

LIFT

Local Infrastructure Financing Tool

An Opportunity Briefing
July 7, 2006



Presentation Overview

- **What is LIFT?**
- **How does LIFT work?**
- **How will LIFT be used?**
- **Why to act now**
- **Key steps to implementation**
- **Advantages of LIFT**
- **Challenges of LIFT**

What is LIFT?

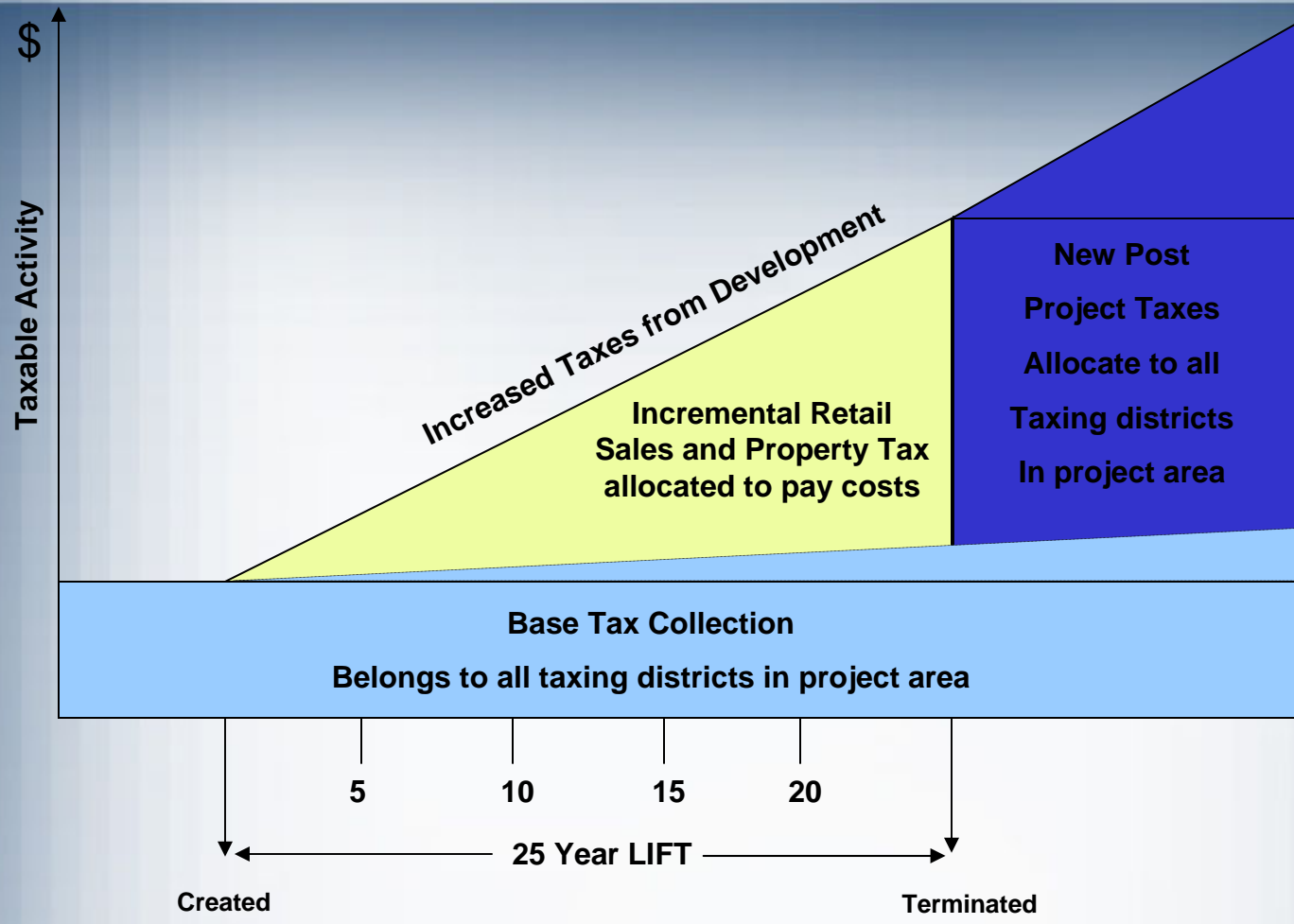
Local Infrastructure Financing Tool

- A new form of tax increment financing
- A method to finance public improvements
- To promote economic development
- Provides limited amount of state funding
- Bellingham waterfront redevelopment one of 3 demonstration projects

How does LIFT work?

- Establishes a “base” value in RDA
- Tax increases over “base” pay for public improvements
- State contributes up to \$1 million
- Local taxing districts may participate
- LIFT revenues used to repay bonds

How LIFT Works



How will LIFT be used?

- Repay bonds for improvements in RDA
 - Streets, bridges and roads
 - Water, sewer and storm construction
 - Park facilities and recreational areas
 - Parking facilities
- LIFT revenues pay a portion of costs
- Other funding will also be required

Why to Act Now...

- **2007 is most favorable “base” year**
- **Requires application to CERB by August 25**
- **Demonstration projects must be approved before other projects**

Key steps to implement LIFT

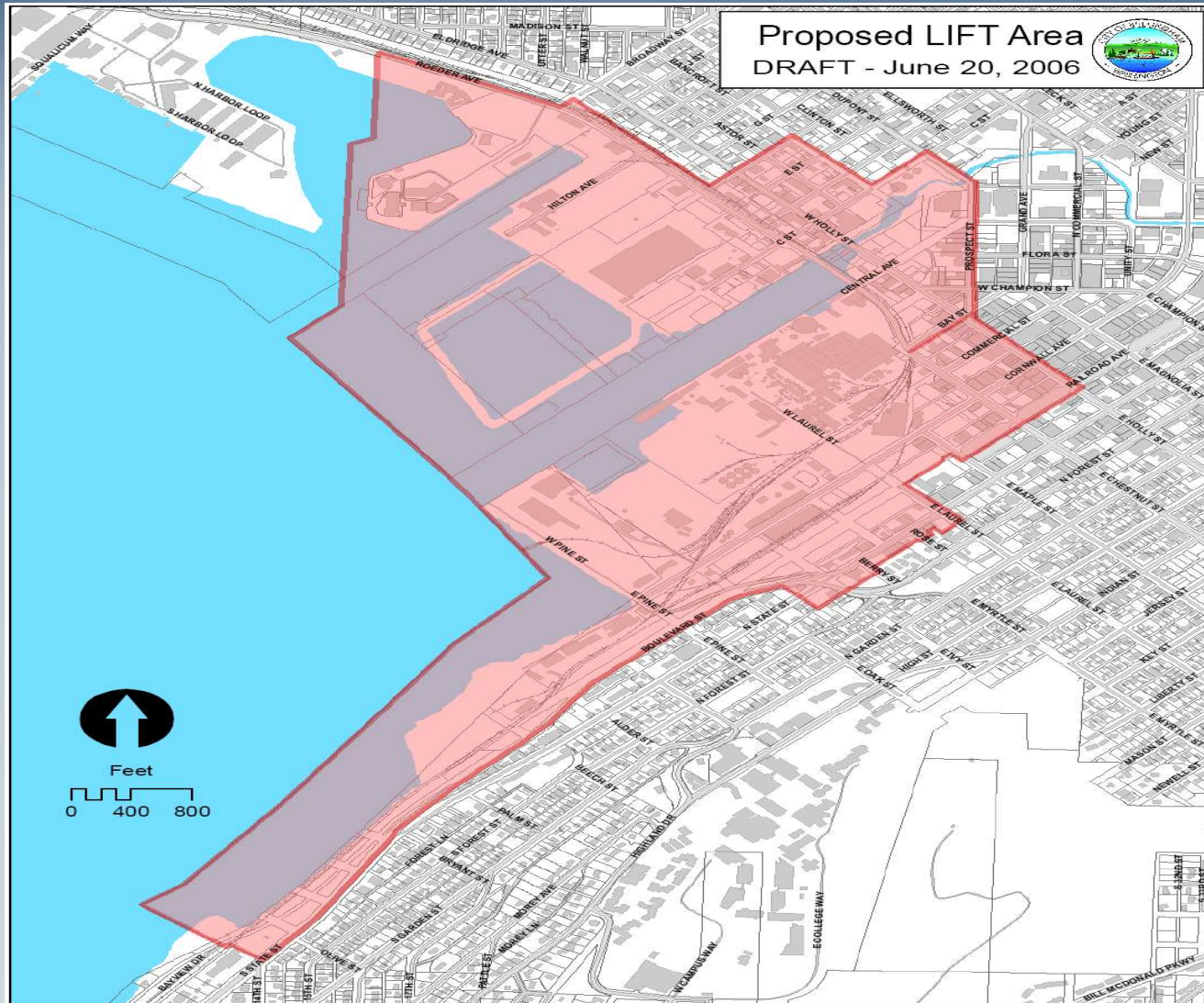
- **Adopt ordinance to create RDA**
- **Partner with other local governments**
- **Apply to CERB for annual award**
- **Establish “base” measurement year**
- **Measure new sales and property tax**
- **Earn state contribution each year**
- **File accountability reports each year**

Revenue Development Area

Requirements:

- **RDA boundary must be established before applying to CERB**
- **Certain RDA characteristics must exist**
- **City must find certain conditions met**

Possible Revenue Development Area



Partnering

State pays up to \$1 million per year if:

Incremental tax received by State

Local government match funds

City of Bellingham

75% of new construction property taxes

Increase in sales tax

Whatcom County

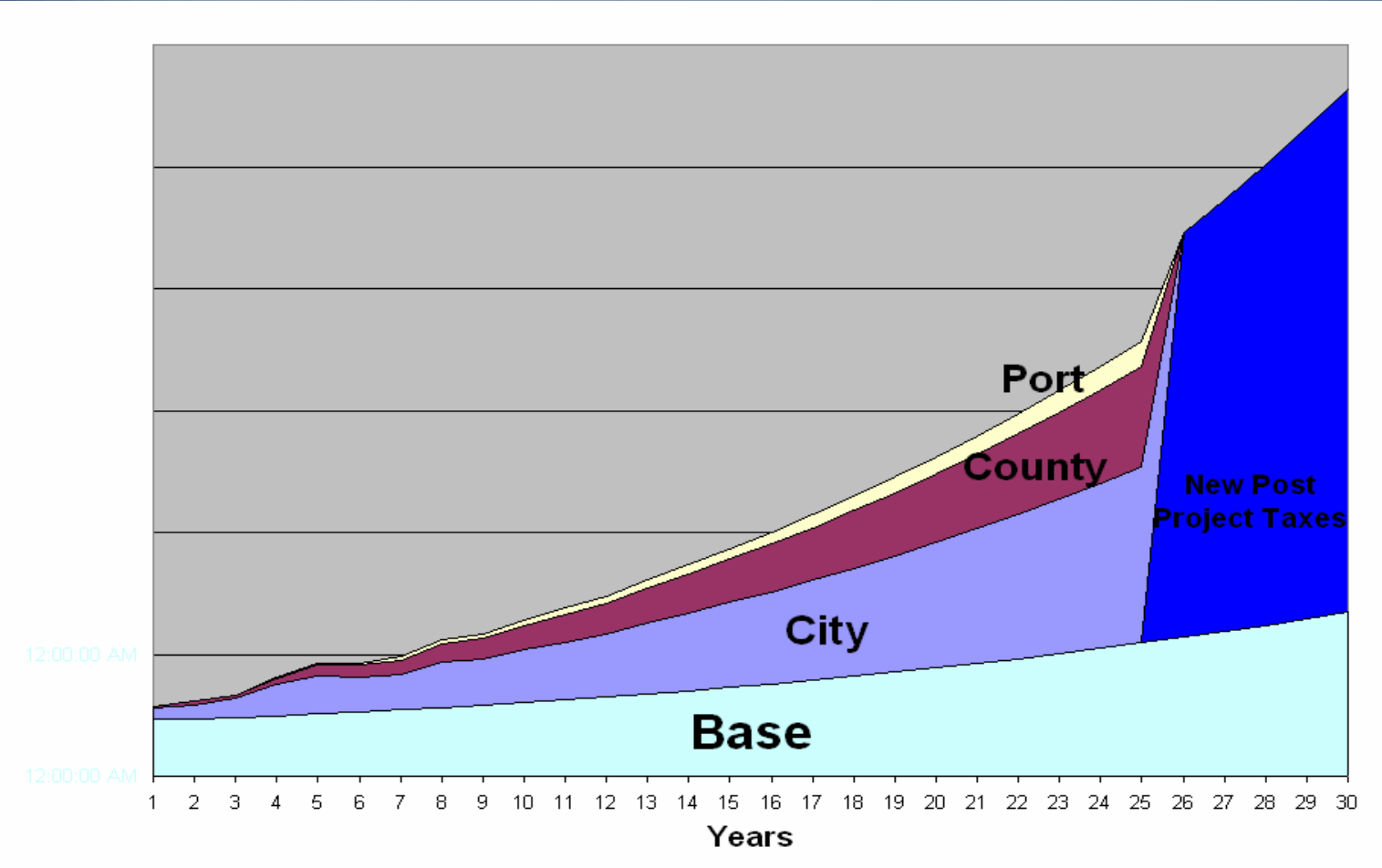
75% of new construction property taxes

Increase in sales tax

Port of Bellingham

75% of new construction property taxes

Waterfront Development LIFT Illustration



State Requirements – 2007 Base Year

Aug 25 – last date to apply to CERB

Sept 21 – CERB meets to approve projects with 2007 base year

Sept 29 – last date to conduct public hearing

Oct 15 – last date to submit RDA boundary to DOR

Oct 30 – deadline to submit adopted ordinance to CERB

Proposed Timeline of Key Steps

Aug 14 – City approves draft LIFT ordinance

Aug 25 – City applies to CERB

Sept 18 – City holds public hearing

**By Sept 18 – County/Port/City approve
Interlocal agreements**

Oct 23 – City adopts final LIFT ordinance

Oct 30 – City submits ordinance to CERB

Advantages of LIFT

- No new taxes
- Does not affect existing tax
- Tool to finance public improvements
- Stimulates new economic activity
- Benefits local and state economy
- Makes Washington more competitive
- Benefits schools

Challenges of LIFT

- **Detailed requirements**
- **Short time-frame to secure 2007 as “base” year**
- **Requires Partnerships to be most successful**

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Therese Holm, City Finance Director

