Local Infrastructure Financing Tool (LIFT)

2020 JLARC STUDY

Statute directs JLARC to review the Local Infrastructure Financing Tool (LIFT) every five years until it expires in 2044.

Nine cities can use LIFT to fund public infrastructure projects, aiming to improve economic conditions in designated areas

Intent: Investments in public infrastructure attract private development. Tax revenue meets or exceeds the state's contribution.

STATE GOVERNMENT
Distributes the state contribution to cities.

→

LOCAL GOVERNMENTS
Invest local funds and state contribution in infrastructure.

→

PRIVATE DEVELOPERS
Produce economic activity in the area.

←

Tax revenue on increased economic activity returns to the state

$165.9M	Cities' infrastructure investment to date (CY 2007-2018)
$41.4M	State contribution to date (FY 2011- 2019)

While economic activity has increased in designated areas, it is unknown how much can be attributed to LIFT

Economic models estimate a range of short-term job impacts from LIFT-related construction

- Three scenarios modeled.
- Average annual job impact ranges from loss of 60 to gain of 300.
- Potential lost jobs due to reduced state government spending.
- Job gains primarily in the construction sector.

There is no feasible method to determine the extent to which LIFT drove changes.

Other factors affect economic activity in the RDAs: economic conditions, local business decisions, and the RDA size/composition. Accurately **measuring the long-term impact of LIFT would require cities and the state to begin collecting new data** about individual infrastructure improvements, such as changes in traffic and residents' use of new parks.

Five key indicators increased in most areas since 2013

	Wages	Taxable Sales	Private New Construction	Taxable Property Values
Total for all RDAs	✓	✓	✓	✓
Bellingham RDA		✓	✓	✓
Bothell RDA		✓	✓	✓
Everett RDA		✓	✓	✓
Federal Way RDA	✓		✓	
Liberty Lake RDA	✓		✓	✓
Mount Vernon RDA		✓		
Puyallup RDA	✓		✓	✓
Yakima RDA		✓	✓	✓

For these two reasons, it is unlikely there will be sufficient evidence to support an audit recommendation in 2028 when JLARC must recommend whether LIFT should be expanded statewide and estimate the impact of an expansion on the state's economic development.

Cities' reporting errors and a lack of state oversight led to potential excess payments and incomplete information for monitoring projects

City errors may affect how the state contribution is calculated. JLARC staff estimate potential excess payments at $14 million.	Neither Department of Revenue (DOR) nor Community Economic Revitalization Board (CERB) currently provide guidance or data verification.

LEGISLATIVE AUDITOR'S RECOMMENDATION

DOR and CERB should work with participating cities to clarify the annual reporting form, standardize calculation methods, and provide training and/or instructions to avoid reporting errors.

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc
For more information, contact: Keenan Konopaski, Washington State Legislative Auditor
keenan.konopaski@leg.wa.gov • (360) 786-5187

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