



Chelan County

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Chelan County passes moratorium on creation of TIFs in unincorporated areas

WENATCHEE -- The Board of County Commissioners (BOCC) has passed a six-month moratorium on the creation of any tax increment financing (TIF) areas or projects in the unincorporated areas of Chelan County.

The action is a result of concerns by the BOCC that the Chelan-Douglas Regional Port Authority is moving too quickly on the creation of a 3,326-acre TIF in Malaga without considering the full impacts on county taxpayers, state-mandated services and programs, land use zoning, transportation infrastructure and comprehensive planning.

The moratorium was passed unanimously on Tuesday during the board's regular meeting; it takes effect immediately. Public comment will be taken on the moratorium at a public hearing at 11 a.m. on Sept. 23 in the BOCC chambers, 400 Douglas St.

The proposed TIF, which would include the new Microsoft location, the former Alcoa Plant and the future site of the Helion fusion power plant, would divert about \$50.3 million in tax revenues over 25 years from the county to the regional port.

"This board was not brought into the conversation about the regional port's proposed TIF until less than 60 days ago," said Chelan County Commissioner Shon Smith. "We need time to do our due diligence, to determine how a TIF would impact essential county programs and how the regional port and county can partner on a TIF. The projected diversion of revenues from the county would impact all our departments, from criminal justice services and law enforcement to transportation and veterans services – and that greatly concerns us."

A TIF is generally defined as a financing tool that allows local governments, such as cities, towns, counties, port districts or any combination thereof, to fund public infrastructure in designated areas to encourage private development. Property taxes generated by the new development are then used to pay for the improvements.

As established by the state Legislature, TIFs are meant to be tools to spur economic development in distressed areas that lack development. In the case of the Malaga TIF, the regional port proposes boundaries around one of the most active areas for current and future development in Chelan County.

"We question the benefits of a port-only TIF in an area that is already attracting big business, where construction is underway," Chelan County Commissioner Brad Hawkins said. "A port-only TIF gives the appearance that the port is

cherry-picking an already growing area in our community. A moratorium is necessary to allow time to thoughtfully consider this TIF process and determine the best interests of the entire county.”

State law authorizes the BOCC to adopt a six-month moratorium via board action. The moratorium may not exceed six months unless it is extended for good cause by board resolution at a later date. The moratorium does not apply to incorporated cities.

Chelan County Commissioner Kevin Overbay, who represents the Malaga area, added that the establishment of a TIF is not appropriate at this time for three reasons:

- Chelan County has hired a consultant to help establish an urban growth area for Malaga. The new UGA may establish new commercial and industrial zones or rezone areas. It also may impact housing densities in the Malaga area. The UGA study, which is being done in conjunction with the ongoing update to the Chelan County Comprehensive Plan, will be completed late next year.
- Also underway is the updating of the Transportation Element, a chapter in the Comprehensive Plan. The Transportation Element, in part, will determine necessary infrastructure upgrades to roads that are essential for future residential and commercial growth in the Malaga area. It is premature to determine what road projects may be needed in the TIF area until the Transportation Element is completed, which will be late next year.
- The Malaga UGA study, in determining future growth, also may look at wastewater infrastructure needs. It has not yet been determined if Chelan County will need to partner with an existing wastewater provider or create a new facility to serve the Malaga area.

“Chelan County and the regional port have very different directives. We are mandated to provide essential services to residents throughout Chelan County,” Overbay said. “While we support the regional port’s mission and will work to maintain our relationship with the port, we need a clear, concise plan that prioritizes our residents, and that means giving the county an equal voice in the establishment of a TIF.”

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