
HOUSE BILL 1383

State of Washington 64th Legislature 2015 Regular Session

By Representatives Springer, Haler, Young, Fitzgibbon, McBride, Stanford, Clibborn, Fey, and Zeiger

Read first time 01/19/15. Referred to Committee on Community Development, Housing & Tribal Affairs.

1 AN ACT Relating to community redevelopment financing in
2 apportionment districts; amending RCW 39.88.030, 39.88.040,
3 39.88.070, 39.88.080, 39.88.100, 84.52.043, 84.52.043, and 84.52.050;
4 reenacting and amending RCW 39.88.020; adding a new section to
5 chapter 39.88 RCW; repealing RCW 39.88.060 and 39.88.090; providing
6 an effective date; and providing an expiration date.

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

8 **Sec. 1.** RCW 39.88.020 and 2011 c 336 s 815 are each reenacted
9 and amended to read as follows:

10 (~~As used in this chapter the following terms have the following~~
11 ~~meanings unless a different meaning is clearly indicated by the~~
12 ~~context:~~) The definitions in this section apply throughout this act
13 unless the context clearly requires otherwise.

14 (1) "Apportionment district" means the geographic area, within an
15 urban area, from which (~~regular property taxes are to be apportioned~~
16 ~~to finance a public improvement contained therein.~~

17 ~~(2) "Assessed value of real property" means the valuation of real~~
18 ~~property as placed on the last completed assessment roll of the~~
19 ~~county.~~

20 ~~(3) "City" means any city or town.~~

1 ~~(4) "Ordinance" means any appropriate method of taking a~~
2 ~~legislative action by a county or city, whether known as a statute,~~
3 ~~resolution, ordinance, or otherwise.~~

4 ~~(5) "Public improvement" means an undertaking to provide public~~
5 ~~facilities in an urban area which the sponsor has authority to~~
6 ~~provide.~~

7 ~~(6) "Public improvement costs" means the costs of design,~~
8 ~~planning, acquisition, site preparation, construction,~~
9 ~~reconstruction, rehabilitation, improvement, and installation of the~~
10 ~~public improvement; costs of relocation, maintenance, and operation~~
11 ~~of property pending construction of the public improvement; costs of~~
12 ~~utilities relocated as a result of the public improvement; costs of~~
13 ~~financing, including interest during construction, legal and other~~
14 ~~professional services, taxes, and insurance; costs incurred by the~~
15 ~~assessor to revalue real property for the purpose of determining the~~
16 ~~tax allocation base value that are in excess of costs incurred by the~~
17 ~~assessor in accordance with his or her revaluation plan under chapter~~
18 ~~84.41 RCW, and the costs of apportioning the taxes and complying with~~
19 ~~this chapter and other applicable law; and administrative costs~~
20 ~~reasonably necessary and related to these costs. These costs may~~
21 ~~include costs incurred prior to the adoption of the public~~
22 ~~improvement ordinance, but subsequent to July 10, 1982.~~

23 ~~(7) "Public improvement ordinance" means the ordinance passed~~
24 ~~under RCW 39.88.040(4).~~

25 ~~(8) "Regular property taxes" means regular property taxes as now~~
26 ~~or hereafter defined in RCW 84.04.140, except regular property taxes~~
27 ~~levied by port districts or public utility districts specifically for~~
28 ~~the purpose of making required payments of principal and interest on~~
29 ~~general indebtedness.~~

30 ~~(9) "Sponsor" means any county or city initiating and undertaking~~
31 ~~a public improvement.~~

32 ~~(10) "Tax allocation base value of real property" means the true~~
33 ~~and fair value of real property within an apportionment district for~~
34 ~~the year in which the apportionment district was established.~~

35 ~~(11) "Tax allocation bonds" means any bonds, notes, or other~~
36 ~~obligations issued by a sponsor pursuant to section 10 of this act.~~

37 ~~(12) "Tax allocation revenues" means those tax revenues allocated~~
38 ~~to a sponsor under RCW 39.88.070(1)(b).~~

1 ~~(13) "Taxing districts" means any governmental entity which~~
2 ~~levies or has levied for it regular property taxes upon real property~~
3 ~~located within a proposed or approved apportionment district.~~

4 ~~(14) "Urban area" means an area in a city or located outside of a~~
5 ~~city that is characterized by intensive use of the land for the~~
6 ~~location of structures and receiving such urban services as sewers,~~
7 ~~water, and other public utilities and services normally associated~~
8 ~~with urbanized areas. Not more than twenty five percent of the area~~
9 ~~within the urban area proposed apportionment district may be vacant~~
10 ~~land.~~

11 ~~(15) "Value of taxable property" means value of taxable property~~
12 ~~as defined in RCW 39.36.015)) special property taxes are to be levied~~
13 ~~and collected to finance a public improvement contained therein.~~

14 (2) "City" means any city or town.

15 (3) "Community benefit activities" means activities undertaken to
16 meet the affordable housing, conservation, social equity, and other
17 public goals as described in section 2 of this act.

18 (4) "County" means any county of the state of Washington.

19 (5) "Ordinance" means an ordinance, resolution, or any other
20 appropriate method of taking a legislative action by the legislative
21 authority of a county or city, whether known as a statute,
22 resolution, ordinance, or otherwise.

23 (6) "Public improvements" means:

24 (a) Public infrastructure improvements, including acquisition,
25 construction, improvement, expansion, extension, or maintenance of
26 the following:

27 (i) Street, road, bridge, and rail improvements;

28 (ii) Water and sewer systems;

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

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

31 (v) Park and ride facilities;

32 (vi) Park facilities, recreational areas, and environmental
33 remediation activities;

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

35 (viii) Electric, gas, fiber, and other utility infrastructure;

36 and

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

38 (i) Providing maintenance and security for public improvements or
39 for common or public areas in the apportionment district; or

1 (ii) Historic preservation assets and activities authorized under
2 RCW 35.21.395; or

3 (iii) Costs of establishing and administering the apportionment
4 district, including without limitation the costs of data collection,
5 reporting, and accountability activities.

6 (7) "Public improvement costs" means capital expenditures with
7 respect to public improvements, including without limitation the
8 costs of design, planning, acquisition, site preparation,
9 construction, reconstruction, rehabilitation, improvement, and
10 installation of the public improvement; costs of relocation,
11 maintenance, and operation of property pending construction of the
12 public improvement; costs of relocating utilities in connection with
13 undertaking the public improvement; costs of financing, including
14 interest during and for a reasonable period after construction, legal
15 and other professional services, taxes, and insurance; costs of
16 levying and collecting the special property taxes and complying with
17 this chapter and other applicable law; costs of operating and
18 maintaining the public improvements; and administrative costs
19 reasonably necessary and related to these costs. These costs may
20 include costs incurred prior to the adoption of the public
21 improvement ordinance but may not include costs that are satisfied by
22 revenues from impact fees or other development fees.

23 (8) "Public improvement ordinance" means an ordinance passed
24 under RCW 39.88.040(1)(d).

25 (9) "Regular property taxes" means regular property taxes as now
26 or hereafter defined in RCW 84.04.140.

27 (10) "Special property taxes" means the special property taxes
28 authorized to be levied and collected within an apportionment
29 district under RCW 39.88.070. Special property taxes are not regular
30 property taxes for any purpose under this chapter or under any other
31 provision of law, but special property taxes are "excess real
32 property taxes" for purposes of RCW 84.36.381 through 84.36.389, are
33 "real property taxes" for purposes of chapters 84.37 and 84.38 RCW,
34 are "property taxes" for purposes of chapter 84.39 RCW, and also
35 constitute "ad valorem taxation" as that term is used in RCW
36 84.33.040.

37 (11) "Sponsor" means any county or city forming an apportionment
38 district under this chapter.

1 (12) "Tax allocation base value" means the value of taxable
2 property within an apportionment district for the year in which the
3 public improvement ordinance is passed.

4 (13) "Tax allocation bonds" means any bonds, notes, or other
5 obligations issued or incurred by a sponsor pursuant to RCW
6 39.88.100.

7 (14) "Tax allocation increment value" means, as of any time of
8 calculation, the value of taxable property in an apportionment
9 district in excess of the tax allocation base value within that
10 apportionment district.

11 (15) "Tax allocation revenues" means those special property tax
12 revenues levied and collected by a sponsor under RCW 39.88.070(1).

13 (16) "Taxing districts" means any governmental entity which
14 levies or has levied for its regular property taxes upon real
15 property located within a proposed or approved apportionment
16 district.

17 (17) "Value of taxable property" means value of taxable property
18 as defined in RCW 39.36.015.

19 (18) "Urban area" means an area:

20 (a) In a city; or

21 (b) Located outside of a city within an urban eligible area.

22 (19) "Urban eligible area" means an area inside an urban growth
23 area as defined in RCW 36.70A.030 that is a growth center, a
24 transportation center, or a local center. For purposes of this
25 definition:

26 (a) "Growth center" means an area that is designated as a mixed-
27 use, manufacturing, or urban center in a land use or transportation
28 plan adopted by a regional transportation planning organization or an
29 adopted multicounty or countywide planning policy.

30 (b) "Transportation center" means an area that is within one-half
31 mile walking distance of:

32 (i) A station where passengers can access a high capacity
33 transportation system such as a ferry system, airport, fixed guideway
34 rail system, or designated bus rapid transit line; or

35 (ii) A stop for a bus or other transit mode providing fixed route
36 service at intervals of at least every thirty minutes during peak
37 morning commute hours of six to nine a.m.

38 (c) "Local center" means an area that is:

39 (i) Designated as a center in the local comprehensive plan;

- 1 (ii) Zoned to provide for medium or high-density mixed use or
2 industrial development; and
3 (iii) Not zoned to permit low density commercial development with
4 a floor area ratio of one or less.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 39.88
6 RCW to read as follows:

7 (1) Prior to imposing the special tax authorized in RCW
8 39.88.070, a sponsor must adopt an ordinance in accordance with
9 subsection (3) of this section, dedicating to the funding of
10 community benefit activities an amount equal to twenty percent of the
11 maximum stated principal amount of tax allocation bonds expected to
12 be issued as set forth in the public improvement ordinance. Amounts
13 dedicated to community benefit activities must be in addition to
14 those treated as having been expended on public improvement costs
15 under this chapter. The community benefit funding requirement must be
16 satisfied in accordance with the periodic goals set forth in that
17 ordinance.

18 (2)(a) For purposes of this chapter, community benefit activities
19 must include:

20 (i) Activities supporting development of low-income and moderate-
21 income housing within walking or transit-connected distance of the
22 apportionment district;

23 (ii) The conservation of open space, forestlands, and farmlands,
24 including but not limited to the transfer of development rights or
25 the acquisition for conservation purposes of lands (or conservation
26 interests therein), which bear a nexus to the location of the
27 apportionment district. Such a nexus may include without limitation,
28 location within the same watershed, designation as corresponding
29 sending and receiving sites for transfer of development rights under
30 chapter 39.108 RCW, or other similar environmental nexus; and

31 (iii) Activities that further the sponsor's affordable housing,
32 environmental, and any other social equity and public goals described
33 in an ordinance passed pursuant to subsection (3) of this section. By
34 way of example and without limitation, such goals may include:
35 Retaining small businesses within the apportionment district;
36 developing the workforce and supporting fair labor practices within
37 the apportionment district; increasing energy and water use
38 efficiency, managing wastewater, and conserving natural resources

1 within the apportionment district; and other activities intended to
2 increase social equity.

3 (b) The amount required to be dedicated to funding community
4 benefit activities under subsection (1) of this section must be
5 allocated among the purposes set forth in (a) of this subsection (2)
6 by the legislative body of the sponsor in an ordinance adopted
7 pursuant to subsection (3) of this section. The legislative authority
8 of the sponsor must set the allocation after opportunity for public
9 comment. However, no more than twenty percent of the available
10 funding may be dedicated to the purposes described in (a)(iii) of
11 this subsection (2), and the remaining available funding must be
12 divided among the purposes described in (a)(i) and (ii) of this
13 subsection (2).

14 (3) The sponsor's legislative authority must adopt an ordinance
15 after opportunity for public comment, which sets periodic goals for
16 the timing of funding community benefit activities during successive
17 reporting periods of up to five calendar years each:

18 (a) The first such reporting period must begin with the calendar
19 year during which the special property tax under RCW 39.88.070 is
20 first collected. The last such required reporting period ends with
21 the earlier of:

22 (i) The last calendar year during which the special property tax
23 authorized in RCW 39.88.070 is collected; or

24 (ii) The total community benefit funding requirement has been
25 satisfied.

26 (b) In setting the funding goals, the sponsor may take into
27 account projected revenues of the special property tax, projected
28 debt service coverage ratios set forth in covenants made or entered
29 into in connection with the issuance of tax allocation bonds, and
30 other relevant factors. "Debt service coverage ratio" means the ratio
31 of projected tax allocation revenues to the expected aggregate annual
32 debt service on tax allocation bonds.

33 (c) At a minimum, the funding goals must provide that within the
34 first year of the first reporting period, an amount equal to five
35 percent of the maximum stated principal amount of tax allocation
36 bonds expected to be issued (as set forth in the public improvement
37 ordinance) must be dedicated to the acquisition of real property, or
38 an interest therein, to be made available for the development of low-
39 income and moderate-income housing within walking or transit-
40 connected distance of the apportionment district. A sponsor may meet

1 this goal by depositing such amount with the Washington state housing
2 finance commission, created under chapter 43.180 RCW, with a public
3 housing authority or by acquiring the real property directly. This
4 amount must be deemed a portion of the allocation dedicated to the
5 purposes under subsection (2)(a) of this section.

6 (d) The ordinance may be combined with the public improvement
7 ordinance or may be a separate ordinance.

8 (4) A sponsor is held accountable for meeting its periodic
9 community benefit funding goals as follows:

10 (a) As soon as practicable after the June 1st that follows the
11 end of each reporting period, the finance officer (or other
12 administrative officer) of the sponsor must report to the legislative
13 authority of the sponsor at a regular meeting on the amount dedicated
14 by the sponsor to community benefit activities under this section on
15 an annual basis and in total over the preceding reporting period. The
16 report must also include a description of the sponsor's goals for
17 timing of dedication of community benefit funding over the preceding
18 reporting period and the total goals set forth in the ordinance
19 adopted pursuant to subsection (3) of this section. After receiving
20 the report, the legislative body must make a determination as to
21 whether the sponsor has met its goals over that reporting period.

22 (b) If a sponsor determines that it has not met its goals for
23 funding community benefit activities over the reporting period, or if
24 a taxpayer challenge under (c) of this subsection is upheld, then on
25 or before the next January 1st, the sponsor must pay the amount by
26 which the sponsor fell short of its goal for that period, in
27 accordance with the proportional allocation established under
28 subsection (3)(b) of this section, for the purposes of furthering the
29 community benefit activities described in the ordinance adopted under
30 subsection (3) of this section, as follows:

31 (i) For the purposes of meeting any obligation to fund the
32 activities under subsection (2)(a)(i) of this section, to the housing
33 trust fund created pursuant to chapter 43.185 RCW, to the housing
34 finance commission created pursuant to chapter 43.180 RCW, or to a
35 local housing authority; and

36 (ii) For meeting obligations pursuant to subsection (2)(a)(ii) of
37 this section, to a rural conservation fund established by the sponsor
38 or to a qualified county agency or accredited land trust.

39 (c) Any person who pays the special property tax levied within
40 the apportionment district may challenge the sponsor's determination

1 that it has met its community benefit activity funding goals during
2 the preceding reporting period by filing an objection with the clerk
3 of the sponsor's legislative body within thirty days after the date
4 of the sponsor's determination. Upon receipt of such an objection,
5 the clerk must forward such objection to the chair of the legislative
6 body who must schedule at the next practicable opportunity, a public
7 hearing at which the matter of the community benefit funding goals
8 must be heard. Notice of the public hearing must be mailed to the
9 taxpayer submitting the objection and must be given in accordance
10 with the requirements for giving notice of a special meeting under
11 RCW 42.30.080. If, after due consideration, the legislative body
12 determines that the sponsor has not met the community benefit funding
13 goals, the remedy in (b) of this subsection applies. If the
14 legislative body determines that the sponsor has met the community
15 benefit funding goals, the taxpayer has the right to bring action in
16 superior court to compel payment of the amounts required under (b) of
17 this subsection.

18 (5) The legislative authority of a sponsor may periodically amend
19 the community benefit funding goals after opportunity for public
20 comment, so long as the overall goals remain consistent with the
21 allocation requirements of subsection (2) of this section. If a
22 sponsor has not issued the maximum amount of tax allocation bonds set
23 forth in the public improvement ordinance by the date that is five
24 years after that ordinance was passed, the legislative body may by
25 ordinance revise downward the maximum expected amount of such bonds
26 and the amounts required to be dedicated to the community benefit
27 funding goals must be adjusted accordingly.

28 (6) The community benefit funding requirement expires at the
29 earlier of thirty years after the special property tax under RCW
30 39.88.070 is first collected or when the total community benefit
31 funding requirement has been satisfied. A sponsor may at any time
32 satisfy all or a portion of its community benefit funding requirement
33 by contributing money, in accordance with the allocations pursuant to
34 subsection (2) of this section to one or more of the entities listed
35 in subsection (4)(b) of this section.

36 (7) Nothing in this section may be deemed to permit expenditures
37 of public funds prohibited by Article VIII, sections 5 or 7 of the
38 state Constitution. Nothing in this section may be interpreted to
39 grant to any sponsor the authority to engage in any community benefit

1 activities that are not otherwise authorized to be undertaken by the
2 sponsor.

3 **Sec. 3.** RCW 39.88.030 and 1982 1st ex.s. c 42 s 4 are each
4 amended to read as follows:

5 (1) Only public improvements which are determined by the
6 legislative authority of the sponsor to meet the following criteria
7 are eligible to be financed under this chapter:

8 (a) The public improvement is located within an urban area;

9 (b) The public improvement will encourage private development
10 within the apportionment district;

11 (c) The public improvement will increase the ((fair—market))
12 assessed value of the real property located within the apportionment
13 district;

14 (d) The private development which is anticipated to occur within
15 the apportionment district as a result of the public improvement is
16 consistent with an existing comprehensive land use plan and approved
17 growth policies of the jurisdiction within which it is located;

18 (e) A public improvement located within a city has been approved
19 by the legislative authority of such city; and

20 (f) A public improvement located ((within an urban area in an
21 unincorporated area has been approved by the legislative authority of
22 the county within whose boundaries the area lies.

23 ~~(2) Apportionment of regular property tax revenues to finance the
24 public improvements is subject to the following limitations:~~

25 ~~(a) No apportionment of regular property tax revenues may take
26 place within a previously established apportionment district where
27 regular property taxes are still apportioned to finance public
28 improvements without the concurrence of the sponsor which established
29 the district;~~

30 ~~(b) No apportionment district may be established which includes
31 any geographic area included within a previously established
32 apportionment district which has outstanding bonds payable in whole
33 or in part from tax allocation revenues;~~

34 ~~(c) The total amount of outstanding bonds payable in whole or in
35 part from tax allocation revenues arising from property located
36 within a city shall not exceed two percent of the value of taxable
37 property within the city, and the total amount of outstanding bonds
38 payable in whole or in part from tax allocation revenues arising from
39 property located within the unincorporated areas of a county shall~~

1 ~~not exceed two percent of the value of taxable property within the~~
2 ~~entire unincorporated area of the county; and~~

3 ~~(d) No taxes other than regular property taxes may be apportioned~~
4 ~~under this chapter.~~

5 ~~(3) Public improvements)) in an unincorporated area has been~~
6 ~~approved by the legislative authority of the county within whose~~
7 ~~boundaries the apportionment district lies and by the legislative~~
8 ~~authority of a city having a nexus to the urban growth area in which~~
9 ~~the apportionment district lies, if any.~~

10 ~~(2) The levying and collection of special property tax revenues~~
11 ~~to finance the public improvements may take place within a previously~~
12 ~~established apportionment district where special property taxes are~~
13 ~~still levied and collected to finance public improvements without the~~
14 ~~concurrence of the sponsor which established the previously~~
15 ~~established district.~~

16 ~~(3) Public improvements and community benefit activities may be~~
17 ~~undertaken and coordinated with other programs or efforts undertaken~~
18 ~~by the sponsor or others and may be funded in whole or in part from~~
19 ~~sources other than those provided by this chapter.~~

20 **Sec. 4.** RCW 39.88.040 and 1982 1st ex.s. c 42 s 5 are each
21 amended to read as follows:

22 ~~(1) Public improvements funded by tax allocation revenues may~~
23 ~~only be located within ((an urban area. In order to secure an~~
24 ~~allocation of regular property taxes to finance a public improvement,~~
25 ~~a sponsor shall:~~

26 ~~(1) Propose by ordinance a plan for the public improvement which~~
27 ~~includes a description of the contemplated public improvement, the~~
28 ~~estimated cost thereof, the boundaries of the apportionment district,~~
29 ~~the estimated period during which tax revenue apportionment is~~
30 ~~contemplated, and the ways in which the sponsor plans to use tax~~
31 ~~allocation revenues to finance the public improvement, and which sets~~
32 ~~at least three public hearings thereon before the legislative~~
33 ~~authority of the sponsor or a committee thereof: PROVIDED, That~~
34 ~~public hearings for the public improvement that is undertaken in~~
35 ~~combination or coordination by two or more sponsors may be held~~
36 ~~jointly; and public hearings, held before the legislative authority~~
37 ~~or a committee of a majority thereof may be combined with public~~
38 ~~hearings held for other purposes;~~

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

1 ~~(a) Deliver notice of the hearing to all taxing districts, the~~
2 ~~county treasurer, and the county assessor, which notice includes a~~
3 ~~map or drawing showing the location of the contemplated public~~
4 ~~improvement and the boundaries of the proposed apportionment~~
5 ~~district, a brief description of the public improvement, the~~
6 ~~estimated cost thereof, the anticipated increase in property values~~
7 ~~within the apportionment district, the location of the sponsor's~~
8 ~~principal business office where it will maintain information~~
9 ~~concerning the public improvement for public inspection, and the date~~
10 ~~and place of hearing; and~~

11 ~~(b) Post notice in at least six public places located in the~~
12 ~~proposed apportionment district and publish notice in a legal~~
13 ~~newspaper of general circulation within the sponsor's jurisdiction~~
14 ~~briefly describing the public improvement, the proposed~~
15 ~~apportionment, the boundaries of the proposed apportionment district,~~
16 ~~the location where additional information concerning the public~~
17 ~~improvement may be inspected, and the date and place of hearing;~~

18 ~~(3) At the time and place fixed for the hearing under subsection~~
19 ~~(1) of this section, and at such times to which the hearing may be~~
20 ~~adjourned, receive and consider all statements and materials as may~~
21 ~~be submitted, and objections and letters filed before or within ten~~
22 ~~days thereafter;~~

23 ~~(4) Within one hundred twenty days after completion of the public~~
24 ~~hearings, pass an ordinance establishing the apportionment district~~
25 ~~and authorizing the proposed public improvement, including any~~
26 ~~modifications which in the sponsor's opinion the hearings indicated~~
27 ~~should be made, which includes the boundaries of the apportionment~~
28 ~~district, a description of the public improvement, the estimated cost~~
29 ~~thereof, the portion of the estimated cost thereof to be reimbursed~~
30 ~~from tax allocation revenues, the estimated time during which regular~~
31 ~~property taxes are to be apportioned, the date upon which~~
32 ~~apportionment of the regular property taxes will commence, and a~~
33 ~~finding that the public improvement meets the conditions of RCW~~
34 ~~39.88.030)) or serve an apportionment district. In order to levy and~~
35 ~~collect special property taxes to finance a public improvement, a~~
36 ~~sponsor must:~~

37 ~~(a)(i) Propose by ordinance a plan for the public improvements~~
38 ~~which includes a description of the contemplated public improvements,~~
39 ~~the estimated cost thereof, the boundaries of the apportionment~~
40 ~~district, the maximum period (not to exceed thirty years) during~~

1 which the special property tax is to be levied and collected, the
2 maximum aggregate stated principal amount of tax allocation bonds
3 expected to be issued (not including accreted value of capital
4 appreciation bonds), the anticipated level of funding for community
5 benefit activities under section 2 of this act, and the ways in which
6 the sponsor plans to use special property tax revenues to finance the
7 public improvements.

8 (ii) The public improvement ordinance must also include the
9 following findings:

10 (A) The public improvements proposed to be financed in whole or
11 in part using apportionment district financing are expected to
12 encourage private development within the apportionment district and
13 to increase the assessed value of real property within the
14 apportionment district, improve the viability of existing business
15 entities, or increase employment or affordable housing availability
16 proximate to the apportionment district;

17 (B) Private development that is anticipated to occur within the
18 apportionment district as a result of the public improvements is
19 consistent with: (I) The countywide planning policy adopted by the
20 county under RCW 36.70A.210; (II) the sponsor's comprehensive plan;
21 and (III) development regulations adopted under chapter 36.70A RCW;

22 (C) The use of the financing tool under this act will promote
23 economic development or redevelopment within the apportionment
24 district and the sponsor will meet the requirements for funding
25 community benefit activities under section 2 of this act; and

26 (D) The proposed apportionment district will not be used for the
27 purpose of encouraging the relocation of a business from outside the
28 apportionment district, but within the state, into the apportionment
29 district, unless the governing body of the sponsor finds, based on
30 evidence provided to the apportionment district, that the firm being
31 relocated would otherwise be likely to leave the state.

32 (iii) The public improvement ordinance must provide for one or
33 more public hearings on the question of forming the apportionment
34 district, which must be held before the legislative authority of the
35 sponsor or a committee thereof. However, public hearings for
36 formation of an apportionment district that is undertaken in
37 combination or coordination by two or more sponsors may be held
38 jointly; and public hearings held before the legislative authority or
39 a committee of a majority thereof may be combined with public
40 hearings held for other purposes;

1 (b) At least fifteen days in advance of the hearing:

2 (i) Deliver notice of the hearing to all taxing districts, the
3 county treasurer, the county assessor, and the owners or reputed
4 owners of all lots, tracts, and parcels of land within the proposed
5 apportionment district, as shown on the rolls of the county assessor
6 and directed to the address shown thereon. The notice must include a
7 map or drawing showing the approximate locations of the contemplated
8 public improvements and the boundaries of the proposed apportionment
9 district, a brief description of the proposed public improvement(s)
10 and the estimated cost thereof, the anticipated level of funding for
11 community benefit activities under section 2 of this act, the maximum
12 aggregate stated principal amount of tax allocation bonds expected to
13 be issued (not including accreted value of capital appreciation
14 bonds), the maximum period during which the special property tax is
15 to be levied and collected, the anticipated increase in assessed
16 values within the apportionment district, the location of the
17 sponsor's principal business office where it will maintain
18 information concerning the public improvements for public inspection,
19 and the date and place of hearing; and

20 (ii) Post notice in at least three public places located in the
21 proposed apportionment district and publish notice in a legal
22 newspaper of general circulation within the sponsor's jurisdiction
23 briefly describing the public improvements, the proposed special
24 property taxes, the boundaries of the proposed apportionment
25 district, the location where additional information concerning the
26 public improvements may be inspected, and the date and place of
27 hearing;

28 (c) At the time and place fixed for the hearing under subsection
29 (1)(a) of this section, and at such times to which the hearing may be
30 adjourned, receive and consider all statements and materials as may
31 be submitted, and objections and letters filed before or within ten
32 days thereafter;

33 (d) Not earlier than ten days and not more than one hundred
34 twenty days after completion of the public hearing or hearings, pass
35 the public improvement ordinance establishing the apportionment
36 district and authorizing the proposed public improvements, including
37 any modifications which the legislative authority of the sponsor
38 deems appropriate, which includes the boundaries of the apportionment
39 district, a description of the public improvements, the estimated
40 cost thereof, the maximum aggregate stated principal amount of tax

1 allocation bonds expected to be issued (not including accreted value
2 of capital appreciation bonds), the date upon which the levying and
3 collection of the special property taxes will commence, the maximum
4 period during which the special property tax is to be levied and
5 collected, and a finding that the formation of the apportionment
6 district meets the conditions of RCW 39.88.030 and of section 2 of
7 this act;

8 (2) The authority of the sponsor to proceed with the levying and
9 collection of special property taxes within an apportionment district
10 will be divested by a protest, filed with the legislative authority
11 of the sponsor within thirty days after the date of passage of the
12 public improvement ordinance, signed by either:

13 (a) The owners of the property within the apportionment district
14 representing more than fifty percent of the value of taxable property
15 within that apportionment district as reflected on rolls of the
16 county assessor for the year in which the ordinance is passed; or

17 (b) The owners of sixty-five percent of the parcels comprising
18 the apportionment district as reflected on rolls of the county
19 assessor for the year in which the ordinance is passed.

20 **Sec. 5.** RCW 39.88.070 and 1982 1st ex.s. c 42 s 8 are each
21 amended to read as follows:

22 (1) Upon the date established in the public improvement
23 ordinance, but not ~~((sooner than the first day of the calendar year~~
24 ~~following the passage of the ordinance, the regular property taxes~~
25 ~~levied upon the assessed value of real property within the~~
26 ~~apportionment district shall be divided as follows:~~

27 ~~(a) That portion of the regular property taxes produced by the~~
28 ~~rate of tax levied each year by or for each of the taxing districts~~
29 ~~upon the tax allocation base value of real property, or upon the~~
30 ~~assessed value of real property in each year, whichever is smaller,~~
31 ~~shall be allocated to and paid to the respective taxing districts;~~
32 ~~and~~

33 ~~(b) That portion of the regular property taxes levied each year~~
34 ~~by or for each of the taxing districts upon the assessed value of~~
35 ~~real property within an apportionment district which is in excess of~~
36 ~~the tax allocation base value of real property shall be allocated and~~
37 ~~paid to the sponsor, or the sponsor's designated agent, until all~~
38 ~~public improvement costs to be paid from the tax allocation revenues~~
39 ~~have been paid, except that the sponsor may agree to receive less~~

1 than the full amount of such portion as long as bond debt service,
2 reserve, and other bond covenant requirements are satisfied, in which
3 case the balance of the taxes shall be allocated to the respective
4 taxing districts as the sponsor and the taxing districts may agree.

5 (2) The county assessor shall revalue the real property within
6 the apportionment district for the purpose of determining the tax
7 allocation base value for the apportionment district and shall
8 certify to the sponsor the tax allocation base value as soon as
9 practicable after the assessor receives notice of the public
10 improvement ordinance and shall certify to the sponsor the total
11 assessed value of real property within thirty days after the property
12 values for each succeeding year have been established, except that
13 the assessed value of state-assessed real property within the
14 apportionment district shall be certified as soon as the values are
15 provided to the assessor by the department of revenue. Nothing in
16 this section authorizes revaluations of real property by the assessor
17 for property taxation that are not made in accordance with the
18 assessor's revaluation plan under chapter 84.41 RCW.

19 (3) The date upon which the apportionment district was
20 established shall be considered the date upon which the public
21 improvement ordinance was enacted by the sponsor.

22 (4) The apportionment of regular property taxes under this
23 section shall cease when tax allocation revenues are no longer
24 necessary or obligated to pay public improvement costs or to pay
25 principal of and interest on bonds issued to finance public
26 improvement costs and payable in whole or in part from tax allocation
27 revenues. At the time of termination of the apportionment, any excess
28 money and any earnings thereon held by the sponsor shall be returned
29 to the county treasurer and distributed to the taxing districts which
30 were subject to the allocation in proportion to their regular
31 property tax levies due for the year in which the funds are
32 returned)) earlier than the first day of the calendar year following
33 the passage of the ordinance and no earlier than would be permitted
34 under RCW 84.09.030:

35 (a) Regular property taxes levied upon the property within the
36 apportionment district by taxing districts must continue to be
37 collected in accordance with applicable law, without regard to the
38 existence of the apportionment district or the special property taxes
39 levied or collected therein; and

1 (b)(i) The sponsor may levy upon the value of taxable property
2 within the apportionment district, and collect special property taxes
3 in amounts not in excess of the amounts the legislative authority of
4 the sponsor deems necessary to provide for the purposes set forth in
5 RCW 39.88.080, but in annual amounts not in excess of one percent of
6 the tax allocation increment value within the apportionment district.

7 (ii) Special property taxes collected within an apportionment
8 district must be paid to the sponsor, or the sponsor's designated
9 agent, until all public improvement costs and tax allocation bonds
10 issued or incurred to be paid from the tax allocation revenues have
11 been paid and the community benefit funding goals have been met, but
12 in no event may special property taxes be collected longer than the
13 maximum period set forth in the public improvement ordinance.

14 (2) Special property taxes are not regular property taxes and are
15 not subject to the limitations imposed by Article VII, section 2 of
16 the Washington state Constitution and are in excess of all statutory
17 and charter limitations otherwise applicable to property taxes.

18 (3) The county assessor must determine the value of the taxable
19 property within the apportionment district according to the final
20 assessment roll established for the calendar year in which the public
21 improvement ordinance is enacted for the purpose of determining the
22 tax allocation base value for the apportionment district and must
23 certify to the sponsor the tax allocation base value as soon as
24 practicable after the assessor receives notice of the public
25 improvement ordinance and must certify to the sponsor the total value
26 of taxable property within thirty days after the property values for
27 each succeeding year have been established, except that the assessed
28 value of state-assessed real property within the apportionment
29 district must be certified as soon as the values are provided to the
30 assessor by the department of revenue. Nothing in this section
31 authorizes revaluations of real property by the assessor for property
32 taxation that are not made in accordance with the assessor's
33 revaluation plan under chapter 84.41 RCW.

34 (4) The date upon which the apportionment district was
35 established is the date upon which the public improvement ordinance
36 was enacted by the sponsor.

37 (5) The collection of special property taxes within an
38 apportionment district under this section must cease when tax
39 allocation revenues are no longer necessary or obligated to pay
40 public improvement costs, to satisfy community benefit funding goals

1 or to pay tax allocation bonds, but in no event may special property
2 taxes be collected longer than the maximum period set forth in the
3 public improvement ordinance. At the time of termination of the
4 collection of those special property taxes, any excess money and any
5 earnings thereon held by the sponsor must be spent on costs of public
6 improvements or on funding for community benefit activities.

7 (6) For purposes of Title 84 RCW, an apportionment district is
8 deemed a "taxing district" and any special property tax levy is
9 deemed a levy of the apportionment district, separate from any other
10 tax levy of the sponsor.

11 **Sec. 6.** RCW 39.88.080 and 1982 1st ex.s. c 42 s 9 are each
12 amended to read as follows:

13 (1) Tax allocation revenues may be applied, in no particular
14 order, as follows:

15 ~~((1))~~ (a) To pay for public improvements including public
16 improvement costs;

17 ~~((2))~~ (b) To ~~((pay))~~ provide for payments with respect to
18 principal of and interest on, and to fund any necessary reserves for,
19 tax allocation bonds;

20 ~~((3) To pay into bond funds established to pay the principal of~~
21 ~~and interest on general obligation bonds issued pursuant to law to~~
22 ~~finance public facilities that are specified in the public~~
23 ~~improvement ordinance and constructed following the establishment of~~
24 ~~and within the apportionment district; or~~

25 ~~(4))~~ (c) To fund community benefit activities in accordance with
26 section 2 of this act; or

27 (d) To pay any combination of the foregoing.

28 (2) In the event that the legislative authority of a sponsor
29 determines that public improvements specified in the public
30 improvement ordinance are impracticable to carry out, or if unspent
31 tax allocation bond proceeds or tax allocation revenues remain after
32 the completion of the public improvements specified in the public
33 improvement ordinance, the legislative authority may by ordinance
34 authorize expenditure of the remaining bond proceeds and tax
35 allocation revenues to retire or defease those bonds or on other
36 costs of public improvements, after holding a hearing with public
37 notice given substantially in accordance with the procedure described
38 in RCW 39.88.040(1)(b). No such change of use of tax allocation
39 revenues or the proceeds of tax allocation bonds may permit an

1 increase in the maximum period of time during which the special
2 property tax is to be levied and collected, or permit an increase in
3 the total amount of the estimated cost to be paid from special
4 property taxes or from tax allocation bonds as set forth in the
5 public improvement ordinance. Upon the retirement or defeasance of
6 all tax allocation bonds secured by special property taxes levied and
7 collected within an apportionment district, any remaining tax
8 allocation revenues must be spent to fund public improvement costs or
9 community benefit activities specified in accordance with section 2
10 of this act.

11 **Sec. 7.** RCW 39.88.100 and 1982 1st ex.s. c 42 s 11 are each
12 amended to read as follows:

13 (1) A sponsor may issue such tax allocation bonds as it may deem
14 appropriate for the financing of public improvement costs and a
15 reasonable bond reserve and for the refunding of any outstanding tax
16 allocation bonds.

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

19 (a) Tax allocation revenues;

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

26 (c) Proceeds of tax allocation bonds, if needed to capitalize
27 interest for up to thirty-six months following completion of
28 construction, or as necessary to accomplish a refunding or
29 refinancing of a prior issue of tax allocation bonds, consistent with
30 applicable federal tax regulations;

31 (d) The full faith and credit of the sponsor or of any other
32 taxing district (provision of which is declared to be a proper
33 purpose for any such taxing district) payable from annual ad valorem
34 taxes to be levied within the constitutional and statutory tax
35 limitations provided by law without a vote of the electors of the
36 sponsor or other taxing district on all of the taxable property
37 within the boundaries of that sponsor or other taxing district; or

38 (e) Any combination of the foregoing.

1 (3) Except and to the extent that a sponsor or other taxing
2 district has expressly pledged its full faith and credit to the
3 payment of tax allocation bonds, tax allocation bonds ((shall)) may
4 not be the general obligation of or guaranteed by all or any part of
5 the full faith and credit of the sponsor or any other state or local
6 government, or any tax revenues other than tax allocation revenues,
7 and ((shall)) may not be considered a debt of the sponsor or other
8 state or local government for general indebtedness limitation
9 purposes.

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

12 (a) The date of issuance, maturity date or dates, denominations,
13 form, series, negotiability, registration, rank or priority, place of
14 payment, interest rate or rates which may be fixed or may vary over
15 the life of the tax allocation bonds, bond reserve, coverage, and
16 such other terms related to repayment of the tax allocation bonds;

17 (b) The application of tax allocation bond proceeds; the use,
18 sale, or disposition of property acquired; consideration or rents and
19 fees to be charged in the sale or lease of property acquired;
20 consideration or rents and fees to be charged in the sale or lease of
21 property within a public improvement; the application of rents, fees,
22 and revenues within a public improvement; the maintenance, insurance,
23 and replacement of property within a public improvement; other
24 encumbrances, if any, upon all or part of property within a public
25 improvement, then existing or thereafter acquired; and the type of
26 debts that may be incurred;

27 (c) The creation of special funds; the money to be so applied;
28 and the use and disposition of the money;

29 (d) The securing of the tax allocation bonds by a pledge of
30 property and property rights, by assignment of income generated by
31 the public improvement, or by pledging such additional specifically
32 described resources other than tax revenues as are available to the
33 sponsor;

34 (e) The terms and conditions for redemption;

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

36 (g) Procedures for amendment of the terms and conditions of the
37 tax allocation bonds;

38 (h) The powers of a trustee to enforce covenants and take other
39 actions in event of default; the rights, liabilities, powers, and

1 duties arising upon the breach of any covenant, condition, or
2 obligation; and

3 (i) When consistent with the terms of this chapter, such other
4 terms, conditions, and provisions which may make the tax allocation
5 bonds more marketable and further the purposes of this chapter.

6 (5) Tax allocation bonds may be issued and sold in such manner as
7 the legislative authority of the sponsor (~~shall determine~~)
8 determines. Notwithstanding anything in subsection (4) of this
9 section, tax allocation bonds may be issued and sold in accordance
10 with chapter 39.46 RCW.

11 (6) The sponsor may also issue or incur obligations in
12 anticipation of the receipt of tax allocation bond proceeds or other
13 money available to pay public improvement costs.

14 (7) Nothing in this section grants a sponsor authority to issue
15 tax allocation bonds payable solely from revenues of a project
16 constituting a community benefit activity involving the provision of
17 housing or nonprofit facilities in duplication of the authority of
18 the Washington state housing finance commission under chapter 43.180
19 RCW.

20 **Sec. 8.** RCW 84.52.043 and 2011 c 275 s 2 are each amended to
21 read as follows:

22 Within and subject to the limitations imposed by RCW 84.52.050 as
23 amended, the regular ad valorem tax levies upon real and personal
24 property by the taxing districts hereafter named are as follows:

25 (1) Levies of the senior taxing districts are as follows: (a) The
26 levy by the state may not exceed three dollars and sixty cents per
27 thousand dollars of assessed value adjusted to the state equalized
28 value in accordance with the indicated ratio fixed by the state
29 department of revenue to be used exclusively for the support of the
30 common schools; (b) the levy by any county may not exceed one dollar
31 and eighty cents per thousand dollars of assessed value; (c) the levy
32 by any road district may not exceed two dollars and twenty-five cents
33 per thousand dollars of assessed value; and (d) the levy by any city
34 or town may not exceed three dollars and thirty-seven and one-half
35 cents per thousand dollars of assessed value. However any county is
36 hereby authorized to increase its levy from one dollar and eighty
37 cents to a rate not to exceed two dollars and forty-seven and one-
38 half cents per thousand dollars of assessed value for general county
39 purposes if the total levies for both the county and any road

1 district within the county do not exceed four dollars and five cents
2 per thousand dollars of assessed value, and no other taxing district
3 has its levy reduced as a result of the increased county levy.

4 (2) The aggregate levies of junior taxing districts and senior
5 taxing districts, other than the state, may not exceed five dollars
6 and ninety cents per thousand dollars of assessed valuation. The term
7 "junior taxing districts" includes all taxing districts other than
8 the state, counties, road districts, cities, towns, apportionment
9 districts established under chapter 39.88 RCW, port districts, and
10 public utility districts. The limitations provided in this subsection
11 do not apply to: (a) Levies at the rates provided by existing law by
12 or for any port or public utility district; (b) excess property tax
13 levies authorized in Article VII, section 2 of the state
14 Constitution; (c) levies for acquiring conservation futures as
15 authorized under RCW 84.34.230; (d) levies for emergency medical care
16 or emergency medical services imposed under RCW 84.52.069; (e) levies
17 to finance affordable housing for very low-income housing imposed
18 under RCW 84.52.105; (f) the portions of levies by metropolitan park
19 districts that are protected under RCW 84.52.120; (g) levies imposed
20 by ferry districts under RCW 36.54.130; (h) levies for criminal
21 justice purposes under RCW 84.52.135; (i) the portions of levies by
22 fire protection districts that are protected under RCW 84.52.125; (j)
23 levies by counties for transit-related purposes under RCW 84.52.140;
24 (~~and~~) (k) the protected portion of the levies imposed under RCW
25 86.15.160 by flood control zone districts in a county with a
26 population of seven hundred seventy-five thousand or more that are
27 coextensive with a county; and (l) levies by or for apportionment
28 districts established under chapter 39.88 RCW.

29 **Sec. 9.** RCW 84.52.043 and 2009 c 551 s 6 are each amended to
30 read as follows:

31 Within and subject to the limitations imposed by RCW 84.52.050 as
32 amended, the regular ad valorem tax levies upon real and personal
33 property by the taxing districts hereafter named (~~shall be~~) are as
34 follows:

35 (1) Levies of the senior taxing districts (~~shall~~) must be as
36 follows: (a) The levy by the state (~~shall~~) may not exceed three
37 dollars and sixty cents per thousand dollars of assessed value
38 adjusted to the state equalized value in accordance with the
39 indicated ratio fixed by the state department of revenue to be used

1 exclusively for the support of the common schools; (b) the levy by
2 any county shall not exceed one dollar and eighty cents per thousand
3 dollars of assessed value; (c) the levy by any road district shall
4 not exceed two dollars and twenty-five cents per thousand dollars of
5 assessed value; and (d) the levy by any city or town shall not exceed
6 three dollars and thirty-seven and one-half cents per thousand
7 dollars of assessed value. However any county is hereby authorized to
8 increase its levy from one dollar and eighty cents to a rate not to
9 exceed two dollars and forty-seven and one-half cents per thousand
10 dollars of assessed value for general county purposes if the total
11 levies for both the county and any road district within the county do
12 not exceed four dollars and five cents per thousand dollars of
13 assessed value, and no other taxing district has its levy reduced as
14 a result of the increased county levy.

15 (2) The aggregate levies of junior taxing districts and senior
16 taxing districts, other than the state, shall not exceed five dollars
17 and ninety cents per thousand dollars of assessed valuation. The term
18 "junior taxing districts" includes all taxing districts other than
19 the state, counties, road districts, cities, towns, apportionment
20 districts established under chapter 39.88 RCW, port districts, and
21 public utility districts. The limitations provided in this subsection
22 shall not apply to: (a) Levies at the rates provided by existing law
23 by or for any port or public utility district; (b) excess property
24 tax levies authorized in Article VII, section 2 of the state
25 Constitution; (c) levies for acquiring conservation futures as
26 authorized under RCW 84.34.230; (d) levies for emergency medical care
27 or emergency medical services imposed under RCW 84.52.069; (e) levies
28 to finance affordable housing for very low-income housing imposed
29 under RCW 84.52.105; (f) the portions of levies by metropolitan park
30 districts that are protected under RCW 84.52.120; (g) levies imposed
31 by ferry districts under RCW 36.54.130; (h) levies for criminal
32 justice purposes under RCW 84.52.135; (i) the portions of levies by
33 fire protection districts that are protected under RCW 84.52.125;
34 ~~((and))~~ (j) levies by counties for transit-related purposes under RCW
35 84.52.140; and (k) levies by or for apportionment districts
36 established under chapter 39.88 RCW.

37 **Sec. 10.** RCW 84.52.050 and 1973 1st ex.s. c 194 s 1 are each
38 amended to read as follows:

1 ~~(1) Except as ((hereinafter provided, the aggregate of all tax~~
2 ~~levies upon real and personal property by the state and all taxing~~
3 ~~districts, now existing or hereafter created, shall not in any year~~
4 ~~exceed one percentum of the true and fair value of such property in~~
5 ~~money: PROVIDED, HOWEVER, That nothing herein shall prevent levies at~~
6 ~~the rates now provided by law by or for any port or public utility~~
7 ~~district. The term "taxing district" for the purposes of this section~~
8 ~~shall mean)) provided otherwise in this section, the aggregate of all~~
9 ~~tax levies upon real and personal property by the state and all~~
10 ~~taxing districts, now existing or hereafter created, may not in any~~
11 ~~year exceed one percentum of the true and fair value of such property~~
12 ~~in money. Nothing in this section prevents levies at the rates now~~
13 ~~provided by law by or for any port or public utility district or any~~
14 ~~apportionment district established under chapter 39.88 RCW. The term~~
15 ~~"taxing district" for the purposes of this section means any~~
16 ~~political subdivision, municipal corporation, district, or other~~
17 ~~governmental agency authorized by law to levy, or have levied for it,~~
18 ~~ad valorem taxes on property, other than a port or public utility~~
19 ~~district or any apportionment district established under chapter~~
20 ~~39.88 RCW. Such aggregate limitation or any specific limitation~~
21 ~~imposed by law in conformity therewith may be exceeded only as~~
22 ~~authorized by law and in conformity with the provisions of Article~~
23 ~~VII, section 2(a), (b), or (c) of the Constitution of the state of~~
24 ~~Washington, or in conformity with any other provision of Article VII~~
25 ~~of the Constitution of the state of Washington.~~

26 (2) Nothing ((herein contained shall)) in this section prohibits
27 ~~the legislature from allocating or reallocating the authority to levy~~
28 ~~taxes between the taxing districts of the state and its political~~
29 ~~subdivisions in a manner which complies with the aggregate tax~~
30 ~~limitation set forth in this section.~~

31 NEW SECTION. Sec. 11. The following acts or parts of acts are
32 each repealed:

33 (1) RCW 39.88.060 (Disagreements between taxing districts) and
34 1989 c 378 s 1 & 1982 1st ex.s. c 42 s 7; and

35 (2) RCW 39.88.090 (General obligation bonds) and 1982 1st ex.s.
36 c 42 s 10.

37 NEW SECTION. Sec. 12. Section 8 of this act expires January 1,
38 2018.

1 NEW SECTION. **Sec. 13.** Section 9 of this act takes effect
2 January 1, 2018.

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