



## ORDINANCE NO. 28353

1 BY REQUEST OF COUNCIL MEMBERS CAMPBELL AND THOMS

2 AN ORDINANCE of the City of Tacoma, Washington imposing the local sales and  
3 use tax to be credited against the state sales and use tax for purposes of  
4 utilizing local revitalization financing under Chapter 39.104 of the Revised  
5 Code of Washington; and providing for other matters properly relating  
6 thereto.

7 WHEREAS state law authorizes cities to levy sales tax credit against the  
8 state sales tax for local revitalization financing, and

9 WHEREAS 2SSSB 5045, authorizing the tax credit, was passed by the State  
10 Legislature during the 2009 regular session with the intention of providing financial  
11 assistance to cities for public improvements in an identified revitalization area to  
12 promote community and economic development, and

13 WHEREAS the State Legislature has designated the City of Tacoma as a  
14 demonstration project for local revitalization financing, granting the project award of  
15 \$500,000, which tax credit would be available to the City for up to 25 years; Now,  
16 Therefore,

17 BE IT ORDAINED BY THE CITY OF TACOMA:

18 Section 1. Definitions. Capitalized terms not otherwise defined in this  
19 ordinance shall have the meanings given in RCW 39.104.020, as it may be  
20 amended from time to time.

21 Section 2. Findings. The City Council ("Council") of the City of Tacoma,  
22 Washington ("City") hereby makes the following findings and determinations:

23 2.1 Chapter 39.104 RCW and RCW 82.14.505 and 82.14.510  
24 authorize the imposition of a local sales and use tax ("LRF Tax") for the purpose of  
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financing certain public improvements (“Public Improvements”) located within a Revitalization Area (“RA”), upon the satisfaction of certain conditions set forth therein. This LRF Tax is credited against the sales and use tax otherwise due to the state under Chapters 82.08 and 82.12, resulting in no net change in tax rate to the taxpayer.

2.2 Pursuant to this authority, the City, by Ordinance No. 27828, adopted on August 25, 2009, created the Revitalization Area in downtown Tacoma for the purpose of financing the Public Improvements located within the RA.

2.3 The City submitted its demonstration project application for the use of Local Revitalization Financing pursuant to RCW 39.104.100 and 82.14.505 on August 28, 2009, and the Department of Revenue (“Revenue”) approved the application on September 16, 2009, granting a project award in the amount of \$500,000.

2.4 The Council finds that the City has satisfied all prerequisites to imposing the LRF Tax and receiving the State Contribution, including, without limitation, the conditions set forth in Chapter 39.104, RCW 82.32.765, 82.14.505, 82.14.510 and 82.14.515.

2.5 The Council intends to draw down the \$500,000 award annually and may issue bonds, pursuant to RCW 39.104.110, or may use the bond issuance exemption, pursuant to RCW 82.14.510(5)(d) up to a maximum principal amount not to exceed \$12,500,000 to finance the Public Improvements.



Section 3. State-Shared Sales and Use Tax Imposed as of July 1, 2016.

1 The sales and use tax authorized under RCW 82.14.510 is imposed as of July 1,  
2 2016, as follows:

3           3.1 Effective Date and Duration. The sales and use tax authorized by  
4 this ordinance shall be imposed and become effective as of July 1, 2016. The tax  
5 imposed under this ordinance expires on July 1, 2041, which is the date that is  
6 twenty-five (25) years after the tax is first imposed.  
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8           3.2 Rate. The tax rate shall be set initially at 0.00014 of the selling  
9 tax (in the case of a sales tax) or value of the article used (in the case of a use tax).  
10 The tax rate may be adjusted by ordinance of the Council from time to time so that  
11 it is set at the rate reasonably necessary to receive the State Contribution over  
12 ten (10) months, in accordance with RCW 82.14.510(3).  
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14           3.3 Use of LRF Tax Receipts. In accordance with RCW 82.14.515,  
15 receipts of the LRF Tax shall be disbursed to draw down the \$500,000 award  
16 annually under the bond issuance exemption, pursuant to RCW 82.14.510(5)(d), or  
17 to provide for the payment of debt service on bonds issued under RCW 39.104.110.  
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19           3.4 Other Statutory Requirements.

20                   (1) In accordance with RCW 82.14.510(6):

21                           (a) The LRF Tax authorized by this ordinance shall first  
22 be imposed on July 1, 2016, which is the first day of a state fiscal year.  
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24                           (b) The cumulative amount of LRF Tax distributions  
25 received by the City in any fiscal year shall not exceed the amount of the State  
26 Contribution to the City.



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(c) The LRF Tax shall cease to be distributed to the City

for the remainder of any state fiscal year in which:

(i) The amount of tax received by the City equals the amount of the State Contribution; or

(ii) The amount of revenue distributions to all sponsoring and co-sponsoring local governments from taxes imposed under RCW 82.14.510 equals the annual State Contribution limit.

(2) The LRF Tax shall be distributed again, should it cease to be distributed for any of the reasons provided in RCW 81.14.510(6)(c), at the beginning of the next state fiscal year, subject to the restrictions in RCW 82.14.510.

(3) Any revenue generated by the LRF Tax in excess of the amounts specified in (1)(c) of this subsection 3.4 shall belong to the State of Washington.

(4) In accordance with RCW 82.14.510(9), if the City fails to comply with RCW 82.32.765, no tax will be distributed in the subsequent fiscal year until such time as the City complies and Revenue calculates the State Contribution amount for such fiscal year in accordance with RCW 82.14.510(10).

Section 4. Delivery of Ordinance. The City Clerk is directed to cause a certified copy of this ordinance to be delivered to Revenue and any other public officers or agencies required by law.

Section 5. Ratification. All actions heretofore taken in furtherance thereof and not inconsistent with the provisions of this ordinance are hereby ratified and confirmed in all respects.



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Section 6. Validity. If any provision of this ordinance shall be declared by any court of competent jurisdiction to be invalid, then such provision shall be null and void and shall be separable from the remaining provisions of this ordinance and shall in no way affect the validity of the other provisions of this ordinance, or any bonds issued as necessary in anticipation of receipt of distributions from LRF Taxes or of the use of Local Revitalization Financing to finance the Public Improvements.

Section 7. Effective Date. This Ordinance shall take effect and be in force ten days from publication as provided by law.

Passed \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Deputy City Attorney