

LIFT FACTS

1. **What is LIFT?** Local Infrastructure Financing Tool is a new form of tax increment financing used to pay for a portion of the public improvements within the Revenue Development Area (RDA) in order to promote economic development.
2. **How does the City qualify for LIFT revenues?** The City is eligible to receive up to \$1 million per year for 25 years, for a maximum of \$25 million, to be used for repayment of bonds issued to finance eligible public improvements. Receipt of State funds is subject to the amount of additional tax received by the State from the RDA and matching local government contributions from incremental tax revenues or other sources. The Port and County may contribute certain taxes generated in the RDA as part of the local match to qualify for State funds.
3. **How will other local governments be involved in LIFT?** The legislation provides the City of Bellingham, Whatcom County, and Port of Bellingham with the opportunity to collaboratively demonstrate in Washington State the benefits of the Local Infrastructure Financing Tool, which has been used successfully to promote positive economic development in states throughout the nation.
4. **What public improvements will LIFT revenues be used for?** The types of public improvements that can be funded through LIFT include streets, utilities, park facilities and recreational areas, and parking facilities.
5. **What is a Revenue Development Area?** The geographic area created by the City of Bellingham from which local sales and property tax revenues are derived and where the public improvements will be located. See diagram.
6. **Is this a new tax?** There is no increase to existing taxes, but rather a re-distribution of the state's portion of the sales tax. The sales tax within the revenue development area is credited against the state's sales tax and is refunded to the City of Bellingham to pay for the public improvements.
7. **How much will the public improvements cost?** The City has developed a list of potential public improvements within the RDA with an estimated cost of \$197 million over a 25-year period. Estimated state and local government LIFT revenues of \$75 million will finance a portion of these public improvements. The amount of projects that are approved and constructed will depend upon such things as: public input, final design, actual construction costs, additional funding sources, and the amount and pace of private investment within the Revenue Development Area.
8. **What other methods will be used to pay for the public improvements?** In addition to LIFT revenues, the City anticipates using Federal grants, utility funds, other taxes, private contributions, and payment-in-lieu of property tax to finance the public improvements.
9. **What is the Base Year?** The year when the base value of existing sales and property tax in the revenue development area is determined. The City of Bellingham anticipates using 2007 as a base year.

10. What is incremental revenue? The amount of sales and property tax generated over-and-above the base year. The incremental increases in revenue from the RDA are dedicated to pay the principal and interest on the bonds issued to finance the public improvements.

11. What impact will LIFT have on small businesses and low-income housing? The LIFT Legislation requires the City to inventory existing low-income housing and small businesses within the RDA, estimate the impact upon them, and develop a mitigation plan for the impacted businesses and housing. The complete report and mitigation plan is available on-line at [City Council Agenda Bill re LIFT with attachments](#).

12. What are the next steps in implementing LIFT?

- a. The Bellingham City Council held a Public Hearing on the proposed LIFT ordinance on September 18, 2006.
- b. On Monday, October 9, 2006 the City Council and the Port Commission approved an interlocal agreement (ILA) through which the Port agrees to be a “participating taxing district” and to allocate 75% (the maximum amount allowed) of the incremental revenue it will receive from within the RDA to help finance the public improvements in the RDA. Under this ILA the Port continues to receive taxes on the base value and the remaining 25% of the incremental revenue.
- c. Whatcom County Council member Seth Fleetwood sponsored a resolution asking the Whatcom County Council to approve a similar ILA between the City and the County. The County Council voted against that resolution on Tuesday October 10, 2006.
- d. Prior to October 30, 2006, the City Council must adopt an ordinance formally designating the RDA. The Council will consider that ordinance on Monday, October 16 and is expected to take final action on the ordinance on Monday, October 23, 2006.