

Wenatchi Land Tax Increment Financing Frequently Asked Questions

1. What is a Tax Increment Financing?

Tax Increment Financing (TIF) is a public financing tool used by cities, counties, or port districts to promote economic development and revitalization in specific areas through the funding of public improvements to encourage desired private development. TIF was authorized by the Washington State Legislature in 2021 ([chapter 39.114 RCW](#)).

These public improvements can include things like new roads, public utilities, parks, environmental clean-up, needed for redevelopment of vacant or underused properties. The goal is to encourage private investment and boost the local economy without raising taxes.

Under TIF, A city, county or port identifies and formally forms what is called a Tax Increment Area (TIA) from which to collect certain property taxes within the TIA to support the cost identified public improvements. When TIA is created, the current value of property taxes within that area is frozen. As private investment leads to increases in property values over time, the additional tax revenue generated—called the *tax increment*—is set aside and used to fund improvements needed for development to occur.

More generally, a TIA allows a public agency (in this instance, a County) to fund publicly-owned infrastructure to encourage private development within a specified TIA boundary. As resulting private development occurs, property values rise, and the public agency uses the increased property tax generated by that development to pay for the public improvement projects. After the project costs are repaid, the public agency retires the TIA.

All TIAs must have a specified boundary, a set duration (maximum of 25 years), and a specific list of public projects to be funded. Douglas County is proposing a TIA in Wenatchi Landing Overlay Area. The maximum timeframe for the proposed TIA is 25 years.

TIF does **not** increase property tax rates inside the TIA—it simply reallocates the *growth* in tax revenue to support public projects that benefit the designated TIA.

2. Why is Douglas County considering a TIA?

The Douglas County Board of Commissioners has worked steadily for the last decade to build and diversify the County's economy. Looking forward to the future, additional areas are needed for business development, which the Wenatchi Landing has long been

targeted for. The critical step in bringing what will undoubtedly be the capstone of Douglas County to fruition is the construction of an additional interchange off of Highway 2, between the Odabashian Bridge and Highway 2/Highway 97 interchange. Construction of this infrastructure is currently estimated at \$25 million dollars.

While the County is aggressively pursuing additional sources of funding such as direct appropriations, grants, and public-private partnerships, the County is working to ensure that critical improvements can be funded and completed.

3. What areas would be affected?

The TIA would encompass the Wenatchee Landing area of East Wenatchee, depicted below.



4. What makes a TIA a good tool for the Wenatchi Landing?

A TIA is an ideal solution to fund this infrastructure due to the largely undeveloped state of the area. The tool is intended to allow agencies to bring development to areas that are not currently viable candidates for economic growth due to lack of infrastructure or other barriers. Additionally, as there are not any actively anticipated or planned large projects, there is also a reduced impact to other jurisdictions. Enabling the development of this area will provide a benefit that would otherwise be likely.

5. How does this impact the taxing districts that currently receive revenue from the properties within the TIA?

In the proposed TIA, some property tax revenue from increases in assessed value after the TIA is established will go to the County to pay for improvements within the TIA boundary (called tax allocation revenues). This tax allocation revenue is from new development in the TIA and increases in assessed value from appreciation of existing properties.

Taxing districts will not receive some taxes raised from the increase in assessed value in the TIA as they would otherwise, and the dollars are directed toward public infrastructure improvements in the TIA. This only occurs for the duration of the TIA. After the TIA is retired, all effected districts will be allocated their designated portion of the increased values.

Additionally, only “real” property values are included in the calculation of increment value. Other property types, including “personal” (for example, machinery and equipment) and “utility” value are not subject to TIF. All of the property tax revenue generated by the personal property value in the area will be distributed to the overlapping taxing districts.

6. What can the funds generated be used for?

This revenue can only be used for identified public improvements that will be described in the County Ordinance forming a TIA. The following public improvements were specifically identified in the Wenatchi Landing TIF Project Analysis:

- Wenatchi Landing Interchange and Empire Avenue to 35th Street NW
- 38th Street NW – Interchange to NW Cascade Avenue
- NW Empire Avenue – Interchange to Cascade Avenue NW

7. Who will manage the funds?

Douglas County will manage the funds generated by the TIA. As this revenue is tightly regulated, a separate fund will be created to manage the funds.

8. Will the TIA take funding away from local schools?

No. The TIA law specifies that none of the property tax provisions in the area apply to any portion of the property tax levied by the State for the support of common schools. The property taxes from state and local school levies generated from increased assessed value from new development in the TIA will not go to the TIA but will immediately be allocated to the state school fund and local school district, respectively.

9. How will this benefit me?

Investing in infrastructure benefits not only our community members, but everyone who travels to our area. The specific improvements proposed by in this TIA will directly benefit constituents by providing additional exits from the highway, which improves drive times and convenience; improving emergency response efficiency to the area; making the transit bus routes safer by eliminating dangerous left-hand turns on to sunset highway; establishing of new business, recreational, dining, and lodging options and bringing thoughtful economic investment to previously difficult to develop land.

In addition to these physical benefits, this TIA will bring substantial economic paybacks to the constituents of Douglas County. Much like the success of the Baker Flats and Pangborn Industrial Areas, the Wenatchi Landing is poised to contribute greatly overall to the Community's economy. With this vitality brings new jobs, more public services, increased stability, and more opportunities for Douglas County citizens. Once again, the proposed TIF serves to bring about these benefits without a tax increase of any kind.