

# Tax Increment Financing in Washington

Washington Public Ports Association

The Washington Economic Development Association

November 17, 2020

Trice Konschuh, Tax Policy Specialist

Washington State Department of Revenue



*"Working together to  
fund Washington's future"*

# Tax Increment Financing

- Tax Increment Financing (TIF) is a public financing method that allocates increases (increments) in tax revenues within a geographic area to finance public improvements within that area
- Traditional TIFs use increments in property tax revenues

# History of Tax Increment Financing in Washington State

- In 1982, Washington's first tax increment financing program, the Community Development Refinancing Act, was created
- In 1995, this Act was ruled unconstitutional (Spokane v. Leonard, 127 Wn.2d 195 (1995))

# TIF Programs in Washington State

- Community Revitalization Financing
- Hospital Benefit Zone Financing Program
- Local Infrastructure Financing Tool Program
- Local Revitalization Financing Program
- Local Infrastructure Project Area Financing
- State Land Improvement Financing Area

# Community Revitalization Financing

- Created in 2001
- Authorizes certain local jurisdictions to create tax increment areas (TIAs)
- Increases in local property taxes generated from within TIA finance public improvements within TIA
- Spokane County with 6 increment areas

# Hospital Benefit Zone Financing Program

- Created in 2006
- Requires local government to adopt an ordinance designating a Hospital Benefit Zone (HBZ)
- Increases in local sales and use tax revenues generated within the HBZ, additional funds from other public sources, and a state contribution finance public improvements within the HBZ
- Gig Harbor, partnering with Pierce County, only HBZ

# Local Infrastructure Financing Tool

- Created in 2006
- Allows local jurisdictions to designate Revenue Development Areas (RDAs)
- Increases in local sales/use taxes and local property taxes generated from within the RDA , additional funds from other public sources, and a state contribution finance public improvements within the RDA

# Local Revitalization Financing Program

- Created in 2009
- Allows certain jurisdictions to create a revitalization area (RA)
- Increases in local sales, use, and property tax revenues generated from within the RA, additional funds from other public sources, and a state contribution finance public improvements within the RA



# Local Revitalization Financing Program Projects & Award Amounts

- In 2009, the Legislature:
  - Designated 7 demonstration projects (awards totaled \$2.25 million)
  - Authorized an additional \$2.5 million in project awards on a “first-come” basis (6 projects)
- In 2010, the Legislature designated another 6 demonstration projects:
  - Only 5 projects applied and were approved by DOR
  - Required economic analysis by University of Washington
  - Awards totaled \$1.95 million

# Local Infrastructure Project Area Financing

- Created in 2011
- Authorizes a city to create a Local Infrastructure Project Area (LIPA)
- Increases in certain property tax revenues generated from within the LIPA finance local improvements within the LIPA
- King, Pierce, and Snohomish Counties

# State Land Improvement Financing Area

- Created in 2016
- Allows a city to designate a State Land Improvement Finance Area (SLIFA) to finance public improvement projects
- Local property taxes levied within the SLIFA are used to finance public improvements for state lands within the designated area
- Pasco only city that qualifies – no ordinance yet

# Additional Resources

- Department of Revenue Website:
  - [Information for Local Governments](#)
  - [Local Tax Reference Guide](#)
  - [Tax Increment Financing Type Programs in WA](#)
- Municipal Research and Services Center (MRSC) website:
  - [“Tax Increment Financing in Washington”](#)
- RCWs
  - Chapter [39.89](#) RCW
  - Chapter [39.100](#) RCW
  - Chapter [39.102](#) RCW
  - Chapter [39.104](#) RCW
  - Chapter [39.108](#) RCW
  - Chapter [39.112](#) RCW

## For more information:

Trice Konschuh

Tax Policy Specialist

Washington State Department of Revenue

[Email: tricek@dor.wa.gov](mailto:tricek@dor.wa.gov)

Phone: (360) 534-1548

Michael Bailey

Legislative and External Affairs Liaison

Washington State Department of Revenue

[Email: michaelba@dor.wa.gov](mailto:michaelba@dor.wa.gov)

Phone: (360) 534-1545

Questions?

