

1 management act. The construction of necessary public improvements in
2 accordance with local (~~economic development~~) comprehensive plans will
3 encourage investment in (~~job-producing~~) private development to
4 accommodate residential growth, produce jobs, and expand the public tax
5 base.

6 (2) It is the purpose of this chapter:

7 (a) To encourage taxing districts to cooperate in the allocation of
8 future tax revenues that are used to finance public improvements
9 designed to encourage private development in selected areas, in
10 particular in those local governments that are located adjacent to
11 another state or international border and in those local jurisdictions
12 that contain blighted areas within urbanized areas;

13 (b) To assist those local governments that have a competitive
14 disadvantage in (~~its~~) their ability to attract business, private
15 investment, or commercial (~~development~~) or residential development,
16 due to blighted areas within their jurisdiction or due to (~~its~~
17 ~~location near~~) their proximity to a state or international border;
18 (~~and~~)

19 (c) To prevent or arrest the decay of selected areas due to the
20 inability of existing financial methods to provide needed public
21 improvements, and to encourage private investment designed to promote
22 and facilitate the orderly redevelopment of selected areas;

23 (d) To encourage the growth of viable communities based on an
24 appropriate balance of residential and commercial development; and

25 (e) To promote the implementation of comprehensive plans developed
26 pursuant to chapter 36.70A RCW.

27 **Sec. 102.** RCW 39.89.020 and 2001 c 212 s 2 are each amended to
28 read as follows:

29 The definitions in this section apply throughout this chapter
30 unless the context clearly requires otherwise.

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

33 (2) "Blighted area" means the same as in RCW 35.81.015.

34 (3) "Department" means the department of revenue.

35 (4) "Excess excise taxes" means the same as in section 202 of this
36 act.

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

4 (6) "Increment value" means seventy-five percent of any increase in
5 the assessed value of real property in an increment area due to the
6 placement of new construction and improvements to property on the
7 assessment rolls after the increment area is created, where the new
8 construction or improvements occur entirely after the increment area is
9 created. "Increment value" does not include any increase in the
10 assessed value of real property representing new construction and
11 improvements to property occurring after their initial placement on the
12 assessment rolls, except that for new construction which represents
13 entire buildings, "increment value" includes seventy-five percent of
14 any increase in the assessed value of such new construction in the
15 years following its initial placement on the assessment rolls. There
16 is no increment value if the assessed value of real property in an
17 increment area has not increased due to new construction and
18 improvements to property occurring after the increment area is created.

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

21 ~~((+3))~~ (8) "Low-income housing" has the same meaning as "housing
22 units" within the context of RCW 43.185.050(2)(j).

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

25 ~~((+4))~~ (10) "Participating taxing authority" means a taxing
26 authority that has entered into a written agreement with a local
27 government for the use of community revitalization financing to the
28 extent of allocating excess excise taxes to the local government for
29 the purpose of financing all or a portion of the costs of designated
30 public improvements.

31 (11) "Participating taxing district" means a taxing district that
32 has entered into a written agreement with a local government for the
33 use of community revitalization financing to finance all or a portion
34 of the costs of designated public improvements.

35 (12) "Public improvements" means:

36 (a) Infrastructure improvements within the increment area that
37 include:

38 (i) Street and road construction and maintenance;

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

2 (iii) Sidewalks and streetlights;

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

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

5 (vi) Park facilities and recreational areas; and

6 (vii) Storm water and drainage management systems; and

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

8 (i) ~~((Providing environmental analysis, professional management,~~
9 ~~planning, and promotion within the increment area, including the~~
10 ~~management and promotion of retail trade activities in the increment~~
11 ~~area;~~

12 ~~(ii) Providing maintenance and security for common or public areas~~
13 ~~in the increment area; or~~

14 ~~(iii))~~ Historic preservation activities authorized under RCW
15 35.21.395; and

16 (ii) Facilities and improvements that support affordable housing as
17 defined in RCW 43.63A.510.

18 ~~((5))~~ (13) "Public improvement costs" means the costs of: (a)
19 Design, planning, acquisition including land acquisition, site
20 preparation including land clearing, construction, reconstruction,
21 rehabilitation, improvement, and installation of public improvements;
22 (b) demolishing, relocating, maintaining, and operating property
23 pending construction of public improvements; (c) relocating utilities
24 as a result of public improvements; (d) financing public improvements,
25 including interest during construction, legal and other professional
26 services, taxes, insurance, principal and interest costs on general
27 indebtedness issued to finance public improvements, and any necessary
28 reserves for general indebtedness; (e) assessments incurred in
29 revaluing real property for the purpose of determining the tax
30 allocation base value that are in excess of costs incurred by the
31 assessor in accordance with the revaluation plan under chapter 84.41
32 RCW, and the costs of apportioning the taxes and complying with this
33 chapter and other applicable law; and (f) administrative expenses and
34 feasibility studies reasonably necessary and related to these costs,
35 including related costs that may have been incurred before adoption of
36 the ordinance authorizing the public improvements and the use of
37 community revitalization financing to fund the costs of the public
38 improvements.

1 ~~((6))~~ (14) "Regular property taxes" means regular property taxes
2 as defined in RCW 84.04.140, except: (a) Regular property taxes levied
3 by port districts or public utility districts specifically for the
4 purpose of making required payments of principal and interest on
5 general indebtedness; ~~(and)~~ (b) regular property taxes levied by the
6 state for the support of the common schools under RCW 84.52.065; and
7 (c) regular property taxes levied under the authority of RCW 84.55.050
8 that are limited to a specific purpose as provided in RCW
9 84.55.050(3)(c). Regular property taxes do not include excess property
10 tax levies that are exempt from the aggregate limits for junior and
11 senior taxing districts as provided in RCW 84.52.043.

12 ~~((7))~~ (15) "Tax allocation base value" means the ~~((true and~~
13 ~~fair))~~ assessed value of real property located within an increment area
14 for taxes ~~((imposed))~~ levied in the year in which the increment area is
15 created for collection in the following year, plus ~~((twenty-five))~~ one
16 hundred percent of any increase in the ~~((true and fair))~~ assessed value
17 of real property located within an increment area that is placed on the
18 assessment rolls after the increment area is created, less the
19 increment value.

20 ~~((8))~~ (16) "Tax allocation revenues" means those tax revenues
21 derived from the ~~((imposition of))~~ receipt of excess excise taxes and
22 from regular property taxes on the increment value and distributed to
23 finance public improvements.

24 ~~((9) "Increment area" means the geographic area from which taxes~~
25 ~~are to be appropriated to finance public improvements authorized under~~
26 ~~this chapter.~~

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

30 ~~((11))~~ (17) "Taxing authority" means a governmental entity that
31 imposes a sales or use tax under chapter 82.14 RCW upon the occurrence
32 of any taxable event within a proposed or approved increment area.

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

36 ~~((12) "Value of taxable property" means the value of the taxable~~
37 ~~property as defined in RCW 39.36.015.)~~

1 (19) "Urban growth area" has the same meaning as provided in
2 chapter 36.70A RCW.

3 NEW SECTION. Sec. 103. A new section is added to chapter 39.89
4 RCW to read as follows:

5 (1) Beginning July 1, 2005, the designation of an increment area is
6 subject to the following limitations:

7 (a) The taxable real property within the increment area boundaries
8 may not exceed one billion dollars in assessed value;

9 (b) The average assessed value per square foot of taxable land
10 within the increment area boundaries may not exceed seventy dollars;

11 (c) An increment area is limited to contiguous tracts, lots,
12 pieces, or parcels of land;

13 (d) The boundaries may not be drawn to purposely exclude parcels
14 where economic growth is unlikely to occur; and

15 (e) The area must meet the definition of blighted area.

16 (2) For increment areas created on or after July 1, 2005, financing
17 under this chapter is subject to the following conditions:

18 (a) Funding must be used in order of the following priorities:

19 (i) First, to meet projected housing needs for the area as
20 identified in the local comprehensive plan;

21 (ii) Second, to address any imbalance between jobs and housing as
22 identified in the local comprehensive plan;

23 (iii) Third, to meet other local priorities, including economic
24 development;

25 (b) No funds may be used to relocate a business from outside the
26 increment area, but within this state, into the increment area;

27 (c)(i) No funds may be used to finance, design, acquire, construct,
28 equip, operate, maintain, remodel, repair, or reequip public facilities
29 funded with taxes collected under RCW 82.14.048;

30 (ii) Community revitalization financing funds may not be used to
31 displace other sources of funding that historically have been dedicated
32 to or allocated for public improvement costs;

33 (d)(i) Except as provided in (ii) of this subsection (2)(d) no
34 funds may be used for public improvements other than projects
35 identified within the capital facilities, utilities, housing, or
36 transportation element of a comprehensive plan required under chapter
37 36.70A RCW;

1 (ii) Funds may be used for public improvements that are historical
2 preservation activities as defined in RCW 39.89.020(12);

3 (e) No funds may be used to support projects where the primary
4 purpose is the development of commercial or office space, hotel or
5 convention centers, sports or entertainment complexes, industrial
6 parks, or retail or shopping centers; and

7 (f) Funds may be used only in areas where, absent the financing
8 available under this act, the proposed development or redevelopment
9 would not otherwise occur.

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

21 **Sec. 104.** RCW 39.89.030 and 2002 c 12 s 1 are each amended to read
22 as follows:

23 A local government may finance public improvements using community
24 revitalization financing subject to the following conditions:

25 (1) The local government adopts an ordinance designating an
26 increment area within its boundaries and specifying the public
27 improvements proposed to be financed in whole or in part with the use
28 of community revitalization financing((+)).

29 (2) The public improvements proposed to be financed in whole or in
30 part using community revitalization financing are expected to encourage
31 private development within the increment area and to increase the fair
32 market value of real property within the increment area((+)).

33 (3) The local government has entered or expects to enter into a
34 contract with a private developer relating to the development of
35 private improvements within the increment area or has received a letter
36 of intent from a private developer relating to the developer's plans
37 for the development of private improvements within the increment area.

1 (4) Private development that is anticipated to occur within the
2 increment area, as a result of the public improvements, will be
3 consistent with the countywide planning policy adopted by the county
4 under RCW 36.70A.210 and the local government's comprehensive plan and
5 development regulations adopted under chapter 36.70A RCW((÷

6 ~~(4) Taxing districts, in the aggregate, that levy at least seventy-~~
7 ~~five percent of the regular property tax within which the increment~~
8 ~~area is located approves the community revitalization financing of the~~
9 ~~project under RCW 39.89.050(1); and~~

10 ~~(5) In an increment area that includes any portion of a fire~~
11 ~~protection district as defined in Title 52 RCW, the fire protection~~
12 ~~district must agree to participate in the community revitalization~~
13 ~~financing of the project under chapter 212, Laws of 2001, for the~~
14 ~~project to proceed. Approval by the fire protection district shall be~~
15 ~~considered as part of the required participation by taxing districts~~
16 ~~under subsection (4) of this section)).~~

17 (5) The governing body of the local government must make a finding
18 that the public improvements proposed to be financed in whole or in
19 part using community revitalization financing are reasonably likely to:

20 (a) Improve the viability of existing communities that are based on
21 mixed-use development within the increment area;

22 (b) Increase private residential and commercial investment within
23 the increment area;

24 (c) Increase employment within the increment area; and

25 (d) Generate, over the period of time that repayments must be made
26 for bonds issued under the authority of RCW 39.89.080, tax allocation
27 revenues that are equal to or greater than the local contributions made
28 under this chapter.

29 **Sec. 105.** RCW 39.89.050 and 2001 c 212 s 5 are each amended to
30 read as follows:

31 (1) Before adopting an ordinance creating the increment area, a
32 local government must:

33 ~~((1))~~ (a) Obtain written agreement for the use of community
34 revitalization financing to finance all or a portion of the costs of
35 the designated public improvements from any taxing ~~((districts that, in~~
36 ~~the aggregate, levy at least seventy five percent of the regular~~
37 ~~property tax on property within the increment area. A signed, written~~

1 ~~agreement from taxing districts that in the aggregate levy at least~~
2 ~~seventy five percent of the regular property tax within the increment~~
3 ~~area, constitutes concurrence by all taxing districts in the increment~~
4 ~~area in the public improvement and participation in the public~~
5 ~~improvement)) district that levies regular property taxes on real~~
6 ~~property within the increment area, or from any taxing authority that~~
7 ~~imposes a sales or use tax under chapter 82.14 RCW within the increment~~
8 ~~area if the taxing district or taxing authority chooses to participate~~
9 ~~in the public improvements to the extent of providing limited funding~~
10 ~~under community revitalization financing authorized under this chapter.~~
11 ~~The agreement must be authorized by the governing body of these~~
12 ~~participating taxing districts ((that in the aggregate levy at least~~
13 ~~seventy five percent of the regular property tax on property within the~~
14 ~~increment area)) and taxing authorities;~~

15 ~~((+2)) (b) Estimate the impact of the increment area on small~~
16 ~~business and low-income housing and develop a mitigation plan for~~
17 ~~impacted businesses and housing.~~

18 ~~(i) In analyzing the impact of the increment area, the local~~
19 ~~government must develop:~~

20 ~~(A) An inventory of existing low-income housing units, and~~
21 ~~businesses and retail activity within the increment area;~~

22 ~~(B) A reasonable estimate of the number of low-income housing~~
23 ~~units, small businesses, and other commercial activity that may be~~
24 ~~vulnerable to displacement inside the increment area;~~

25 ~~(C) A reasonable estimate of projected net job growth and net~~
26 ~~housing growth caused by creation of the increment area when compared~~
27 ~~to the existing jobs or housing balance for the area; and~~

28 ~~(D) A reasonable estimate of the impact of net housing growth on~~
29 ~~the current housing price mix.~~

30 ~~(ii) The mitigation plan must address the requirements in section~~
31 ~~107 of this act; and~~

32 ~~(c) Hold a public hearing on the proposed financing of the public~~
33 ~~improvement in whole or in part with community revitalization financing~~
34 ~~at least sixty days before passage of the ordinance establishing the~~
35 ~~increment area. The public hearing may be held by either the governing~~
36 ~~body of the local government, or a committee of the governing body that~~
37 ~~includes at least a majority of the whole governing body.~~

1 (i) Notice of the public hearing must be published in a legal
2 newspaper of general circulation within the proposed increment area at
3 least ten days before the public hearing and posted in at least six
4 conspicuous public places located in the proposed increment area.

5 (ii) Notice must also be sent by United States mail to the property
6 owners, all identifiable community-based organizations with involvement
7 in the proposed increment area, and the business enterprises located
8 within the proposed increment area at least thirty days prior to the
9 hearing. In implementing provisions under this act, the local
10 governing body may also consult with community-based groups, business
11 organizations, including the local chamber of commerce, and the office
12 of minority and women's business enterprises to assist with providing
13 appropriate notice to business enterprises and property owners for whom
14 English is a second language.

15 (iii) Notices must describe the contemplated public improvements,
16 estimate the costs of the public improvements, describe the portion of
17 the costs of the public improvements to be borne by community
18 revitalization financing, describe any other sources of revenue to
19 finance the public improvements, describe the boundaries of the
20 proposed increment area, estimate the impact that the public
21 improvements will have on small businesses and low-income housing, and
22 estimate the period during which community revitalization financing is
23 contemplated to be used. (~~The public hearing may be held by either~~
24 the governing body of the local government, or a committee of the
25 governing body that includes at least a majority of the whole governing
26 body; and

27 ~~(3))~~ (iv) Notices must inform the public where to obtain the
28 analyses required in this section.

29 (2) To create an increment area, a local government must adopt an
30 ordinance establishing the increment area that:

31 (a) Describes the public improvements((τ));

32 (b) Describes the boundaries of the increment area, subject to the
33 limitations in section 103 of this act;

34 (c) Estimates the cost of the public improvements and the portion
35 of these costs to be financed by community revitalization
36 financing((τ));

37 (d) Estimates the time during which regular property taxes are to
38 be apportioned((τ)) and, if applicable, excess excise taxes are to be

1 used to finance public improvement costs associated with the public
2 improvements financed in whole or in part by community revitalization
3 financing;

4 (e) Provides the date when the apportionment of the regular
5 property taxes and, if applicable, the use of excess excise taxes will
6 commence((τ))i and

7 (f) Finds that the conditions of RCW 39.89.030 are met.

8 (3) Within one year of creation of an increment area, a local
9 government must amend its comprehensive plan adopted under chapter
10 36.70A RCW or any other applicable comprehensive plan, or land use plan
11 adopted by a city, town, or county.

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

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

15 (b) "Small business" has the same meaning as in RCW 19.85.020.

16 **Sec. 106.** RCW 39.89.060 and 2001 c 212 s 6 are each amended to
17 read as follows:

18 The local government shall:

19 (1) Publish notice in a legal newspaper of general circulation
20 within the increment area that describes the public improvement,
21 describes the boundaries of the increment area, and identifies the
22 location and times where the ordinance and other public information
23 concerning the public improvement may be inspected; and

24 (2) Deliver a certified copy of the ordinance to the county
25 treasurer, the county assessor, and the governing body of each
26 participating taxing district within which the increment area is
27 located.

28 NEW SECTION. **Sec. 107.** A new section is added to chapter 39.89
29 RCW to read as follows:

30 (1) A local government that uses community revitalization financing
31 under this chapter shall mitigate adverse impacts to small businesses
32 and low-income housing resulting from development or redevelopment that
33 is supported by the financing.

34 (2) Conditions requiring mitigation under this section include:

35 (a) The displacement of residents from ten or more inhabited

1 residential units within the increment area that results from public
2 improvements within the increment area;

3 (b) The displacement of small businesses or loss of other
4 commercial activity within the increment area that results from public
5 improvements within the increment area; or

6 (c) An increase or creation of a jobs/housing imbalance
7 inconsistent with a comprehensive plan adopted under chapter 36.70A
8 RCW.

9 (3) Whenever possible, the mitigation should be consistent with the
10 development or redevelopment goals of the public improvement project.
11 The local government shall:

12 (a) Guarantee no net loss of low-income housing units, while
13 retaining the range of prices and type of low-income units. This
14 commitment may be addressed using any combination of private or public
15 funding specifically allocated for the purpose of mitigating the
16 impact. If funds are specifically allocated for this purpose to the
17 housing trust fund authorized under chapter 43.185 RCW, local
18 governments may apply for matching funds to cover the cost of
19 mitigation. Any such local government match must supplement funds
20 spent for low-income housing within the jurisdiction, and may include,
21 but is not limited to, impact fees under chapter 36.70A RCW;

22 (b) Guarantee housing relocation assistance to all households (i)
23 with incomes at or below fifty percent of median income, adjusted for
24 household size, of the county in which the increment area is located,
25 and (ii) that have been displaced due to public improvements within the
26 increment area; and

27 (c) Provide adequate relocation or financial assistance, including
28 direct financial aid, to any business that has been displaced or forced
29 to close due to public improvements within the increment area.

30 NEW SECTION. **Sec. 108.** A new section is added to chapter 39.89
31 RCW to read as follows:

32 (1) Any person residing, owning real property, or owning a business
33 within a local government that has utilized community revitalization
34 financing under this act may commence a civil action in superior court
35 against a local government for the following:

36 (a) Expending revenues derived from community revitalization

1 financing, including the proceeds of bonds, for a purpose not
2 authorized under this act, or for activities outside of the increment
3 area's geographic boundaries;

4 (b) Failure to assess and mitigate impacts of the increment area as
5 provided in RCW 39.89.050(1)(b) and section 107 of this act;

6 (c) Failure to meet the procedural requirements under this act.

7 (2) If the court finds that the local government failed to
8 substantially comply with the requirements in this act, the court shall
9 order the local government to remedy the violation, and may award
10 equitable relief, damages, reimbursement for costs, and reasonable
11 attorney fees.

12 **PART II**

13 **COMMUNITY REVITALIZATION FINANCING--USE OF TAX**

14 **ALLOCATION REVENUES TO PAY THE COSTS OF PUBLIC IMPROVEMENTS**

15 **Sec. 201.** RCW 39.89.070 and 2001 c 212 s 7 are each amended to
16 read as follows:

17 (1) Commencing in the second calendar year following the passage of
18 the ordinance creating an increment area and authorizing the use of
19 community revitalization financing, the county treasurer shall
20 distribute receipts from regular taxes imposed on real property located
21 in the increment area as follows:

22 (a) Each participating taxing district and the local government
23 that created the increment area shall receive that portion of its
24 regular property taxes produced by the rate of tax levied by or for the
25 taxing district on the tax allocation base value for that community
26 revitalization financing project in the taxing district, or upon the
27 total assessed value of real property in the taxing district, whichever
28 is smaller; and

29 (b) The local government that created the increment area shall
30 receive an additional portion of the regular property taxes levied by
31 it and by or for each participating taxing district upon the increment
32 value within the increment area. However, if there is no increment
33 value, the local government shall not receive any additional regular
34 property taxes under this subsection (1)(b). The local government that
35 created the increment area may agree to receive less than the full
36 amount of ~~((this))~~ the additional portion of regular property taxes

1 under this subsection (1)(b) as long as bond debt service, reserve, and
2 other bond covenant requirements are satisfied, in which case the
3 balance of these tax receipts shall be allocated to the participating
4 taxing districts that ~~((imposed))~~ levied regular property taxes, or
5 have regular property taxes ~~((imposed))~~ levied for them, in the
6 increment area for collection that year in proportion to their regular
7 tax levy rates for collection that year. The local government may
8 request that the treasurer transfer this additional portion of the
9 property taxes to its designated agent. The portion of the tax
10 receipts distributed to the local government or its agent under this
11 subsection (1)(b) may only be expended to finance public improvement
12 costs associated with the public improvements financed in whole or in
13 part by community revitalization financing.

14 (2) The county assessor shall allocate ~~((twenty five percent of any
15 increased real property value occurring in the increment area to the
16 tax allocation base value and seventy five percent to the increment
17 value))~~ any increase in the assessed value of real property occurring
18 in the increment area to the increment value and tax allocation base
19 value as appropriate. This section does not authorize revaluations of
20 real property by the assessor for property taxation that are not made
21 in accordance with the assessor's revaluation plan under chapter 84.41
22 RCW or under other authorized revaluation procedures.

23 (3) The apportionment of increases in assessed valuation in an
24 increment area, and the associated distribution to the local government
25 of receipts from regular property taxes that are imposed on the
26 increment value, must cease when tax allocation revenues are no longer
27 necessary or obligated to pay the costs of the public improvements.
28 Any excess tax allocation revenues derived from regular property taxes
29 and earnings on ~~((the))~~ these tax allocation revenues, remaining at the
30 time the apportionment of tax receipts terminates, must be returned to
31 the county treasurer and distributed to the participating taxing
32 districts that imposed regular property taxes, or had regular property
33 taxes imposed for it, in the increment area for collection that year,
34 in proportion to the rates of their regular property tax levies for
35 collection that year.

36 NEW SECTION. Sec. 202. A new section is added to chapter 39.89
37 RCW to read as follows:

1 (1) A local government that creates an increment area may use
2 annually any excess excise taxes received by it from taxable activity
3 within the increment area to finance public improvement costs
4 associated with the public improvements financed in whole or in part by
5 community revitalization financing. The use of excess excise taxes
6 must cease when tax allocation revenues are no longer necessary or
7 obligated to pay the costs of the public improvements. Any
8 participating taxing authority is authorized to allocate excess excise
9 taxes to the local government. The legislature declares that it is a
10 proper purpose of a local government or participating taxing authority
11 to allocate excess excise taxes for purposes of financing public
12 improvements under this chapter.

13 (2) A local government consisting solely of a port district may use
14 excess excise taxes as provided in this section only to the extent that
15 any participating taxing authority allocates excess excise taxes to the
16 local government.

17 (3) A local government consisting of a port district and any city,
18 town, or county may use excess excise taxes as provided in this section
19 only if:

20 (a) The city, town, or county realizes excess excise taxes from
21 taxable activity within the increment area; or

22 (b) Any participating taxing authority allocates excess excise
23 taxes to the local government.

24 (4) A local government shall provide the department accurate
25 information describing the geographical boundaries of the increment
26 area at least seventy-five days before the effective date of the
27 ordinance creating the increment area. The local government shall
28 ensure that the boundary information provided to the department is kept
29 current.

30 (5) The department shall provide each local government that has
31 provided boundary information to the department as provided in this
32 section with the necessary information to calculate excess excise
33 taxes.

34 (6) The department may adopt any rules under chapter 34.05 RCW it
35 considers necessary for the administration of this section.

36 (7) The definitions in this subsection apply throughout this
37 section unless the context clearly requires otherwise.

1 (a) "Base year" means the first calendar year following the
2 creation of an increment area.

3 (b)(i) Except as provided in (b)(ii) of this subsection (7),
4 "excess excise taxes" means the amount of excise taxes received by the
5 local government during the measurement year from taxable activity
6 within the increment area over and above the amount of excise taxes
7 received by the local government during the base year from taxable
8 activity within the increment area. However, if a local government
9 creates an increment area and reasonably determines that no activity
10 subject to tax under chapters 82.08 and 82.12 RCW occurred in the
11 twelve months immediately preceding the creation of the increment area
12 within the boundaries of the area that became the increment area,
13 "excess excise taxes" means the entire amount of excise taxes received
14 by the local government during a calendar year period beginning with
15 the calendar year immediately following the creation of the increment
16 area and continuing with each measurement year thereafter.

17 (ii) For increment areas created in calendar year 2005, "excess
18 excise taxes" means the amount of excise taxes received by the local
19 government during the measurement year from taxable activity within the
20 increment area over and above an amount equal to twelve multiplied by
21 the average monthly excise tax receipts of the local government during
22 the part of the year in which, pursuant to legislation enacted in
23 calendar year 2005, any retail sale is sourced to a location other than
24 that of the retail outlet at or from which delivery is made. If no
25 such legislation enacted, this subsection (7)(b)(ii) is null and void.

26 (c) "Excise taxes" means local retail sales and use taxes
27 authorized in RCW 82.14.030.

28 (d) "Measurement year" means a calendar year, beginning with the
29 calendar year following the base year and each calendar year
30 thereafter, that is used annually to measure the amount of excess
31 excise taxes required to be used to finance public improvement costs
32 associated with public improvements financed in whole or in part by
33 community revitalization financing.

34 NEW SECTION. **Sec. 203.** A new section is added to chapter 39.89
35 RCW to read as follows:

36 (1) A local government shall provide a report of the use of

1 community revitalization financing to the department by March 1st of
2 each year. The report shall contain the following information:

3 (a) The amount of tax allocation revenues and local public sources
4 received by the local government during the preceding calendar year,
5 and a summary of how these revenues were expended;

6 (b) The number of low-income housing units, small businesses, and
7 other commercial activities that have been displaced inside the
8 increment area due to improvements undertaken with community
9 revitalization financing;

10 (c) The net job growth and net housing growth caused by creation of
11 the increment area when compared to the jobs or housing balance
12 existing in the area prior to the creation of the increment area;

13 (d) The impact of net housing growth on the current housing price
14 mix;

15 (e) The nature and amount of mitigation assistance provided
16 pursuant to section 107 of this act;

17 (f) The names of any businesses locating within the increment area
18 as a result of the public improvements undertaken by the local
19 government and financed in whole or in part with community
20 revitalization financing;

21 (g) The total number of permanent jobs created as a result of the
22 public improvements undertaken by the local government and financed in
23 whole or in part with community revitalization financing;

24 (h) The average wages and benefits received by all employees of
25 businesses locating within the increment area as a result of the public
26 improvements undertaken by the local government and financed in whole
27 or in part with community revitalization financing; and

28 (i) Declarations that the local government is in compliance with
29 RCW 39.89.030(5) and that the government is not currently out of
30 compliance with the requirements of chapter 36.70A RCW according to a
31 ruling by a growth management hearing board.

32 (2) The department shall make a report available to the public and
33 the legislature by June 1st of every fourth year, beginning in calendar
34 year 2009. The report shall include a list of public improvements
35 undertaken by local governments and financed in whole or in part with
36 community revitalization financing, and it shall also include a summary
37 of the information provided to the department by local governments
38 under subsection (1) of this section.

1 (3) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Department" means the department of community, trade, and
4 economic development.

5 (b) "Tax allocation revenues" has the same meaning as in RCW
6 39.89.020.

7 **PART III**
8 **BOND AUTHORIZATION**

9 **Sec. 301.** RCW 39.89.080 and 2001 c 212 s 8 are each amended to
10 read as follows:

11 (1) A local government designating an increment area and
12 authorizing the use of community revitalization financing may incur
13 general indebtedness, and issue general obligation bonds, to finance
14 the public improvements and retire the indebtedness in whole or in part
15 from tax allocation revenues it receives, subject to the following
16 requirements:

17 (a) The ordinance adopted by the local government creating the
18 increment area and authorizing the use of community revitalization
19 financing indicates an intent to incur this indebtedness and the
20 maximum amount of this indebtedness that is contemplated; and

21 (b) The local government includes this statement of the intent in
22 all notices required by RCW 39.89.050.

23 (2) The general indebtedness incurred under subsection (1) of this
24 section may be payable from other tax revenues, the full faith and
25 credit of the local government, and nontax income, revenues, fees, and
26 rents from the public improvements, as well as contributions, grants,
27 and nontax money available to the local government for payment of costs
28 of the public improvements or associated debt service on the general
29 indebtedness.

30 (3) In addition to the requirements in subsection (1) of this
31 section, a local government designating an increment area and
32 authorizing the use of community revitalization financing may require
33 the nonpublic participant to provide adequate security to protect the
34 public investment in the public improvement within the increment area.

35 (4) Bonds issued under this section shall be authorized by
36 ordinance of the local governing body and may be issued in one or more

1 series and shall bear such date or dates, be payable upon demand or
2 mature at such time or times, bear interest at such rate or rates, be
3 in such denomination or denominations, be in such form either coupon or
4 registered as provided in RCW 39.46.030, carry such conversion or
5 registration privileges, have such rank or priority, be executed in
6 such manner, be payable in such medium of payment, at such place or
7 places, and be subject to such terms of redemption with or without
8 premium, be secured in such manner, and have such other
9 characteristics, as may be provided by such ordinance or trust
10 indenture or mortgage issued pursuant thereto.

11 (5) The local government may annually pay into a fund to be
12 established for the benefit of bonds issued under this section a fixed
13 proportion or a fixed amount of any tax allocation revenues derived
14 from property or business activity within the increment area containing
15 the public improvements funded by the bonds, such payment to continue
16 until all bonds payable from the fund are paid in full.

17 (6) In case any of the public officials of the local government
18 whose signatures appear on any bonds or any coupons issued under this
19 chapter shall cease to be such officials before the delivery of such
20 bonds, such signatures shall, nevertheless, be valid and sufficient for
21 all purposes, the same as if such officials had remained in office
22 until such delivery. Any provision of any law to the contrary
23 notwithstanding, any bonds issued under this chapter are fully
24 negotiable.

25 (7) Notwithstanding subsections (4) through (6) of this section,
26 bonds issued under this section may be issued and sold in accordance
27 with chapter 39.46 RCW.

28 NEW SECTION. Sec. 302. A new section is added to chapter 39.89
29 RCW to read as follows:

30 A local government that issues bonds under RCW 39.89.080 to finance
31 public improvements may pledge for the payment of such bonds all or
32 part of any tax allocation revenues derived from the public
33 improvements.

34 **PART IV**
35 **MISCELLANEOUS**

1 NEW SECTION. **Sec. 401.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 402.** Part headings used in this act are not any
6 part of the law.

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