
HOUSE BILL 1680

State of Washington

68th Legislature

2023 Regular Session

By Representative Kretz

Read first time 01/31/23. Referred to Committee on Finance.

1 AN ACT Relating to protecting intercounty rural library
2 districts' ability to fund public library services through exclusion
3 from tax increment financing apportionment; and amending RCW
4 39.114.010 and 39.114.050.

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

6 **Sec. 1.** RCW 39.114.010 and 2021 c 207 s 1 are each amended to
7 read as follows:

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

10 (1) "Assessed value of real property" means the valuation of
11 taxable real property as placed on the last completed assessment roll
12 prepared pursuant to Title 84 RCW.

13 (2) "Increment area" means the geographic area within which
14 regular property tax revenues are to be apportioned to pay public
15 improvement costs, as authorized under this chapter.

16 (3) "Increment value" means 100 percent of any increase in the
17 true and fair value of real property in an increment area that is
18 placed on the tax rolls after the increment area is created. The
19 increment value shall not be less than zero.

20 (4) "Local government" means any city, town, county, port
21 district, or any combination thereof.

1 (5) "Ordinance" means any appropriate method of taking
2 legislative action by a local government, including a resolution
3 adopted by a port district organized under Title 53 RCW.

4 (6) "Public improvement costs" means the costs of:

5 (a) Design, planning, acquisition, required permitting, required
6 environmental studies and mitigation, seismic studies or surveys,
7 archaeological studies or surveys, land surveying, site preparation,
8 construction, reconstruction, rehabilitation, improvement, and
9 installation of public improvements and other directly related costs;

10 (b) Relocating, maintaining, and operating property pending
11 construction of public improvements;

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

13 (d) Financing public improvements, including capitalized interest
14 for up to six months following completion of construction, legal and
15 other professional services, taxes, insurance, principal and interest
16 costs on general indebtedness issued to finance public improvements,
17 and any necessary debt service reserves;

18 (e) Expenses incurred in revaluing real property for the purpose
19 of determining the tax allocation base value by a county assessor
20 under chapter 84.41 RCW and expenses incurred by a county treasurer
21 under chapter 84.56 RCW in apportioning the taxes and complying with
22 this chapter and other applicable law. For purposes of this
23 subsection (6)(e), "expenses incurred" means actual staff and
24 software costs directly related to the implementation and ongoing
25 administration of increment areas under this chapter; and

26 (f) 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 tax increment financing to
30 fund the costs of the public improvements.

31 (7) "Public improvements" means:

32 (a) Infrastructure improvements owned by a local government
33 within or outside of and serving the increment area that include:

34 (i) Street and road construction;

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

36 (iii) Sidewalks and other nonmotorized transportation
37 improvements and streetlights;

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

39 (v) Park and ride facilities or other transit facilities;

40 (vi) Park and community facilities and recreational areas;

1 (vii) Stormwater and drainage management systems;

2 (viii) Electric, broadband, or rail service;

3 (ix) Mitigation of brownfields; or

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

5 (i) Purchasing, rehabilitating, retrofitting for energy
6 efficiency, and constructing housing for the purpose of creating or
7 preserving long-term affordable housing;

8 (ii) Purchasing, rehabilitating, retrofitting for energy
9 efficiency, and constructing child care facilities serving children
10 and youth that are low-income, homeless, or in foster care;

11 (iii) Providing maintenance and security for the public
12 improvements; or

13 (iv) Historic preservation activities authorized under RCW
14 35.21.395.

15 (8) "Regular property taxes" means regular property taxes as
16 defined in RCW 84.04.140, except: (a) Regular property taxes levied
17 by port districts or public utility districts to the extent necessary
18 for the payments of principal and interest on general obligation
19 debt; ~~((and))~~ (b) regular property taxes levied by the state for the
20 support of the common schools under RCW 84.52.065. Regular property
21 taxes do not include excess property tax levies that are exempt from
22 the aggregate limits for junior and senior taxing districts as
23 provided in RCW 84.52.043. "Regular property taxes" does not include
24 excess property taxes levied by local school districts; and (c)
25 regular property taxes levied by intercounty rural library districts
26 under RCW 27.12.150.

27 (9) "Tax allocation base value" means the assessed value of real
28 property located within an increment area for taxes imposed in the
29 year in which the increment area is first designated.

30 (10) "Tax allocation revenues" means those revenues derived from
31 the imposition of regular property taxes on the increment value.

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

35 **Sec. 2.** RCW 39.114.050 and 2021 c 207 s 5 are each amended to
36 read as follows:

37 Apportionment of taxes shall be as follows:

38 (1) Commencing in the calendar year following the passage of the
39 ordinance, the county treasurer shall distribute receipts from

1 regular property taxes imposed on real property located in the
2 increment area as follows:

3 (a) Each taxing district shall receive that portion of its
4 regular property taxes produced by the rate of tax levied by or for
5 the taxing district on the tax allocation base value for that
6 increment area;

7 (b) The local government that designated the increment area shall
8 be entitled to receive an additional amount equal to the amount
9 derived from the regular property taxes levied by or for each taxing
10 district upon the increment value within the increment area. The
11 local government that designated the increment area shall receive no
12 more than is needed to pay or repay costs directly associated with
13 the public improvements identified in the approved ordinance and may
14 agree to receive less than the full amount of this portion, as long
15 as bond debt service, reserve, and other bond covenant requirements
16 are satisfied, in which case the balance of these tax receipts shall
17 be allocated to the taxing districts that imposed regular property
18 taxes, or have regular property taxes imposed for them, in the
19 increment area for collection that year in proportion to their
20 regular tax levy rates for collection that year. The local government
21 may request that the treasurer transfer this additional portion of
22 the property taxes to its designated agent. The portion of the tax
23 receipts distributed to the local government or its agent under this
24 subsection (1)(b) may only be expended to finance public improvement
25 costs associated with the public improvements financed in whole or in
26 part by tax increment financing; and

27 (c) This section shall not apply to any receipts from the regular
28 property taxes levied by:

29 (i) The state for the support of the common schools under RCW
30 84.52.065;

31 (ii) Local school district excess levies; ~~((and))~~

32 (iii) Port districts or public utility districts specifically for
33 the purpose of making required payments of principal and interest or
34 general indebtedness; and

35 (iv) Intercounty rural library districts under RCW 27.12.150.

36 (2) The apportionment of tax allocation revenues must cease when
37 the taxing district certifies to the county assessor in writing that
38 tax allocation revenues are no longer necessary or obligated to pay
39 public improvement costs, but in no event shall the apportionment of
40 tax allocation revenues continue beyond the sunset date established

1 pursuant to RCW 39.114.020(1)(e). Any excess tax allocation revenues
2 and earnings on the tax allocation revenues remaining at the time the
3 apportionment of tax receipts terminates must be returned to the
4 county treasurer and distributed to the taxing districts that imposed
5 regular property taxes, or had regular property taxes imposed for it,
6 in the increment area for collection that year, in proportion to the
7 rates of their regular property tax levies for collection that year.

8 (3) The apportionment and distribution of portions of the regular
9 property taxes levied by or for each taxing district upon the
10 increment value within the increment area pursuant to and subject to
11 the requirements of this chapter is declared to be a public purpose
12 of and benefit each such taxing district.

13 (4) The apportionment and distribution of portions of the regular
14 property taxes levied by or for each taxing district upon the
15 increment value within the increment area pursuant to this section
16 shall not affect or be deemed to affect the rate of taxes levied by
17 or within any such taxing district or the consistency of any such
18 levies with the uniformity requirement of Article VII, section 1 of
19 the state Constitution.

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