
HOUSE BILL 3113

State of Washington 56th Legislature 2000 Regular Session

By Representatives Fisher, Radcliff, O'Brien and Ogden

Read first time 02/02/2000. Referred to Committee on Transportation.

1 AN ACT Relating to the transportation improvement financing act;
2 amending RCW 82.03.130, 84.52.043, 84.52.065, 84.52.067, 39.92.030,
3 43.21C.065, 58.17.110, and 82.02.050; adding a new section to chapter
4 84.55 RCW; adding a new chapter to Title 81 RCW; creating a new
5 section; and repealing RCW 39.88.010, 39.88.020, 39.88.030, 39.88.040,
6 39.88.050, 39.88.060, 39.88.070, 39.88.080, 39.88.090, 39.88.100,
7 39.88.110, 39.88.120, 39.88.130, 39.88.900, 39.88.905, 39.88.910,
8 39.88.915, and 84.55.080.

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

10 NEW SECTION. **Sec. 1.** It is declared to be the public policy of
11 the state of Washington to encourage and facilitate the improvement of
12 transportation facilities. The construction of necessary
13 transportation improvements in accordance with local community planning
14 will encourage investment in job-producing economic development and
15 will expand the public tax base.

16 It is the purpose of this chapter to allocate a portion of regular
17 property taxes to assist in the financing of transportation
18 improvements which are needed to encourage economic development of
19 areas; to improve transportation mobility in congested areas due to the

1 inability of existing financing methods to provide needed
2 transportation improvements; to encourage local taxing districts to
3 cooperate in the allocation of future tax revenues arising in areas in
4 order to facilitate the long-term growth of their common tax base; and
5 to encourage private investment within congested areas.

6 NEW SECTION. **Sec. 2.** As used in this chapter the following terms
7 have the following meanings unless a different meaning is clearly
8 indicated by the context.

9 (1) "Transportation improvement district" means the geographic
10 area, within a designated area, from which regular property taxes are
11 to be apportioned to finance a transportation improvement contained
12 therein.

13 (2) "Assessed value of real property" means the valuation of real
14 property as placed on the last completed assessment roll of the county.

15 (3) "City" means any city or town.

16 (4) "Ordinance" means any appropriate method of taking a
17 legislative action by a county or city, whether known as a statute,
18 resolution, ordinance, or otherwise.

19 (5) "Transportation improvement" means an undertaking to provide
20 transportation facilities, including but not limited to buses and
21 trains, in an area which the sponsor has authority to provide.

22 (6) "Transportation improvement costs" means the costs of design,
23 planning, right of way acquisition, site preparation, construction,
24 reconstruction, rehabilitation, maintenance, preservation, and
25 installation of transportation improvements or facilities; costs of
26 relocation, maintenance, and operation of property pending construction
27 of transportation improvements or facilities; costs of utilities
28 relocated as a result of transportation improvements or facilities;
29 costs of financing, including interest during construction, legal and
30 other professional services, taxes, and insurance; costs incurred by
31 the assessor to revalue real property for the purpose of determining
32 the tax allocation base value that are in excess of costs incurred by
33 the assessor in accordance with his revaluation plan under chapter
34 84.41 RCW, and the costs of apportioning the taxes and complying with
35 this chapter and other applicable law; and administrative costs
36 reasonably necessary and related to these costs. These costs may
37 include costs incurred prior to the adoption of the transportation

1 improvement ordinance, but subsequent to the effective date of this
2 section.

3 (7) "Transportation improvement ordinance" means the ordinance
4 passed under section 4(4) of this act.

5 (8) "Regular property taxes" means regular property taxes as now or
6 hereafter defined in RCW 84.04.140. "Regular property taxes" does not
7 include taxes levied by port districts or public utility districts
8 specifically for the purpose of making required payments of principal
9 and interest on general indebtedness.

10 (9) "Sponsor" means the legislative authority of any county or city
11 initiating and undertaking a transportation improvement.

12 (10) "Tax allocation base value of real property" means the true
13 and fair value of real property within a transportation improvement
14 district for the year in which the transportation improvement district
15 was established.

16 (11) "Tax allocation bonds" means any bonds, notes, or other
17 obligations issued by a sponsor under section 10 of this act.

18 (12) "Tax allocation revenues" means those tax revenues allocated
19 to a sponsor under section 7(1)(b) of this act.

20 (13) "Taxing districts" means any governmental entity which levies
21 or has levied for it regular property taxes upon real property located
22 within a proposed or approved transportation improvement district.

23 (14) "Vacant land" means land that is not used for any purpose.
24 "Vacant land" does not include paved or unpaved revenue-generating
25 motor vehicle parking lots.

26 (15) "Value of taxable property" means value of taxable property as
27 defined in RCW 39.36.015.

28 NEW SECTION. **Sec. 3.** (1) Only transportation improvements which
29 are determined by the legislative authority of the sponsor to meet the
30 following criteria are eligible to be financed under this chapter:

31 (a) The transportation improvement is located within an area
32 reasonably requiring transportation improvements;

33 (b) The transportation improvement will stimulate economic
34 development within the transportation improvement district;

35 (c) The economic development within the transportation improvement
36 district will increase the assessed value of the transportation
37 improvement district;

1 (d) The economic development which is anticipated to occur within
2 the transportation improvement district as a result of the
3 transportation improvement is consistent with an existing comprehensive
4 land use plan and approved growth policies of the jurisdiction within
5 which it is located;

6 (e) A transportation improvement located within a city has been
7 approved by the legislative authority of the city; and

8 (f) A transportation improvement located within an area in an
9 unincorporated area has been approved by the legislative authority of
10 the county within whose boundaries the area lies.

11 (2) Apportionment of regular property tax revenues to finance the
12 transportation improvements is subject to the following limitations:

13 (a) No apportionment of regular property tax revenues may take
14 place within a previously established transportation improvement
15 district where regular property taxes are still apportioned to finance
16 public or transportation improvements without the concurrence of the
17 sponsor which established the district;

18 (b) No transportation improvement district may be established which
19 includes any geographic area included within a previously established
20 transportation improvement district which has outstanding bonds payable
21 in whole or in part from tax allocation revenues;

22 (c) The total amount of outstanding bonds payable in whole or in
23 part from tax allocation revenues arising from property located within
24 a city shall not exceed two percent of the value of taxable property
25 within the city, and the total amount of outstanding bonds payable in
26 whole or in part from tax allocation revenues arising from property
27 located within the unincorporated areas of a county shall not exceed
28 two percent of the value of taxable property within the entire
29 unincorporated area of the county; and

30 (d) No taxes other than regular property taxes may be apportioned
31 under this chapter.

32 (3) Transportation improvements may be undertaken and coordinated
33 with other programs or efforts undertaken by the sponsor or others and
34 may be funded in whole or in part from sources other than those
35 provided by this chapter, subject to the limitations in RCW 39.92.030,
36 43.21C.065, 58.17.110, and 82.02.050.

37 NEW SECTION. **Sec. 4.** Transportation improvements funded by tax
38 allocation revenues may only be located within a transportation

1 improvement district. In order to secure an allocation of regular
2 property taxes to finance a transportation improvement, a sponsor
3 shall:

4 (1) Propose by ordinance a plan for the transportation improvement
5 which includes a description of the contemplated transportation
6 improvement, the estimated cost, the boundaries of the transportation
7 improvement district, the estimated period during which tax revenue
8 apportionment is contemplated, and the ways in which the sponsor plans
9 to use tax allocation revenues to finance the transportation
10 improvement, and which sets at least three public hearings before the
11 legislative authority of the sponsor or a committee: PROVIDED, That
12 public hearings for the transportation improvement that is undertaken
13 in combination or coordination by two or more sponsors may be held
14 jointly; and public hearings, held before the legislative authority or
15 a committee of a majority may be combined with public hearings held for
16 other purposes;

17 (2) At least fifteen days in advance of the hearing:

18 (a) Deliver notice of the hearing to all taxing districts, the
19 county treasurer, and the county assessor, which notice includes a map
20 or drawing showing the location of the contemplated transportation
21 improvement and the boundaries of the proposed transportation
22 improvement district, a brief description of the transportation
23 improvement, the estimated cost, the anticipated increase in property
24 values within the transportation improvement district, the location of
25 the sponsor's principal business office where it will maintain
26 information concerning the transportation improvement for public
27 inspection, and the date and place of hearing; and

28 (b) Post notice in at least six public places located in the
29 proposed transportation improvement district and publish notice in a
30 legal newspaper of general circulation within the sponsor's
31 jurisdiction briefly describing the transportation improvement, the
32 proposed apportionment, the boundaries of the proposed transportation
33 improvement district, the location where additional information
34 concerning the transportation improvement may be inspected, and the
35 date and place of hearing;

36 (3) At the time and place fixed for the hearing under subsection
37 (1) of this section, and at times to which the hearing may be
38 adjourned, receive and consider all statements and materials as may be

1 submitted, and objections and letters filed before or within ten days
2 thereafter;

3 (4) Within one hundred twenty days after completion of the public
4 hearings, pass an ordinance establishing the transportation improvement
5 district and authorizing the proposed transportation improvement,
6 including any modifications which in the sponsor's opinion the hearings
7 indicated should be made, which includes the boundaries of the
8 transportation improvement district, a description of the
9 transportation improvement, the estimated cost, the portion of the
10 estimated cost to be reimbursed from tax allocation revenues, the
11 estimated time during which regular property taxes are to be
12 apportioned, the date apportionment of the regular property taxes will
13 commence, and a finding that the transportation improvement meets the
14 conditions of section 3 of this act.

15 NEW SECTION. **Sec. 5.** Within fifteen days after enactment of the
16 public improvement ordinance, the sponsor shall publish notice in a
17 legal newspaper circulated within the designated transportation
18 improvement district summarizing the final transportation improvement,
19 including a brief description of the transportation improvement, the
20 boundaries of the transportation improvement district, and the location
21 where the transportation improvement ordinance and any other
22 information concerning the transportation improvement may be inspected.

23 Within fifteen days after enactment of the transportation
24 improvement ordinance, the sponsor shall deliver a certified copy to
25 each taxing district, the county treasurer, and the county assessor.

26 NEW SECTION. **Sec. 6.** (1) Any taxing district that objects to the
27 transportation improvement district, the duration of the apportionment,
28 the manner of apportionment, or the propriety of cost items established
29 by the transportation improvement ordinance of the sponsor may, within
30 thirty days after mailing of the ordinance, petition for review by the
31 state board of tax appeals. The state board of tax appeals shall meet
32 within a reasonable time, hear all the evidence presented by the
33 parties on matters in dispute, and determine the issues upon the
34 evidence as may be presented to it at the hearing. The board may
35 approve or deny the transportation improvement ordinance as enacted or
36 may grant approval conditioned upon modification of the ordinance by
37 the sponsor. The decision by the state board of tax appeals shall be

1 final and conclusive, but shall not preclude modification or
2 discontinuation of the transportation improvement.

3 (2) If the sponsor modifies the transportation improvement
4 ordinance as directed by the board, the transportation improvement
5 ordinance shall be effective without further hearings or findings and
6 shall not be subject to further appeal. If the sponsor modifies the
7 transportation improvement ordinance in a manner other than as directed
8 by the board, the transportation improvement ordinance shall be subject
9 to the procedures established under sections 4 and 5 of this act.

10 NEW SECTION. **Sec. 7.** (1) Upon the date established in the
11 transportation improvement ordinance, but not sooner than the first day
12 of the calendar year following the passage of the ordinance, the
13 regular property taxes levied upon the assessed value of real property
14 within the transportation improvement district shall be divided as
15 follows:

16 (a) That portion of the regular property taxes produced by the rate
17 of tax levied each year by or for each of the taxing districts upon the
18 tax allocation base value of real property, or upon the assessed value
19 of real property in each year, whichever is smaller, shall be allocated
20 to and paid to the respective taxing districts; and

21 (b) That portion of the regular property taxes levied each year by
22 or for each of the taxing districts upon the assessed value of real
23 property within a transportation improvement district which is in
24 excess of the tax allocation base value of real property shall be
25 allocated and paid to the sponsor, or the sponsor's designated agent,
26 until all transportation improvement costs to be paid from the tax
27 allocation revenues have been paid, except that the sponsor may agree
28 to receive less than the full amount of such portion as long as bond
29 debt service, reserve, and other bond covenant requirements are
30 satisfied, in which case the balance of the taxes shall be allocated to
31 the respective taxing districts as the sponsor and the taxing districts
32 may agree.

33 (2) The county assessor shall revalue the real property within the
34 transportation improvement district for the purpose of determining the
35 tax allocation base value for the transportation improvement district
36 and shall certify to the sponsor the tax allocation base value as soon
37 as practicable after the assessor receives notice of the transportation
38 improvement ordinance and shall certify to the sponsor the total

1 assessed value of real property within thirty days after the property
2 values for each succeeding year have been established. Nothing in this
3 section authorizes revaluations of real property by the assessor for
4 property taxation that are not made in accordance with the assessor's
5 revaluation plan under chapter 84.41 RCW.

6 (3) The date upon which the transportation improvement district was
7 established shall be considered the date upon which the transportation
8 improvement ordinance was enacted by the sponsor.

9 (4) The apportionment of regular property taxes under this section
10 shall cease when tax allocation revenues are no longer necessary or
11 obligated to pay transportation improvement costs or to pay principal
12 of and interest on bonds issued to finance transportation improvement
13 costs and payable in whole or in part from tax allocation revenues. At
14 the time of termination of the apportionment, any excess money and any
15 earnings held by the sponsor shall be returned to the county treasurer
16 and distributed to the taxing districts which were subject to the
17 allocation in proportion to their regular property tax levies due for
18 the year in which the funds are returned.

19 NEW SECTION. **Sec. 8.** Tax allocation revenues may be applied as
20 follows:

21 (1) To pay transportation improvement costs;

22 (2) To pay principal of and interest on, and to fund any necessary
23 reserves for, tax allocation bonds;

24 (3) To pay into bond funds established to pay the principal of and
25 interest on general obligation bonds issued pursuant to law to finance
26 transportation facilities that are specified in the transportation
27 improvement ordinance and constructed following the establishment of
28 and within the transportation improvement district; or

29 (4) To pay any combination of the foregoing.

30 NEW SECTION. **Sec. 9.** General obligation bonds which are issued to
31 finance transportation facilities that are specified in the
32 transportation improvement ordinance, and for which part or all of the
33 principal or interest is paid by tax allocation revenues, shall be
34 subject to the following requirements:

35 (1) The intent to issue bonds and the maximum amount which the
36 sponsor contemplates issuing are specified in the transportation
37 improvement ordinance; and

1 (2) A statement of the intent of the sponsor to issue bonds is
2 included in all notices required by sections 4 and 5 of this act.

3 In addition, the ordinance or resolution authorizing the issuance
4 of general obligation bonds is subject to potential referendum approval
5 by the voters of the issuing entity when the bonds are part of the
6 nonvoter approved indebtedness limitation established under RCW
7 39.36.020. If the voters of the county or city issuing bonds otherwise
8 possess the general power of referendum on county or city matters, the
9 ordinance or resolution shall be subject to that procedure. If the
10 voters of the county or city issuing bonds do not otherwise possess the
11 general power of referendum on county or city matters, the referendum
12 shall conform to the requirements and procedures for referendum
13 petitions provided for code cities in RCW 35A.11.100.

14 NEW SECTION. **Sec. 10.** (1) A sponsor may issue tax allocation
15 bonds as it may deem appropriate for the financing of transportation
16 improvement costs and a reasonable bond reserve and for the refunding
17 of any outstanding tax allocation bonds.

18 (2) The principal and interest of tax allocation bonds may be made
19 payable from:

20 (a) Tax allocation revenues;

21 (b) Project revenues which may include: (i) Nontax income,
22 revenues, fees, and rents from the transportation improvement financed
23 with the proceeds of the bonds, or portions thereof; and (ii)
24 contributions, grants, and nontax money available to the sponsor for
25 payment of costs of the transportation improvement or the debt service
26 of the bonds issued;

27 (c) Any combination of the revenues under (a) and (b) of this
28 subsection.

29 (3) Tax allocation bonds shall not be the general obligation of or
30 guaranteed by all or any part of the full faith and credit of the
31 sponsor or any other state or local government, or any tax revenues
32 other than tax allocation revenues, and shall not be considered a debt
33 of the sponsor or other state or local government for general
34 indebtedness limitation purposes.

35 (4) The terms and conditions of tax allocation bonds may include
36 provisions for the following matters, among others:

37 (a) The date of issuance, maturity date or dates, denominations,
38 form, series, negotiability, registration, rank or priority, place of

1 payment, interest rate or rates which may be fixed or may vary over the
2 life of the tax allocation bonds, bond reserve, coverage, and other
3 terms related to repayment of the tax allocation bonds;

4 (b) The application of tax allocation bond proceeds; the use, sale,
5 or disposition of property acquired; consideration or rents and fees to
6 be charged in the sale or lease of property acquired; consideration or
7 rents and fees to be charged in the sale or lease of property within a
8 transportation improvement; the application of rents, fees, and
9 revenues within a transportation improvement; the maintenance,
10 insurance, and replacement of property within a transportation
11 improvement; other encumbrances, if any, upon all or part of property
12 within a transportation improvement, then existing or thereafter
13 acquired; and the type of debts that may be incurred;

14 (c) The creation of special funds; the money to be applied; and the
15 use and disposition of the money;

16 (d) The securing of the tax allocation bonds by a pledge of
17 property and property rights, by assignment of income generated by the
18 transportation improvement, or by pledging additional specifically
19 described resources other than tax revenues as are available to the
20 sponsor;

21 (e) The terms and conditions for redemption;

22 (f) The replacement of lost and destroyed bond instruments;

23 (g) Procedures for amendment of the terms and conditions of the tax
24 allocation bonds;

25 (h) The powers of a trustee to enforce covenants and take other
26 actions in event of default; the rights, liabilities, powers, and
27 duties arising upon the breach of any covenant, condition, or
28 obligation; and

29 (i) When consistent with this chapter, any other terms, conditions,
30 and provisions which may make the tax allocation bonds more marketable
31 and further the purposes of this chapter.

32 (5) Tax allocation bonds may be issued and sold in a manner that
33 the legislative authority of the sponsor determines.

34 (6) The sponsor may also issue or incur obligations in anticipation
35 of the receipt of tax allocation bond proceeds or other money available
36 to pay transportation improvement costs.

1 NEW SECTION. **Sec. 11.** Tax allocation bonds authorized in this
2 chapter are legal investments for any of the funds of the state and of
3 municipal corporations, for trustees, and for other fiduciaries.

4 NEW SECTION. **Sec. 12.** Whenever notice is required to be given to
5 the state, notice shall be given to the director of revenue.

6 NEW SECTION. **Sec. 13.** No direct or collateral attack on any
7 transportation improvement, transportation improvement ordinance, or
8 transportation improvement district purported to be authorized or
9 created in conformance with applicable legal requirements, including
10 the requirements of this chapter, may be commenced more than thirty
11 days after publication of notice as required by section 5 of this act.

12 NEW SECTION. **Sec. 14.** This chapter supplements and neither
13 restricts nor limits any powers which the state or any municipal
14 corporation might otherwise have under any laws of this state.

15 NEW SECTION. **Sec. 15.** This chapter may be known and cited as
16 transportation improvement financing act.

17 **Sec. 16.** RCW 82.03.130 and 1998 c 54 s 1 are each amended to read
18 as follows:

19 (1) The board shall have jurisdiction to decide the following types
20 of appeals:

21 (a) Appeals taken pursuant to RCW 82.03.190.

22 (b) Appeals from a county board of equalization pursuant to RCW
23 84.08.130.

24 (c) Appeals by an assessor or landowner from an order of the
25 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if
26 filed with the board of tax appeals within thirty days after the
27 mailing of the order, the right to such an appeal being hereby
28 established.

29 (d) Appeals by an assessor or owner of an intercounty public
30 utility or private car company from determinations by the director of
31 revenue of equalized assessed valuation of property and the
32 apportionment thereof to a county made pursuant to chapter 84.12 and
33 84.16 RCW, if filed with the board of tax appeals within thirty days

1 after mailing of the determination, the right to such appeal being
2 hereby established.

3 (e) Appeals by an assessor, landowner, or owner of an intercounty
4 public utility or private car company from a determination of any
5 county indicated ratio for such county compiled by the department of
6 revenue pursuant to RCW 84.48.075: PROVIDED, That

7 (i) Said appeal be filed after review of the ratio under RCW
8 84.48.075(3) and not later than fifteen days after the mailing of the
9 certification; and

10 (ii) The hearing before the board shall be expeditiously held in
11 accordance with rules prescribed by the board and shall take precedence
12 over all matters of the same character.

13 (f) Appeals from the decisions of sale price of second class
14 shorelands on navigable lakes by the department of natural resources
15 pursuant to RCW 79.94.210.

16 (g) Appeals from urban redevelopment property tax apportionment
17 district proposals established by governmental ordinances pursuant to
18 (~~RCW 39.88.060~~) section 6 of this act.

19 (h) Appeals from interest rates as determined by the department of
20 revenue for use in valuing farmland under current use assessment
21 pursuant to RCW 84.34.065.

22 (i) Appeals from revisions to stumpage value tables used to
23 determine value by the department of revenue pursuant to RCW 84.33.091.

24 (j) Appeals from denial of tax exemption application by the
25 department of revenue pursuant to RCW 84.36.850.

26 (k) Appeals pursuant to RCW 84.40.038(3).

27 (2) Except as otherwise specifically provided by law hereafter, the
28 provisions of RCW 1.12.070 shall apply to all notices of appeal filed
29 with the board of tax appeals.

30 NEW SECTION. **Sec. 17.** A new section is added to chapter 84.55 RCW
31 to read as follows:

32 Limitations on regular property taxes that are provided in this
33 chapter shall continue in a taxing district whether or not a tax
34 increment area exists within the taxing district as provided under
35 chapter 81.-- RCW (sections 1 through 15 of this act).

36 **Sec. 18.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read
37 as follows:

1 Within and subject to the limitations imposed by RCW 84.52.050 as
2 amended, the regular ad valorem tax levies upon real and personal
3 property by the taxing districts hereafter named shall be as follows:

4 (1) Levies of the senior taxing districts shall be as follows: (a)
5 The levy by the state shall not exceed three dollars and sixty cents
6 per thousand dollars of assessed value adjusted to the state equalized
7 value in accordance with the indicated ratio fixed by the state
8 department of revenue to be used exclusively for the support of the
9 common schools, except that a portion of this levy may be used as
10 provided in chapter 81.-- RCW (sections 1 through 15 of this act); (b)
11 the levy by any county shall not exceed one dollar and eighty cents per
12 thousand dollars of assessed value; (c) the levy by any road district
13 shall not exceed two dollars and twenty-five cents per thousand dollars
14 of assessed value; and (d) the levy by any city or town shall not
15 exceed three dollars and thirty-seven and one-half cents per thousand
16 dollars of assessed value. However any county is hereby authorized to
17 increase its levy from one dollar and eighty cents to a rate not to
18 exceed two dollars and forty-seven and one-half cents per thousand
19 dollars of assessed value for general county purposes if the total
20 levies for both the county and any road district within the county do
21 not exceed four dollars and five cents per thousand dollars of assessed
22 value, and no other taxing district has its levy reduced as a result of
23 the increased county levy.

24 (2) The aggregate levies of junior taxing districts and senior
25 taxing districts, other than the state, shall not exceed five dollars
26 and ninety cents per thousand dollars of assessed valuation. The term
27 "junior taxing districts" includes all taxing districts other than the
28 state, counties, road districts, cities, towns, port districts, and
29 public utility districts. The limitations provided in this subsection
30 shall not apply to: (a) Levies at the rates provided by existing law
31 by or for any port or public utility district; (b) excess property tax
32 levies authorized in Article VII, section 2 of the state Constitution;
33 (c) levies for acquiring conservation futures as authorized under RCW
34 84.34.230; (d) levies for emergency medical care or emergency medical
35 services imposed under RCW 84.52.069; (e) levies to finance affordable
36 housing for very low-income housing imposed under RCW 84.52.105; and
37 (f) the portions of levies by metropolitan park districts that are
38 protected under RCW 84.52.120.

1 **Sec. 19.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each amended
2 to read as follows:

3 Subject to the limitations in RCW 84.55.010, in each year the state
4 shall levy for collection in the following year for the support of
5 common schools of the state a tax of three dollars and sixty cents per
6 thousand dollars of assessed value upon the assessed valuation of all
7 taxable property within the state adjusted to the state equalized value
8 in accordance with the indicated ratio fixed by the state department of
9 revenue, except that a portion of this levy may be used as provided in
10 chapter 81.-- RCW (sections 1 through 15 of this act).

11 As used in this section, "the support of common schools" includes
12 the payment of the principal and interest on bonds issued for capital
13 construction projects for the common schools.

14 **Sec. 20.** RCW 84.52.067 and 1967 ex.s. c 133 s 2 are each amended
15 to read as follows:

16 All property taxes levied by the state for the support of common
17 schools, that are not diverted under chapter 81.-- RCW (sections 1
18 through 15 of this act), shall be paid into the general fund of the
19 state treasury as provided in RCW 84.56.280.

20 **Sec. 21.** RCW 39.92.030 and 1988 c 179 s 3 are each amended to read
21 as follows:

22 Local governments may develop and adopt programs for the purpose of
23 jointly funding, from public and private sources, transportation
24 improvements necessitated in whole or in part by economic development
25 and growth within their respective jurisdictions. Local governments
26 shall adopt the programs by ordinance after notice and public hearing.
27 Each program shall contain the elements described in this section.

28 (1) The program shall identify the geographic boundaries of the
29 entire area or areas generally benefited by the proposed off-site
30 transportation improvements and within which transportation impact fees
31 will be imposed under this chapter.

32 (2) The program shall be based on an adopted comprehensive, long-
33 term transportation plan identifying the proposed off-site
34 transportation improvements reasonable and necessary to meet the future
35 growth needs of the designated plan area and intended to be covered by
36 this joint funding program, including acquisition of right of way,
37 construction and reconstruction of all major and minor arterials and

1 intersection improvements, and identifying design standards, levels of
2 service, capacities, and costs applicable to the program. The program
3 shall also indicate how the transportation plan is coordinated with
4 applicable transportation plans for the region and for adjacent
5 jurisdictions. The program shall also indicate how public
6 transportation and ride-sharing improvements and services will be used
7 to reduce off-site transportation impacts from development.

8 (3) The program shall include at least a six-year capital funding
9 program, updated annually, identifying the specific public sources and
10 amounts of revenue necessary to pay for that portion of the cost of all
11 off-site transportation improvements contained in the transportation
12 plan that will not foreseeably be funded by transportation impact fees.
13 The program shall include a proposed schedule for construction and
14 expenditures of funds. The funding plan shall consider the additional
15 local tax revenue estimated to be generated by new development within
16 the plan area if all or a portion of the additional revenue is proposed
17 to be earmarked as future appropriations for such off-site
18 transportation improvements.

19 (4) The program shall authorize transportation impact fees to be
20 imposed on new development within the plan area for the purpose of
21 providing a portion of the funding for reasonable and necessary off-
22 site transportation improvements to solve the cumulative impacts of
23 planned growth and development in the plan area. Off-site
24 transportation impacts shall be measured as a pro rata share of the
25 capacity of the off-site transportation improvements being funded under
26 the program. The fees shall not exceed the amount that the local
27 government can demonstrate is reasonably necessary as a direct result
28 of the proposed development.

29 (5) The program shall provide that the funds collected as a result
30 of a particular new development shall be used in substantial part to
31 pay for improvements mitigating the impacts of the development or be
32 refunded to the property owners of record. Fees paid toward more than
33 one transportation improvement may be pooled and expended on any one of
34 the improvements mitigating the impact of the development. The funds
35 shall be expended in all cases within six years of collection by the
36 local government or the unexpended funds shall be refunded.

37 (6) The program shall also describe the formula, timing, security,
38 credits, and other terms and conditions affecting the amount and method
39 of payment of the transportation impact fees as further provided for in

1 RCW 39.92.040. In calculating the amount of the fee, local government
2 shall consider and give credit for the developer's participation in
3 public transportation and ride-sharing improvements and services.

4 (7) The administrative element of the program shall include: An
5 opportunity for administrative appeal by the developer and hearing
6 before an independent examiner of the amount of the transportation
7 impact fee imposed; establishment of a designated account for the
8 public and private funds appropriated or collected for the
9 transportation improvements identified in the plan; methods to enforce
10 collection of the public and private funds identified in the program;
11 designation of the administrative departments or other entities
12 responsible for administering the program, including determination of
13 fee amounts, transportation planning, and construction; and provisions
14 for future amendment of the program including the addition of other
15 off-site transportation improvements. The program shall not be amended
16 in a manner to relieve local government of any contractual obligations
17 made to prior developers.

18 (8) The program shall provide that private transportation impact
19 fees shall not be collected for any off-site transportation improvement
20 that is incapable of being reasonably carried out because of lack of
21 public funds or other foreseeable impediment.

22 (9) The program shall provide that no transportation impact fee may
23 be imposed on a development by local government pursuant to this
24 program when mitigation of the same off-site transportation impacts for
25 the development is being required by any government agency pursuant to
26 any other local, state, or federal law.

27 (10) Transportation impact fees shall not be imposed upon
28 residential development activity by a city or county within which a
29 transportation improvement district is established under chapter 81.--
30 RCW (sections 1 through 15 of this act).

31 **Sec. 22.** RCW 43.21C.065 and 1992 c 219 s 1 are each amended to
32 read as follows:

33 A person required to pay an impact fee for system improvements
34 pursuant to RCW 82.02.050 through 82.02.090 shall not be required to
35 pay a fee pursuant to RCW 43.21C.060 for those same system
36 improvements. A person with a residential development located within
37 a city or county in which a transportation improvement district is
38 established under chapter 81.-- RCW (sections 1 through 15 of this act)

1 is not required to pay a fee pursuant to RCW 43.21C.060 for
2 transportation system improvements.

3 **Sec. 23.** RCW 58.17.110 and 1995 c 32 s 3 are each amended to read
4 as follows:

5 (1) The city, town, or county legislative body shall inquire into
6 the public use and interest proposed to be served by the establishment
7 of the subdivision and dedication. It shall determine: (a) If
8 appropriate provisions are made for, but not limited to, the public
9 health, safety, and general welfare, for open spaces, drainage ways,
10 streets or roads, alleys, other public ways, transit stops, potable
11 water supplies, sanitary wastes, parks and recreation, playgrounds,
12 schools and schoolgrounds, and shall consider all other relevant facts,
13 including sidewalks and other planning features that assure safe
14 walking conditions for students who only walk to and from school; and
15 (b) whether the public interest will be served by the subdivision and
16 dedication.

17 (2) A proposed subdivision and dedication shall not be approved
18 unless the city, town, or county legislative body makes written
19 findings that: (a) Appropriate provisions are made for the public
20 health, safety, and general welfare and for such open spaces, drainage
21 ways, streets or roads, alleys, other public ways, transit stops,
22 potable water supplies, sanitary wastes, parks and recreation,
23 playgrounds, schools and schoolgrounds and all other relevant facts,
24 including sidewalks and other planning features that assure safe
25 walking conditions for students who only walk to and from school; and
26 (b) the public use and interest will be served by the platting of such
27 subdivision and dedication. If it finds that the proposed subdivision
28 and dedication make such appropriate provisions and that the public use
29 and interest will be served, then the legislative body shall approve
30 the proposed subdivision and dedication. Dedication of land to any
31 public body, provision of public improvements to serve the subdivision,
32 and/or impact fees imposed under RCW 82.02.050 through 82.02.090 may be
33 required as a condition of subdivision approval, however, impact fees
34 shall not be imposed or transportation improvements required as a
35 condition of subdivision approval in a city or county in which a
36 transportation improvement district is established under chapter 81.--
37 RCW (sections 1 through 15 of this act). Dedications shall be clearly
38 shown on the final plat. No dedication, provision of public

1 improvements, or impact fees imposed under RCW 82.02.050 through
2 82.02.090 shall be allowed that constitutes an unconstitutional taking
3 of private property. The legislative body shall not as a condition to
4 the approval of any subdivision require a release from damages to be
5 procured from other property owners.

6 (3) If the preliminary plat includes a dedication of a public park
7 with an area of less than two acres and the donor has designated that
8 the park be named in honor of a deceased individual of good character,
9 the city, town, or county legislative body must adopt the designated
10 name.

11 **Sec. 24.** RCW 82.02.050 and 1994 c 257 s 24 are each amended to
12 read as follows:

13 (1) It is the intent of the legislature:

14 (a) To ensure that adequate facilities are available to serve new
15 growth and development;

16 (b) To promote orderly growth and development by establishing
17 standards by which counties, cities, and towns may require, by
18 ordinance, that new growth and development pay a proportionate share of
19 the cost of new facilities needed to serve new growth and development;
20 and

21 (c) To ensure that impact fees are imposed through established
22 procedures and criteria so that specific developments do not pay
23 arbitrary fees or duplicative fees for the same impact.

24 (2) Counties, cities, and towns that are required or choose to plan
25 under RCW 36.70A.040 are authorized to impose impact fees on
26 development activity as part of the financing for public facilities,
27 provided that the financing for system improvements to serve new
28 development must provide for a balance between impact fees and other
29 sources of public funds and cannot rely solely on impact fees.

30 (3) The impact fees:

31 (a) Shall only be imposed for system improvements that are
32 reasonably related to the new development;

33 (b) Shall not exceed a proportionate share of the costs of system
34 improvements that are reasonably related to the new development; and

35 (c) Shall be used for system improvements that will reasonably
36 benefit the new development.

37 (4) Impact fees may be collected and spent only for the public
38 facilities defined in RCW 82.02.090 which are addressed by a capital

1 facilities plan element of a comprehensive land use plan adopted
2 pursuant to the provisions of RCW 36.70A.070 or the provisions for
3 comprehensive plan adoption contained in chapter 36.70, 35.63, or
4 35A.63 RCW. After the date a county, city, or town is required to
5 adopt its development regulations under chapter 36.70A RCW, continued
6 authorization to collect and expend impact fees shall be contingent on
7 the county, city, or town adopting or revising a comprehensive plan in
8 compliance with RCW 36.70A.070, and on the capital facilities plan
9 identifying:

10 (a) Deficiencies in public facilities serving existing development
11 and the means by which existing deficiencies will be eliminated within
12 a reasonable period of time;

13 (b) Additional demands placed on existing public facilities by new
14 development; and

15 (c) Additional public facility improvements required to serve new
16 development.

17 If the capital facilities plan of the county, city, or town is
18 complete other than for the inclusion of those elements which are the
19 responsibility of a special district, the county, city, or town may
20 impose impact fees to address those public facility needs for which the
21 county, city, or town is responsible.

22 (5) Impact fees shall not be imposed upon residential development
23 activity by a city or county within which a transportation improvement
24 district is established under chapter 81.-- RCW (sections 1 through 15
25 of this act).

26 NEW SECTION. **Sec. 25.** The following acts or parts of acts are
27 each repealed:

28 (1) RCW 39.88.010 (Declaration) and 1982 1st ex.s. c 42 s 2;

29 (2) RCW 39.88.020 (Definitions) and 1982 1st ex.s. c 42 s 3;

30 (3) RCW 39.88.030 (Authority--Limitations) and 1982 1st ex.s. c 42
31 s 4;

32 (4) RCW 39.88.040 (Procedure for adoption of public improvement)
33 and 1982 1st ex.s. c 42 s 5;

34 (5) RCW 39.88.050 (Notice of public improvement) and 1982 1st ex.s.
35 c 42 s 6;

36 (6) RCW 39.88.060 (Disagreements between taxing districts) and 1989
37 c 378 s 1 & 1982 1st ex.s. c 42 s 7;

1 (7) RCW 39.88.070 (Apportionment of taxes) and 1982 1st ex.s. c 42
2 s 8;
3 (8) RCW 39.88.080 (Application of tax allocation revenues) and 1982
4 1st ex.s. c 42 s 9;
5 (9) RCW 39.88.090 (General obligation bonds) and 1982 1st ex.s. c
6 42 s 10;
7 (10) RCW 39.88.100 (Tax allocation bonds) and 1982 1st ex.s. c 42
8 s 11;
9 (11) RCW 39.88.110 (Legal investments) and 1982 1st ex.s. c 42 s
10 13;
11 (12) RCW 39.88.120 (Notice to state) and 1982 1st ex.s. c 42 s 14;
12 (13) RCW 39.88.130 (Conclusive presumption of validity) and 1982
13 1st ex.s. c 42 s 15;
14 (14) RCW 39.88.900 (Supplemental nature of chapter) and 1982 1st
15 ex.s. c 42 s 16;
16 (15) RCW 39.88.905 (Short title) and 1982 1st ex.s. c 42 s 1;
17 (16) RCW 39.88.910 (Captions not part of law--1982 1st ex.s. c 42)
18 and 1982 1st ex.s. c 42 s 17;
19 (17) RCW 39.88.915 (Severability--1982 1st ex.s. c 42) and 1982 1st
20 ex.s. c 42 s 18; and
21 (18) RCW 84.55.080 (Adjustment to tax limitation) and 1982 1st
22 ex.s. c 42 s 12.

23 NEW SECTION. **Sec. 26.** Sections 1 through 15 of this act
24 constitute a new chapter in Title 81 RCW.

25 NEW SECTION. **Sec. 27.** If any provision of this act or its
26 application to any person or circumstance is held invalid, the
27 remainder of the act or the application of the provision to other
28 persons or circumstances is not affected.

29 NEW SECTION. **Sec. 28.** If sections 21 through 24 of this act are
30 vetoed, this act is null and void.

--- END ---