

LEGISLATIVE REPORT

Identity Clark County

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ECONOMIC DEVELOPMENT

SB 5045 / HB 1525 – Community Revitalization/Financing/LIFT

One of the new approaches taken this year was to use another name other than Tax Increment Financing. Tax increment financing had pretty much become a negative term. So, now we say, “**community revitalization financing**” (CRF). It seems to have caught on well.

The Senate bill has moved out of the Senate Economic Development and Trade Committee and is now in Senate Ways and Means. No projected date when it will be heard but sometime in the next couple of weeks. All is well so far. The House Economic Development and Trade Committee held its first hearing on the House Bill Thursday. We await developments there.

So far, we have received an excellent reception on both bills. The reason LIFT (Local Infrastructure Financing Tool) is involved is that the Department of Revenue made excellent suggestions for harmonizing the current LIFT grant program and the CRF legislation. This will improve administration of state support for CRF projects. Both bills have \$5 million in state sales tax subsidy, which is nowhere near adequate. There is also a cap of \$1 million in state subsidy per project. State funding in this current economic crisis is going to be a major impediment to passage and may get eliminated from the legislation. Still, we need the underlying legislation.

HB 1651 / HB 1109 – LIFT Program

These two bills are related to the community revitalization financing (CRF) legislation in that they modify the existing LIFT grant program. Both are similar as they raise the current program from \$5 million to \$10.5 and \$12.5

million in grants and extend the program another five years. HB 1109 is only written for cities under 100,000 population as it is aimed at Auburn, which we have objected to, as there are no population thresholds in current law.

We have suggested that these two bills be put into one and move forward. Then the Legislature can continue to debate the more comprehensive legislation in the form of SB 5045 and HB 1525. ICC and the City of Vancouver have been working collaboratively on all these matters and we form a good team in Olympia.

HB 1677 / SB 5540 – C-TRAN'S Sub District Formation

This legislation is controversial in some minds in that it allows a transit district to create a sub district for purposes of high capacity transit service (light rail). The legislation is necessary to create a less-than-district-wide *sub district* that will match commuter use of light rail as a part of the Columbia Crossing project.

This more fairly matches revenue raising capacity with those who will largely use the light rail system. The sub district would be authorized an additional sales tax for this purpose while the rest of the existing transit district (almost countywide) would not experience an increase in sales tax. All matters including the formation of the sub district and increased sales tax are subject to voter approval.

Someday, there will be a need for operating funds for C-TRAN to meet its operating projections for light rail in cooperation with TriMet as a joint operating program.

Other Activity

HB 2069 – Community Financing Districts (CFD's)

Another approach to community economic development financing is HB 2069 creating community financing districts. The legislation comes from California experience where apparently it is now somewhat more preferred than TIF, or so I am told. California has over 400 TIF districts. This is very

complicated legislation but boiled down it essentially allows land owners/ developers to band together and create debt instruments based on anticipated increased land values for purposes of financing public infrastructure.

I call it “super LID” or somewhat like the old “industrial park” concepts that some states use. Industrial Parks are another form of TIF. Our constitution would have to be amended to create true industrial parks in this state but the CFD approach is somewhat like it without the need for constitutional amendment. We are conceptually supportive of HB 2069 but it needs a lot of work and what looked like support from the Association of Washington Cities has somewhat lessened. This will not get in the way of our main bills – SB 5045/HB1525.

HB 1081 – Railroad Protection Devices

I am pleased to report that HB 1081 will be passed from the House Transportation Committee on Tuesday of next week (2/17) and will go into the House Rules Committee and await House Floor action. The legislation has been modified to exempt railroad and commuter rail property (for Sound Transit and ultimately Clark County Light Rail) from assessment within the LID. There is virtually no opposition that we can identify so far. Once the House has acted, the bill will go to the Senate. I would anticipate floor action sometime in the next 2-3 weeks.

Federal Stimulus

On the transportation front, what we know is that our State will receive approximately \$700 million for transportation and rail with somewhere around half of that going directly to MPO’s and RTPO’s (regional transportation planning bodies). It is still to be determined how much of the MPO/RTPO money will go directly to cities and counties. Thus, there will be 3 buckets of funds: 1) State WSDOT funding for projects; 2) MPO/RTPO funding for local/regional projects; and 3) money for cities and counties.

This is a disappointment for transportation as during the lead up to the 2009 Legislative Session, we were hopeful for much more in transportation

funding. But as the House and Senate worked their magic, other funding categories/tax cuts crept into the final stimulus package.

The “American Recovery and Reinvestment Act” is the title of the legislation. A few things caught my eye among the 6 pages of single-space highlights that will be of interest to you and your employees:

1) A \$400 tax credit per worker (\$800 for filing jointly) up to \$200,000 income . . . don't know the spreads on the credit as the income starts reaching to \$200,000 where it phases out. The question here is whether we are going to go through the last hassle where some folks got credits and some had to wait and is this based on 2008 taxes which will require a settling up around April 15th? Additional child care credits are authorized and more Earned Income Tax Credits for families with three or more children. All of these could be of interest to your employees. There's more here including another round of AMT fixing on individual tax returns. New car and home buying credits.

2) There are business tax incentives covering capital investments, depreciation and for making investments in plants and equipment; provides tax incentives to create new jobs; helps reduce debt burdens; energy savings; green jobs; workers “hurt by the recession” through increased unemployment benefits. It goes on and on.

I suspect your tax accountant will be busy and as yet there are no rules and most of this will occur for taxes due in 2009. Hug your accountant.