

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1418

Chapter 212, Laws of 2001

57th Legislature
2001 Regular Legislative Session

COMMUNITY REVITALIZATION FINANCING

EFFECTIVE DATE: 7/22/01

Passed by the House April 21, 2001
Yeas 68 Nays 19

FRANK CHOPP
Speaker of the House of Representatives

CLYDE BALLARD
Speaker of the House of Representatives

Passed by the Senate April 9, 2001
Yeas 35 Nays 10

BRAD OWEN
President of the Senate

Approved May 7, 2001

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1418** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

CYNTHIA ZEHNDER
Chief Clerk

FILED

May 7, 2001 - 1:54 p.m.

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1418

AS AMENDED BY THE SENATE

Passed Legislature - 2001 Regular Session

State of Washington 57th Legislature 2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Gombosky, McMorris, Mulliken, Pennington, Ahern, Wood, Ogden, Benson, Reardon, Linville, Haigh, Miloscia, Simpson, McIntire, Santos, Rockefeller and Kessler)

Read first time 03/07/2001. Referred to Committee on .

1 AN ACT Relating to community revitalization financing; amending RCW
2 36.33.220, 36.79.140, 36.82.040, and 46.68.124; adding a new section to
3 chapter 27.12 RCW; adding a new section to chapter 35.61 RCW; adding a
4 new section to chapter 36.32 RCW; adding a new section to chapter 36.68
5 RCW; adding a new section to chapter 36.69 RCW; adding a new section to
6 chapter 36.75 RCW; adding a new section to chapter 52.12 RCW; adding a
7 new section to chapter 53.08 RCW; adding a new section to chapter 54.16
8 RCW; adding a new section to chapter 67.38 RCW; adding a new section to
9 chapter 68.52 RCW; adding a new section to chapter 70.44 RCW; adding a
10 new section to chapter 86.15 RCW; adding a new section to chapter 84.55
11 RCW; adding a new chapter to Title 39 RCW; and providing an expiration
12 date.

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

14 NEW SECTION. **Sec. 1.** (1) It is declared to be the public policy
15 of the state of Washington to promote and facilitate the orderly
16 development and economic stability of its communities. Local
17 governments need the ability to raise revenue to finance public
18 improvements that are designed to encourage economic growth and
19 development in geographic areas characterized by high levels of

1 unemployment and stagnate employment and income growth. The
2 construction of necessary public improvements in accordance with local
3 economic development plans will encourage investment in job-producing
4 private development and expand the public tax base.

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

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

11 (b) To assist those local governments that have a competitive
12 disadvantage in its ability to attract business, private investment, or
13 commercial development due to its location near a state or
14 international border; and

15 (c) To prevent or arrest the decay of selected areas due to the
16 inability of existing financial methods to provide needed public
17 improvements, and to encourage private investment designed to promote
18 and facilitate the orderly redevelopment of selected areas.

19 NEW SECTION. **Sec. 2.** The definitions in this section apply
20 throughout this chapter unless the context clearly requires otherwise.

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

23 (2) "Local government" means any city, town, county, port district,
24 or any combination thereof.

25 (3) "Ordinance" means any appropriate method of taking legislative
26 action by a local government.

27 (4) "Public improvements" means:

28 (a) Infrastructure improvements within the increment area that
29 include:

30 (i) Street and road construction and maintenance;

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

32 (iii) Sidewalks and streetlights;

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

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

35 (vi) Park facilities and recreational areas; and

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

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

1 (i) Providing environmental analysis, professional management,
2 planning, and promotion within the increment area, including the
3 management and promotion of retail trade activities in the increment
4 area;

5 (ii) Providing maintenance and security for common or public areas
6 in the increment area; or

7 (iii) Historic preservation activities authorized under RCW
8 35.21.395.

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

29 (6) "Regular property taxes" means regular property taxes as
30 defined in RCW 84.04.140, except: (a) Regular property taxes levied by
31 port districts or public utility districts specifically for the purpose
32 of making required payments of principal and interest on general
33 indebtedness; and (b) regular property taxes levied by the state for
34 the support of the common schools under RCW 84.52.065. Regular
35 property taxes do not include excess property tax levies that are
36 exempt from the aggregate limits for junior and senior taxing districts
37 as provided in RCW 84.52.043.

38 (7) "Tax allocation base value" means the true and fair value of
39 real property located within an increment area for taxes imposed in the

1 year in which the increment area is created, plus twenty-five percent
2 of any increase in the true and fair value of real property located
3 within an increment area that is placed on the assessment rolls after
4 the increment area is created.

5 (8) "Tax allocation revenues" means those tax revenues derived from
6 the imposition of regular property taxes on the increment value and
7 distributed to finance public improvements.

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

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

14 (11) "Taxing districts" means a governmental entity that levies or
15 has levied for it regular property taxes upon real property located
16 within a proposed or approved increment area.

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

19 NEW SECTION. **Sec. 3.** A local government may finance public
20 improvements using community revitalization financing subject to the
21 following conditions:

22 (1) The local government adopts an ordinance designating an
23 increment area within its boundaries and specifying the public
24 improvements proposed to be financed in whole or in part with the use
25 of community revitalization financing;

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

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

35 (4) Taxing districts, in the aggregate, that levy at least seventy-
36 five percent of the regular property tax within which the increment
37 area is located approves the community revitalization financing of the
38 project under section 5(1) of this act; and

1 (5) In an increment area that includes any portion of a fire
2 protection district as defined in Title 52 RCW, the fire protection
3 district must approve their participation in the community
4 revitalization financing of the project under this act. Approval by
5 the fire protection district shall be considered as part of the
6 required participation by taxing districts under subsection (4) of this
7 section.

8 NEW SECTION. **Sec. 4.** Public improvements that are financed with
9 community revitalization financing may be undertaken and coordinated
10 with other programs or efforts undertaken by the local government and
11 other taxing districts and may be funded in part from revenue sources
12 other than community revitalization financing.

13 NEW SECTION. **Sec. 5.** Before adopting an ordinance creating the
14 increment area, a local government must:

15 (1) Obtain written agreement for the use of community
16 revitalization financing to finance all or a portion of the costs of
17 the designated public improvements from taxing districts that, in the
18 aggregate, levy at least seventy-five percent of the regular property
19 tax on property within the increment area. A signed, written agreement
20 from taxing districts that in the aggregate levy at least seventy-five
21 percent of the regular property tax within the increment area,
22 constitutes concurrence by all taxing districts in the increment area
23 in the public improvement and participation in the public improvement
24 to the extent of providing limited funding under community
25 revitalization financing authorized under this chapter. The agreement
26 must be authorized by the governing body of taxing districts that in
27 the aggregate levy at least seventy-five percent of the regular
28 property tax on property within the increment area;

29 (2) Hold a public hearing on the proposed financing of the public
30 improvement in whole or in part with community revitalization
31 financing. Notice of the public hearing must be published in a legal
32 newspaper of general circulation within the proposed increment area at
33 least ten days before the public hearing and posted in at least six
34 conspicuous public places located in the proposed increment area.
35 Notices must describe the contemplated public improvements, estimate
36 the costs of the public improvements, describe the portion of the costs
37 of the public improvements to be borne by community revitalization

1 financing, describe any other sources of revenue to finance the public
2 improvements, describe the boundaries of the proposed increment area,
3 and estimate the period during which community revitalization financing
4 is contemplated to be used. The public hearing may be held by either
5 the governing body of the local government, or a committee of the
6 governing body that includes at least a majority of the whole governing
7 body; and

8 (3) Adopt an ordinance establishing the increment area that
9 describes the public improvements, describes the boundaries of the
10 increment area, estimates the cost of the public improvements and the
11 portion of these costs to be financed by community revitalization
12 financing, estimates the time during which regular property taxes are
13 to be apportioned, provides the date when the apportionment of the
14 regular property taxes will commence, and finds that the conditions of
15 section 3 of this act are met.

16 NEW SECTION. **Sec. 6.** The local government shall:

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

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

25 NEW SECTION. **Sec. 7.** (1) Commencing in the calendar year
26 following the passage of the ordinance, the county treasurer shall
27 distribute receipts from regular taxes imposed on real property located
28 in the increment area as follows:

29 (a) Each taxing district shall receive that portion of its regular
30 property taxes produced by the rate of tax levied by or for the taxing
31 district on the tax allocation base value for that community
32 revitalization financing project in the taxing district, or upon the
33 total assessed value of real property in the taxing district, whichever
34 is smaller; and

35 (b) The local government that created the increment area shall
36 receive an additional portion of the regular property taxes levied by
37 or for each taxing district upon the increment value within the

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

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

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

34 NEW SECTION. **Sec. 8.** (1) A local government designating an
35 increment area and authorizing the use of community revitalization
36 financing may incur general indebtedness, and issue general obligation
37 bonds, to finance the public improvements and retire the indebtedness

1 in whole or in part from tax allocation revenues it receives, subject
2 to the following requirements:

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

7 (b) The local government includes this statement of the intent in
8 all notices required by section 5 of this act.

9 (2) The general indebtedness incurred under subsection (1) of this
10 section may be payable from other tax revenues, the full faith and
11 credit of the local government, and nontax income, revenues, fees, and
12 rents from the public improvements, as well as contributions, grants,
13 and nontax money available to the local government for payment of costs
14 of the public improvements or associated debt service on the general
15 indebtedness.

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

21 NEW SECTION. **Sec. 9.** A direct or collateral attack on a public
22 improvement, public improvement ordinance, or increment area purported
23 to be authorized or created in conformance with applicable legal
24 requirements, including this chapter, may not be commenced more than
25 thirty days after publication of notice as required by section 6 of
26 this act.

27 NEW SECTION. **Sec. 10.** This chapter supplements and neither
28 restricts nor limits any powers which the state or any local government
29 might otherwise have under any laws of this state.

30 NEW SECTION. **Sec. 11.** A new section is added to chapter 27.12 RCW
31 to read as follows:

32 In addition to other authority that a rural county library district
33 or intercounty rural library district possesses, a rural county library
34 district or an intercounty rural library district may provide any
35 public improvement as defined under section 2 of this act, but this

1 additional authority is limited to participating in the financing of
2 the public improvements as provided under section 5 of this act.

3 This section does not limit the authority of a rural county library
4 district or intercounty rural library district to otherwise participate
5 in the public improvements if that authority exists elsewhere.

6 NEW SECTION. Sec. 12. A new section is added to chapter 35.61 RCW
7 to read as follows:

8 In addition to other authority that a metropolitan park district
9 possesses, a metropolitan park district may provide any public
10 improvement as defined under section 2 of this act, but this additional
11 authority is limited to participating in the financing of the public
12 improvements as provided under section 5 of this act.

13 This section does not limit the authority of a metropolitan park
14 district to otherwise participate in the public improvements if that
15 authority exists elsewhere.

16 NEW SECTION. Sec. 13. A new section is added to chapter 36.32 RCW
17 to read as follows:

18 In addition to other authority that a county possesses, a county
19 may provide any public improvement as defined under section 2 of this
20 act, but this additional authority is limited to participating in the
21 financing of the public improvements as provided under section 5 of
22 this act.

23 This section does not limit the authority of a county to otherwise
24 participate in the public improvements if that authority exists
25 elsewhere.

26 NEW SECTION. Sec. 14. A new section is added to chapter 36.68 RCW
27 to read as follows:

28 In addition to other authority that a park and recreation service
29 area possesses, a park and recreation service area may provide any
30 public improvement as defined under section 2 of this act, but this
31 additional authority is limited to participating in the financing of
32 the public improvements as provided under section 5 of this act.

33 This section does not limit the authority of a park and recreation
34 service area to otherwise participate in the public improvements if
35 that authority exists elsewhere.

1 NEW SECTION. **Sec. 15.** A new section is added to chapter 36.69 RCW
2 to read as follows:

3 In addition to other authority that a park and recreation district
4 possesses, a park and recreation district may provide any public
5 improvement as defined under section 2 of this act, but this additional
6 authority is limited to participating in the financing of the public
7 improvements as provided under section 5 of this act.

8 This section does not limit the authority of a park and recreation
9 district to otherwise participate in the public improvements if that
10 authority exists elsewhere.

11 NEW SECTION. **Sec. 16.** A new section is added to chapter 36.75 RCW
12 to read as follows:

13 In addition to other authority that a road district possesses, a
14 road district may provide any public improvement as defined under
15 section 2 of this act, but this additional authority is limited to
16 participating in the financing of the public improvements as provided
17 under section 5 of this act.

18 This section does not limit the authority of a road district to
19 otherwise participate in the public improvements if that authority
20 exists elsewhere.

21 NEW SECTION. **Sec. 17.** A new section is added to chapter 52.12 RCW
22 to read as follows:

23 In addition to other authority that a fire protection district
24 possesses, a fire protection district may provide any public
25 improvement as defined under section 2 of this act, but this additional
26 authority is limited to participating in the financing of the public
27 improvements as provided under section 5 of this act.

28 This section does not limit the authority of a fire protection
29 district to otherwise participate in the public improvements if that
30 authority exists elsewhere.

31 NEW SECTION. **Sec. 18.** A new section is added to chapter 53.08 RCW
32 to read as follows:

33 In addition to other authority that a port district possesses, a
34 port district may provide any public improvement as defined under
35 section 2 of this act, but this additional authority is limited to

1 participating in the financing of the public improvements as provided
2 under section 5 of this act.

3 This section does not limit the authority of a port district to
4 otherwise participate in the public improvements if that authority
5 exists elsewhere.

6 NEW SECTION. **Sec. 19.** A new section is added to chapter 54.16 RCW
7 to read as follows:

8 In addition to other authority that a public utility district
9 possesses, a public utility district may provide any public improvement
10 as defined under section 2 of this act, but this additional authority
11 is limited to participating in the financing of the public improvements
12 as provided under section 5 of this act.

13 This section does not limit the authority of a public utility
14 district to otherwise participate in the public improvements if that
15 authority exists elsewhere.

16 NEW SECTION. **Sec. 20.** A new section is added to chapter 67.38 RCW
17 to read as follows:

18 In addition to other authority that a cultural arts, stadium, and
19 convention center district possesses, a cultural arts, stadium, and
20 convention center district may provide any public improvement as
21 defined under section 2 of this act, but this additional authority is
22 limited to participating in the financing of the public improvements as
23 provided under section 5 of this act.

24 This section does not limit the authority of a cultural arts,
25 stadium, and convention center district to otherwise participate in the
26 public improvements if that authority exists elsewhere.

27 NEW SECTION. **Sec. 21.** A new section is added to chapter 68.52 RCW
28 to read as follows:

29 In addition to other authority that a cemetery district possesses,
30 a cemetery district may provide any public improvement as defined under
31 section 2 of this act, but this additional authority is limited to
32 participating in the financing of the public improvements as provided
33 under section 5 of this act.

34 This section does not limit the authority of a cemetery district to
35 otherwise participate in the public improvements if that authority
36 exists elsewhere.

1 NEW SECTION. **Sec. 22.** A new section is added to chapter 70.44 RCW
2 to read as follows:

3 In addition to other authority that a public hospital district
4 possesses, a public hospital district may provide any public
5 improvement as defined under section 2 of this act, but this additional
6 authority is limited to participating in the financing of the public
7 improvements as provided under section 5 of this act.

8 This section does not limit the authority of a public hospital
9 district to otherwise participate in the public improvements if that
10 authority exists elsewhere.

11 NEW SECTION. **Sec. 23.** A new section is added to chapter 86.15 RCW
12 to read as follows:

13 In addition to other authority that a flood control zone district
14 possesses, a flood control zone district may provide any public
15 improvement as defined under section 2 of this act, but this additional
16 authority is limited to participating in the financing of the public
17 improvements as provided under section 5 of this act.

18 This section does not limit the authority of a flood control zone
19 district to otherwise participate in the public improvements if that
20 authority exists elsewhere.

21 NEW SECTION. **Sec. 24.** A new section is added to chapter 84.55 RCW
22 to read as follows:

23 Limitations on regular property taxes that are provided in this
24 chapter shall continue in a taxing district whether or not an increment
25 area exists within the taxing district as provided under chapter 39.--
26 RCW (sections 1 through 10 and 29 of this act).

27 **Sec. 25.** RCW 36.33.220 and 1973 1st ex.s. c 195 s 142 are each
28 amended to read as follows:

29 The legislative authority of any county may budget, in accordance
30 with the provisions of chapter 36.40 RCW, and expend any portion of the
31 county road property tax revenues for any service to be provided in the
32 unincorporated area of the county notwithstanding any other provision
33 of law, including chapter 36.82 RCW and RCW 84.52.050 and 84.52.043.
34 County road property tax revenues that are diverted under chapter 39.--
35 RCW (sections 1 through 10 and 29 of this act) may be expended as

1 provided under chapter 39.-- RCW (sections 1 through 10 and 29 of this
2 act).

3 **Sec. 26.** RCW 36.79.140 and 1997 c 81 s 6 are each amended to read
4 as follows:

5 At the time the board reviews the six-year program of each county
6 each even-numbered year, it shall consider and shall approve for
7 inclusion in its recommended budget, as required by RCW 36.79.130, the
8 portion of the rural arterial construction program scheduled to be
9 performed during the biennial period beginning the following July 1st.
10 Subject to the appropriations actually approved by the legislature, the
11 board shall as soon as feasible approve rural arterial trust account
12 funds to be spent during the ensuing biennium for preliminary proposals
13 in priority sequence as established pursuant to RCW 36.79.090. Only
14 those counties that during the preceding twelve months have spent all
15 revenues collected for road purposes only for such purposes, including
16 traffic law enforcement, as are allowed to the state by Article II,
17 section 40 of the state Constitution are eligible to receive funds from
18 the rural arterial trust account(~~(:—PROVIDED HOWEVER)~~), except that:
19 (1) Counties with a population of less than eight thousand are exempt
20 from this eligibility restriction(~~(:—AND PROVIDED FURTHER, That)~~); (2)
21 counties expending revenues collected for road purposes only on other
22 governmental services after authorization from the voters of that
23 county under RCW 84.55.050 are also exempt from this eligibility
24 restriction; and (3) this restriction shall not apply to any moneys
25 diverted from the road district levy under chapter 39.-- RCW (sections
26 1 through 10 and 29 of this act). The board shall authorize rural
27 arterial trust account funds for the construction project portion of a
28 project previously authorized for a preliminary proposal in the
29 sequence in which the preliminary proposal has been completed and the
30 construction project is to be placed under contract. At such time the
31 board may reserve rural arterial trust account funds for expenditure in
32 future years as may be necessary for completion of preliminary
33 proposals and construction projects to be commenced in the ensuing
34 biennium.

35 The board may, within the constraints of available rural arterial
36 trust funds, consider additional projects for authorization upon a
37 clear and conclusive showing by the submitting county that the proposed
38 project is of an emergent nature and that its need was unable to be

1 anticipated at the time the six-year program of the county was
2 developed. The proposed projects shall be evaluated on the basis of
3 the priority rating factors specified in RCW 36.79.080.

4 **Sec. 27.** RCW 36.82.040 and 1973 1st ex.s. c 195 s 41 are each
5 amended to read as follows:

6 For the purpose of raising revenue for establishing, laying out,
7 constructing, altering, repairing, improving, and maintaining county
8 roads, bridges, and wharves necessary for vehicle ferriage and for
9 other proper county purposes, the board shall annually at the time of
10 making the levy for general purposes make a uniform tax levy throughout
11 the county, or any road district thereof, of not to exceed two dollars
12 and twenty-five cents per thousand dollars of assessed value of the
13 last assessed valuation of the taxable property in the county, or road
14 district thereof, unless other law of the state requires a lower
15 maximum levy, in which event such lower maximum levy shall control.
16 All funds accruing from such levy shall be credited to and deposited in
17 the county road fund except that revenue diverted under RCW 36.33.220
18 shall be placed in a separate and identifiable account within the
19 county current expense fund and except that revenue diverted under
20 chapter 39.-- RCW (sections 1 through 10 and 29 of this act) shall be
21 expended as provided under chapter 39.-- RCW (sections 1 through 10 and
22 29 of this act).

23 **Sec. 28.** RCW 46.68.124 and 1990 c 33 s 586 are each amended to
24 read as follows:

25 (1) The equivalent population for each county shall be computed as
26 the sum of the population residing in the county's unincorporated area
27 plus twenty-five percent of the population residing in the county's
28 incorporated area. Population figures required for the computations in
29 this subsection shall be certified by the director of the office of
30 financial management on or before July 1st of each odd-numbered year.

31 (2) The total annual road cost for each county shall be computed as
32 the sum of one twenty-fifth of the total estimated county road
33 replacement cost, plus the total estimated annual maintenance cost.
34 Appropriate costs for bridges and ferries shall be included. The
35 county road administration board shall be responsible for establishing
36 a uniform system of roadway categories for both maintenance and
37 construction and also for establishing a single statewide cost per mile

1 rate for each roadway category. The total annual cost for each county
2 will be based on the established statewide cost per mile and associated
3 mileage for each category. The mileage to be used for these
4 computations shall be as shown in the county road log as maintained by
5 the county road administration board as of July 1, 1985, and each two
6 years thereafter. Each county shall be responsible for submitting
7 changes, corrections, and deletions as regards the county road log to
8 the county road administration board. Such changes, corrections, and
9 deletions shall be subject to verification and approval by the county
10 road administration board prior to inclusion in the county road log.

11 (3) The money need factor for each county shall be the county's
12 total annual road cost less the following four amounts:

13 (a) One-half the sum of the actual county road tax levied upon the
14 valuation of all taxable property within the county road districts
15 pursuant to RCW 36.82.040, including any amount of such tax diverted
16 under chapter 39.-- RCW (sections 1 through 10 and 29 of this act), for
17 the two calendar years next preceding the year of computation of the
18 allocation amounts as certified by the department of revenue;

19 (b) One-half the sum of all funds received by the county road fund
20 from the federal forest reserve fund pursuant to RCW 28A.520.010 and
21 28A.520.020 during the two calendar years next preceding the year of
22 computation of the allocation amounts as certified by the state
23 treasurer;

24 (c) One-half the sum of timber excise taxes received by the county
25 road fund pursuant to chapter 84.33 RCW in the two calendar years next
26 preceding the year of computation of the allocation amounts as
27 certified by the state treasurer;

28 (d) One-half the sum of motor vehicle license fees and motor
29 vehicle and special fuel taxes refunded to the county, pursuant to RCW
30 46.68.080 during the two calendar years next preceding the year of
31 computation of the allocation amounts as certified by the state
32 treasurer.

33 (4) The state treasurer and the department of revenue shall furnish
34 to the county road administration board the information required by
35 subsection (3) of this section on or before July 1st of each odd-
36 numbered year.

37 (5) The county road administration board, shall compute and provide
38 to the counties the allocation factors of the several counties on or
39 before September 1st of each year based solely upon the sources of

1 information herein before required: PROVIDED, That the allocation
2 factor shall be held to a level not more than five percent above or
3 five percent below the allocation factor in use during the previous
4 calendar year. Upon computation of the actual allocation factors of
5 the several counties, the county road administration board shall
6 provide such factors to the state treasurer to be used in the
7 computation of the counties' fuel tax allocation for the succeeding
8 calendar year. The state treasurer shall adjust the fuel tax
9 allocation of each county on January 1st of every year based solely
10 upon the information provided by the county road administration board.

11 NEW SECTION. **Sec. 29.** Sections 1 through 10 of this act expire
12 July 1, 2010.

13 NEW SECTION. **Sec. 30.** Sections 1 through 10 and 29 of this act
14 constitute a new chapter in Title 39 RCW.

15 NEW SECTION. **Sec. 31.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

Passed the House April 21, 2001.

Passed the Senate April 9, 2001.

Approved by the Governor May 7, 2001.

Filed in Office of Secretary of State May 7, 2001.