



Economic Development Issue Brief

Support value capture financing to encourage job creation, economic development, and increased state and local revenue

Currently, Washington cities and towns have limited tools to encourage economic development and job growth at the local level.

Value capture financing is a critical tool that enables local governments to fund public improvement projects that foster job creation, private development, and an increase in state and local revenue.

Value capture financing:

- Encourages job creation and local economic development
- Aims to increase local and state sales tax revenue
- Recovers public financing costs by creating a more robust and diverse tax base
- Does not increase taxes on consumers

Strong cities need:

Additional economic development tools that assist in maintaining, expanding, and modernizing local infrastructure to help spur local private sector investment. Promoting economic activity is a key function of both the Legislature and local governments and requires cooperation between the state, local governments, and the private sector. By supporting value capture financing, the Legislature can partner with cities and towns to advance our shared economic development goals to build strong cities and a great state.

More details

How would sales tax value capture financing work?

Through a competitive process administered through the Community Economic Revitalization Board (CERB), local governments can apply for state sales tax credits to help finance local infrastructure improvements that leverage private investments and increase area sales and property tax revenue. The state contribution is provided through a new local sales and use tax that is credited against the state sales and use tax.

Once the development has occurred, excess tax revenues, additional funds from local sources, and the state contribution can then be used to retire loans for the infrastructure improvements. After the debt is paid off, the city and state will continue to benefit from the additional tax revenue created by the local development.

Taxpayers will not see any increase in sales tax at the register, but instead, some of the state's portions of the

sales tax is diverted to the local jurisdiction to pay for the project.

Value capture financing has a history of success in Washington State

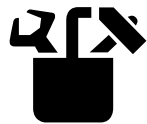
Passed in 2009, the Local Revitalization Financing (LRF) program, a value capture financing tool, awarded 18 local jurisdictions sales tax credits to fund local infrastructure improvement projects to encourage economic development. In 2017 alone, LRF jurisdictions reported a state benefit of \$469.6 million. Unfortunately, the LRF program is no longer accepting new applications as the state contribution limit has been reached. By supporting a new value capture tool for local governments, the Legislature can continue to incentivize economic growth across the state.

more details on back 

Contact:

Candice Bock
Government Relations Director
candiceb@awcnet.org

Brandon Anderson
Legislative & Policy Analyst
brandona@awcnet.org



Cities drive Washington State's economy

96% of gross state product

86% of all retail sales

69% of job generating businesses

Cities are where the state's revenue is generated

\$8.3 billion in sales tax to the state general fund annually

\$2.8 billion of state's B&O tax generated

\$1.4 billion in property taxes for the state school levy annually

Contact:

Candice Bock
Government Relations Director
candiceb@awcnet.org

Brandon Anderson
Legislative & Policy Analyst
brandona@awcnet.org