  
10 retail sales and use taxes, other than the local sales and use taxes  
11 authorized by RCW 82.14.510 for the applicable revitalization area,  
12 imposed on the same taxable events that are credited against the  
13 state retail sales and use taxes under RCW 82.08.020(1) and  
14 82.12.020.

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

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 39.104  
19 RCW to read as follows:

20 (1) The joint legislative audit and review committee must study  
21 the effectiveness of the state contribution under RCW 39.104.100 and  
22 82.14.510, and submit a report as provided in subsection (3) of this  
23 section.

24 (2) The report must include an assessment of:

25 (a) Whether new sales tax revenue realized due to projects funded  
26 in part by the state contribution exceeded the state contribution;

27 (b) Whether elements of the project would not have happened but  
28 for the state contribution and local revitalization financing;

29 (c) Whether new construction and business openings that have  
30 occurred in the revitalization area would have not occurred elsewhere  
31 in the state in the absence of the state contribution and local  
32 revitalization financing;

33 (d) Whether projects that received a state contribution  
34 accelerated cleanup and redevelopment of brownfields, including those  
35 for which the state is a potentially liable person, as defined in RCW  
36 70.105D.020; and

37 (e) Whether, on a project-by-project basis, the projects awarded  
38 a state contribution are satisfying the criteria under RCW 39.104.100  
39 for which the award was made.

1 (3) By December 1, 2025, and in compliance with RCW 43.01.036,  
2 the joint legislative audit and review committee must submit to the  
3 appropriate committees of the legislature a final report with its  
4 findings and recommendations under this section.

5 (4) This section expires December 31, 2025.

6 **Sec. 3.** RCW 39.104.100 and 2016 c 207 s 2 are each amended to  
7 read as follows:

8 (1) Prior to applying to receive a state contribution, a  
9 sponsoring local government must adopt a revitalization area within  
10 the limitations in RCW 39.104.050 and in accordance with RCW  
11 39.104.040.

12 (2)(a) As a condition to imposing a sales and use tax under RCW  
13 82.14.510, a sponsoring local government must apply and be approved  
14 for a project award amount. The application must be in a form and  
15 manner prescribed by the approving agency and include, but not be  
16 limited to:

17 (i) Information establishing that over the period of time that  
18 the local sales and use tax will be imposed under RCW 82.14.510,  
19 increases in state and local property, sales, and use tax revenues as  
20 a result of public improvements in the revitalization area will be  
21 equal to or greater than the respective state and local contributions  
22 made under this chapter;

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

26 (iii) Information demonstrating that the project would not  
27 proceed but for use of a revitalization financing award;

28 (iv) The amount of state contribution it is requesting;

29 ~~((iv))~~ (v) The anticipated effective date for imposing the tax  
30 under RCW 82.14.510;

31 ~~((v))~~ (vi) The estimated number of years that the tax will be  
32 imposed;

33 ~~((vi))~~ (vii) The anticipated rate of tax to be imposed under  
34 RCW 82.14.510, subject to the rate-setting conditions in RCW  
35 82.14.510(3), should the sponsoring local government be approved for  
36 a project award; ~~(and)~~

37 ~~((vii))~~ (viii) The anticipated date when bonds under RCW  
38 39.104.110 will be issued; and



1       (ix) Documentation demonstrating that the sponsoring local  
2 government has an agreement on how formal consultation will proceed,  
3 if the application is approved, with the federally recognized Indian  
4 tribe or tribes with cultural or treaty interests in the area when  
5 the project may involve archaeological, cultural, natural resource  
6 sites of significance to the tribe, or other treaty reserved rights  
7 or interests. This consultation is to supplement rather than replace  
8 tribal consultation under Executive Order 05-05 or subsequent  
9 executive orders issued to protect cultural resources and treaty  
10 reserved rights or interests.

11       (b) The approving agency must make available electronic forms to  
12 be used for this purpose. As part of the application, each applicant  
13 must provide to the department a copy of the adopted ordinance  
14 creating the revitalization area as required in RCW 39.104.040,  
15 copies of any adopted interlocal agreements from participating local  
16 governments, and any notices from taxing districts that elect not to  
17 be a participating taxing district.

18       (3) (a) Project awards must be determined on:

19       (i) The availability of a state contribution;

20       (ii) Whether the sponsoring local government would be able to  
21 generate enough tax revenue under RCW 82.14.510 to generate the  
22 amount of project award requested;

23       (iii) The number of jobs created;

24       (iv) The fit of the expected business creation or expansion  
25 within the region's preferred economic growth strategy;

26       (v) The speed with which the project can begin construction; and

27       (vi) The extent to which the project leverages nonstate funds.

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

30       (c) If the level of available state contribution is less than the  
31 amount requested by the next available applicant, the applicant must  
32 be given the first opportunity to accept the lesser amount of state  
33 contribution but only if the applicant produces a new application  
34 within sixty days of being notified by the approving agency and the  
35 application describes the impact on the proposed project as a result  
36 of the lesser award in addition to new application information  
37 outlined in subsection (2) of this section.

38       (d) Applications that are not approved for a project award due to  
39 lack of available state contribution must be retained on file by the  
40 approving agency.

1 (e)(i) Except as provided in (e)(ii) of this subsection, once  
2 total project awards reach the amount of annual state contribution  
3 limit, no more applications will be accepted.

4 (ii) Any city or county that has been approved for a project  
5 award by the department prior to January 1, 2011, and has not imposed  
6 a sales and use tax under RCW 82.14.510 by December 31, 2016, must  
7 forfeit their project award. However, amounts will not be forfeited  
8 if a city or county has sent the department a letter indicating its  
9 intent to impose the sales and use tax by July 1, 2022, before July  
10 1, 2016. Amounts forfeited under this section must be made available  
11 for new applications under subsection (5) of this section.

12 (f) If the annual contribution limit is increased by making  
13 additional funds available for applicants or if funds become  
14 available from project awards forfeited under (e)(ii) of this  
15 subsection, applications will be accepted again as described in  
16 subsection (5) of this section.

17 (4) The approving agency must notify the sponsoring local  
18 government of approval or denial of a project award within sixty days  
19 of the approving agency's receipt of the sponsoring local  
20 government's application. Determination of a project award by the  
21 approving agency is final. Notification must include the earliest  
22 date when the tax authorized under RCW 82.14.510 may be imposed,  
23 subject to conditions in chapter 82.14 RCW. The project award  
24 notification must specify the rate requested in the application and  
25 any adjustments to the rate that would need to be made based on the  
26 project award and rate restrictions in RCW 82.14.510. The department  
27 of commerce must consult with the department of revenue in  
28 determining the amount of a project award.

29 (5) The department of commerce must begin accepting applications  
30 and approving project awards under this section on and after ((June  
31 9)) January 1, ((2016)) 2021. The department of commerce must notify  
32 the department of all approved project awards under this section. The  
33 department of commerce must also provide to the department any  
34 information necessary to implement the tax authorized under RCW  
35 82.14.510.

36 (a) For project awards approved on and after January 1, 2021, the  
37 department of commerce shall use the following criteria to evaluate  
38 and make awards:

39 (i) The project's potential to enhance the sponsoring local  
40 government's regional or international competitiveness;

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

3 (iii) The project's ability to redevelop or utilize a site which  
4 is a brownfield as defined in RCW 70.105D.020, with additional  
5 priority if the state may be a potentially liable person, as defined  
6 in RCW 70.105D.020, for such site;

7 (iv) Achieving an overall distribution of projects statewide that  
8 reflect geographic diversity;

9 (v) The estimated wages and benefits for the project are greater  
10 than the average labor market area;

11 (vi) The estimated state and local net employment change over the  
12 life of the project;

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

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

17 (ix) The speed at which the project can begin construction;

18 (x) The extent to which the project leverages nonstate funds;

19 (xi) The likelihood that the project would proceed forward  
20 without the use of state funds; and

21 (xii) For projects involving the construction of new housing,  
22 whether at least twenty-five percent of new units will be affordable  
23 for those making less than eighty percent of the median income in the  
24 sponsoring local government's jurisdiction. For projects involving  
25 existing affordable housing, whether any such housing may be lost as  
26 part of the project, and whether, if a loss of affordable housing may  
27 occur, the sponsoring local government has a plan to mitigate such  
28 losses. For the purposes of this subsection, "affordable" means that  
29 monthly rent for the unit will be no more than twenty-four percent of  
30 the median income in the sponsoring local government's jurisdiction  
31 until all general obligation bonds issued under RCW 39.104.110 are  
32 retired.

33 (b) State funding for the projects approved under this section is  
34 provided through a credit against the state sales and use tax. The  
35 maximum state contribution a sponsoring local government may receive  
36 each year is limited to one million dollars per year for twenty  
37 years.

38 (c) Projects must begin no later than December 31, 2026, to  
39 qualify to receive funding.

1       **Sec. 4.** RCW 82.14.510 and 2016 c 207 s 4 are each amended to  
2 read as follows:

3       (1) Any city or county that has been approved for a project award  
4 under RCW 39.104.100 may impose a sales and use tax under the  
5 authority of this section in accordance with the terms of this  
6 chapter. Except as provided in this section, the tax is in addition  
7 to other taxes authorized by law and must be collected from those  
8 persons who are taxable by the state under chapters 82.08 and 82.12  
9 RCW upon the occurrence of any taxable event within the taxing  
10 jurisdiction of the city or county.

11       (2) The tax authorized under subsection (1) of this section is  
12 credited against the state taxes imposed under RCW 82.08.020(1) and  
13 82.12.020 at the rate provided in RCW 82.08.020(1). The department  
14 must perform the collection of such taxes on behalf of the city or  
15 county at no cost to the city or county. The taxes must be  
16 distributed to cities and counties as provided in RCW 82.14.060.

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

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

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

22       (ii) The aggregate rates of all taxes under RCW 82.14.465 and  
23 82.14.475 and this section that are authorized but have not yet been  
24 imposed on the same taxable events by a city or county that has been  
25 approved to receive a state contribution by the department, the  
26 department of commerce, or the community economic revitalization  
27 board under chapter 39.104, 39.100, or 39.102 RCW; and

28       (iii) The percentage amount of distributions required under RCW  
29 82.08.020(~~(+5)~~) multiplied by the rate of state taxes imposed under  
30 RCW 82.08.020(1); and

31       (b) The rate, as determined by the city or county in consultation  
32 with the department, reasonably necessary to receive the project  
33 award under RCW 39.104.100 over ten months.

34       (4) The department, upon request, must assist a city or county in  
35 establishing its tax rate in accordance with subsection (3) of this  
36 section. Once the rate of tax is selected through the application  
37 process and approved under RCW 39.104.100, it may not be increased.

38       (5)(a) Except as provided in (c) and (d) of this subsection, no  
39 tax may be imposed under the authority of this section before:

40       (i) July 1, 2011;

1 (ii) July 1st of the second calendar year following the year in  
2 which the application was approved under RCW 39.104.100;

3 (iii) The state sales and use tax increment and state property  
4 tax increment for the preceding calendar year equal or exceed the  
5 amount of the project award approved under RCW 39.104.100; and

6 (iv) Bonds have been issued according to RCW 39.104.110.

7 (b) The tax imposed under this section expires the earlier of the  
8 date that the bonds issued under the authority of RCW 39.104.110 are  
9 retired or (~~twenty-five~~) twenty years after the tax is first  
10 imposed.

11 (c) For a demonstration project described in RCW 82.14.505(1)(a)  
12 except as provided in (d) of this subsection (5), no tax may be  
13 imposed under the authority of this section before:

14 (i) July 1, 2010; and

15 (ii) Bonds have been issued according to RCW 39.104.110.

16 (d) The requirement to issue bonds in (a)(iv) or (c)(ii) of this  
17 subsection (5) does not apply to demonstration projects authorized by  
18 RCW 82.14.505(1)(a)(iii), or any city receiving a project award under  
19 RCW 39.104.100 of less than one hundred fifty thousand dollars.

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

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

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

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

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

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

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

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

3 (7) If a city or county receives approval for more than one  
4 revitalization area within its jurisdiction, the city or county may  
5 impose a sales and use tax under this section for each revitalization  
6 area.

7 (8) The department must determine the amount of tax receipts  
8 distributed to each city and county imposing a sales and use tax  
9 under the authority of this section and must advise a city or county  
10 when tax distributions for the fiscal year equal the amount  
11 determined by the department in subsection (10) of this section.  
12 Determinations by the department of the amount of tax distributions  
13 attributable to a city or county are not appealable. The department  
14 must remit any tax receipts in excess of the amounts specified in  
15 subsection (6)(c) of this section to the state treasurer who must  
16 deposit the money in the general fund.

17 (9) If a city or county fails to comply with RCW 82.32.765, no  
18 tax may be distributed in the subsequent fiscal year until such time  
19 as the city or county complies and the department calculates the  
20 state contribution amount according to subsection (10) of this  
21 section for the fiscal year.

22 (10)(a) For each fiscal year that a city or county imposes the  
23 tax under the authority of this section, the department must approve  
24 the amount of taxes that may be distributed to the city or county.  
25 The amount approved by the department under this subsection is the  
26 lesser of:

27 (i) The state contribution;

28 (ii) The amount of project award granted as provided in RCW  
29 39.104.100; or

30 (iii) The total amount of revenues from local public sources  
31 dedicated or, in the case of carry forward revenues, deemed dedicated  
32 in the preceding calendar year, as reported in the required annual  
33 report under RCW 82.32.765.

34 (b) A city or county may not receive, in any fiscal year, more  
35 revenues from taxes imposed under the authority of this section than  
36 the amount approved annually by the department.

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

1 (12) The definitions in RCW 39.104.020 apply to this section  
2 subject to subsection (13) of this section and unless the context  
3 clearly requires otherwise.

4 (13) For purposes of this section, the following definitions  
5 apply:

6 (a) "Local sales and use taxes" means sales and use taxes imposed  
7 by cities, counties, public facilities districts, and other local  
8 governments under the authority of this chapter, chapter 67.28 RCW,  
9 or any other chapter, and that are credited against the state sales  
10 and use taxes.

11 (b) "State sales and use taxes" means the taxes imposed in RCW  
12 82.08.020(1) and 82.12.020.

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