H-1152.2

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOUSE BILL 1823**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 65th Legislature 2017 Regular Session**

**By** Representatives Peterson, Springer, and Gregerson

AN ACT Relating to business improvement districts; amending RCW 35.87A.010, 35.87A.020, 35.87A.030, 35.87A.050, 35.87A.060, 35.87A.070, 35.87A.075, 35.87A.080, 35.87A.090, 35.87A.100, 35.87A.110, 35.87A.140, 35.87A.160, 35.87A.170, 35.87A.180, 35.87A.190, 35.87A.200, and 35.87A.220; and repealing RCW 35.87A.040 and 35.87A.210.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 35.87A.010 and 2005 c 178 s 1 are each amended to read as follows:

To aid general economic development and neighborhood revitalization, and to facilitate the cooperation of merchants, businesses, and residential property owners which assists trade, economic viability, and ((~~liveability~~)) livability, the legislature hereby authorizes all counties and all incorporated cities and towns, including unclassified cities and towns operating under special charters:

(1) To establish((~~, after a petition submitted by the operators responsible for sixty percent of the assessments by businesses and multifamily residential or mixed-use projects within the area, parking and business improvement areas, hereafter referred to as area or areas, for the following purposes~~)) business improvement districts to conduct the following activities:

(a) The acquisition, construction, or operation and maintenance of parking facilities for the benefit of the ((~~area~~)) district;

(b) ((~~Decoration of any public place in the area;~~)) Developing and implementing plans and designs to improve the appearance, character, or functionality of the district and its common areas;

(c) Sponsorship or promotion of public events ((~~which are to take place on or in public places in the area~~)) in the district and the provision of entertainment in common and public areas;

(d) ((~~Furnishing of music in any public place in the area;~~

~~(e)~~)) Providing professional management, planning, ((~~and promotion for the area, including the management and promotion of retail trade activities in the area~~)) marketing, promotional, communications, and economic development services for the district;

(e) Supporting business activities in the district, including assistance for existing businesses and attraction of new businesses;

(f) Providing cleaning, maintenance, and security for common((~~,~~)) and public areas; ((~~or~~))

(g) Providing transportation services and improvements for the benefit of the ((~~area~~)) district; or

(h) Providing information and assistance to visitors, residents, employees, business owners, or others in the district about local services and resources using materials, digital communications, outreach, or local ambassadors.

(2) To levy special assessments on all businesses and multifamily residential or mixed-use projects within the ((~~area~~)) district and specially benefited by a ((~~parking and~~)) business improvement ((~~area~~)) district to pay in whole or in part the damages or costs incurred therein as provided in this chapter.

**Sec.**  RCW 35.87A.020 and 1993 c 429 s 2 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Business" means all types of business, including professions and the business of owning property.

(2) "District" means a business improvement district.

(3) "Legislative authority" means the legislative authority of any city or town including unclassified cities or towns operating under special charters or the legislative authority of any county.

((~~(3)~~)) (4) "Multifamily residential or mixed-use project" means any building or buildings containing four or more residential units or a combination of residential and commercial units, whether title to the entire property is held in single or undivided ownership or title to individual units is held by owners who also, directly or indirectly through an association, own real property in common with the other unit owners.

((~~(4)~~)) (5) "Residential operator" means the owner or operator of a multifamily residential or mixed-use project if title is held in single or undivided ownership, or, if title is held in a form of common interest ownership, the association of unit owners, condominium association, homeowners' association, property owners' association, or residential cooperative corporation.

**Sec.**  RCW 35.87A.030 and 1993 c 429 s 3 are each amended to read as follows:

(1)(a) For the purpose of establishing a ((~~parking and~~)) business improvement ((~~area~~)) district, an initiation petition may be presented to the legislative authority having jurisdiction of the ((~~area~~)) district in which the proposed ((~~parking and~~)) business improvement ((~~area~~)) district is to be located or the legislative authority may by resolution initiate a ((~~parking and~~)) business improvement ((~~area~~)) district. The initiation petition or resolution shall contain the following:

((~~(1)~~)) (i) A description of the boundaries of the proposed ((~~area~~)) district;

((~~(2)~~)) (ii) The proposed uses and projects to which the proposed special assessment revenues shall be put and the total estimated cost thereof;

((~~(3)~~)) (iii) The estimated rate of levy of special assessment with a proposed breakdown by class of business and multifamily residential or mixed-use project if such classification is to be used.

(b) The initiating petition shall also contain the signatures of the persons who operate businesses and residential operators in the proposed ((~~area which~~)) district that would ((~~pay~~)) be assessed fifty percent of the proposed special assessments.

(2) If the formation of a business improvement district has been initiated pursuant to the petition method set forth in this section and the signature requirement has been satisfied, the legislative authority shall adopt a resolution restating all of the information contained in the initiation petition and shall also state the time and place of a hearing to be held by the legislative authority to consider establishment of a district.

(3) If the formation of the district has been initiated pursuant to a resolution process as set forth in this section, without an initiation petition, the resolution must state the time and place of a hearing to be held by the legislative authority to consider establishment of the district.

**Sec.**  RCW 35.87A.050 and 1993 c 429 s 4 are each amended to read as follows:

Notice of ((~~a~~)) any hearing held under the provisions of this chapter shall be given by:

(1) One publication of the resolution ((~~of intention~~)) stating the time and place of a hearing to be held by the legislative authority to consider establishment of a district in a newspaper of general circulation in the city; and

(2) Mailing a complete copy of the resolution ((~~of intention~~)) to each business and multifamily residential or mixed-use project in the proposed, or established, ((~~area~~)) district that would be assessed under the proposal. Publication and mailing shall be completed at least ten days prior to the time of the hearing.

**Sec.**  RCW 35.87A.060 and 1993 c 429 s 5 are each amended to read as follows:

Whenever a hearing is held under this chapter, the legislative authority shall hear all protests and receive evidence for or against the proposed action. The legislative authority may continue the hearing from time to time. Proceedings shall terminate if protest is made by businesses and residential operators in the proposed ((~~area which~~)) district that would ((~~pay~~)) be assessed a majority of the proposed special assessments.

**Sec.**  RCW 35.87A.070 and 1971 ex.s. c 45 s 7 are each amended to read as follows:

If the legislative authority decides to change the boundaries of the proposed ((~~area~~)) district, the hearing shall be continued to a time at least fifteen days after such decision and notice shall be given as prescribed in RCW 35.87A.050, showing the proposed boundary amendments((~~, but no resolution of intention is required~~)).

**Sec.**  RCW 35.87A.075 and 2002 c 69 s 1 are each amended to read as follows:

(1) The legislative authority may modify the boundaries of a ((~~parking and~~)) business improvement ((~~area~~)) district by ordinance, adopted after a hearing before the legislative authority. The legislative authority may modify ((~~an area~~)) a district either by expanding or reducing the existing boundaries. ((~~If the modification to the boundaries is to expand existing boundaries, the expansion area must be adjacent to an existing boundary.~~)) A modification to an existing boundary may occur no more than once per year and may not affect ((~~an area~~)) a district with a projected assessment ((~~fee~~)) greater than ten percent of the current assessment ((~~role~~)) roll for the existing ((~~area~~)) district. If the modification of ((~~an area~~)) a district results in the boundary being expanded, the assessments for the new ((~~area~~)) district shall be established pursuant to RCW 35.87A.080 and 35.87A.090 and any other applicable provision of this chapter.

(2) The legislative authority shall adopt a resolution of intention to modify the boundaries of ((~~an area~~)) a district at least fifteen days prior to the hearing required in subsection (1) of this section. The resolution shall specify the proposed modification and shall give the time and place of the hearing. Notice of the hearing shall be made in accordance with RCW 35.87A.050.

**Sec.**  RCW 35.87A.080 and 1993 c 429 s 6 are each amended to read as follows:

For purposes of the special assessments to be imposed pursuant to this chapter, the legislative authority may make a reasonable classification of businesses and multifamily residential or mixed-use projects, giving consideration to various factors such as business and occupation taxes imposed, square footage of the business, number of employees, gross sales, or any other reasonable factor relating to the benefit received, including the degree of benefit received from parking. Whenever it is proposed that a ((~~parking and~~)) business improvement ((~~area~~)) district provide more than one of the purposes listed in RCW 35.87A.010, special assessments may be imposed in a manner that measures benefit from each of the separate purposes, or any combination of the separate purposes. Special assessments shall be imposed and collected annually, or on another basis specified in the ordinance establishing the ((~~parking and~~)) business improvement ((~~area~~)) district.

**Sec.**  RCW 35.87A.090 and 1993 c 429 s 7 are each amended to read as follows:

The special assessments need not be imposed on different classes of business and multifamily residential or mixed-use projects, as determined pursuant to RCW 35.87A.080, on the same basis or the same rate. The special assessments imposed for the purpose of the acquisition, construction or maintenance of parking facilities for the benefit of the ((~~area~~)) district shall be imposed on the basis of benefit determined by the legislative authority after giving consideration to the total cost to be recovered from the businesses and multifamily residential or mixed-use projects upon which the special assessment is to be imposed, the total area within the boundaries of the ((~~parking and~~)) business improvement ((~~area~~)) district, the assessed value of the land and improvements within the ((~~area~~)) district, the total business volume generated within the ((~~area~~)) district and within each business, and such other factors as the legislative authority may find and determine to be a reasonable measure of such benefit.

**Sec.**  RCW 35.87A.100 and 1993 c 429 s 8 are each amended to read as follows:

If the legislative authority, following the hearing, decides to establish the proposed ((~~area~~)) district, it shall adopt an ordinance to that effect. This ordinance shall contain the following information:

(1) The number, date and title of the resolution of intention pursuant to which it was adopted;

(2) The time and place the hearing was held concerning the formation of such ((~~area~~)) a district;

(3) The description of the boundaries of such ((~~area~~)) a district;

(4) A statement that the businesses and multifamily residential or mixed-use projects in the ((~~area~~)) district established by the ordinance shall be subject to the provisions of the special assessments authorized by RCW 35.87A.010;

(5) The initial or additional rate or levy of special assessment to be imposed with a breakdown by classification of business and multifamily residential or mixed-use project, if such classification is used; ((~~and~~))

(6) A statement that a ((~~parking and~~)) business improvement ((~~area~~)) district has been established((~~.~~)); and

(7) The uses to which the special assessment revenue shall be put. Uses shall conform to the uses as declared in the initiation petition or resolution presented pursuant to RCW 35.87A.030.

**Sec.**  RCW 35.87A.110 and 1971 ex.s. c 45 s 11 are each amended to read as follows:

The legislative authority of each city or town or county shall have sole discretion as to how the revenue derived from the special assessments is to be used within the scope of the purposes; however, the legislative authority may appoint existing advisory boards or commissions to make recommendations as to its use, or the legislative authority may create a new advisory board or commission for the purpose.

The legislative authority may contract with a chamber of commerce or other similar ((~~business association~~)) organization operating primarily within the boundaries of the legislative authority to administer the operation of a ((~~parking and~~)) business improvement ((~~area~~)) district, including any funds derived pursuant thereto: PROVIDED, That such administration must comply with all applicable provisions of law including this chapter, with all county, city, or town resolutions and ordinances, and with all regulations lawfully imposed by the state auditor or other state agencies.

**Sec.**  RCW 35.87A.140 and 1993 c 429 s 9 are each amended to read as follows:

Changes may be made in the rate or additional rate of special assessment as specified in the ordinance establishing the ((~~area~~)) district, by ordinance adopted after a hearing before the legislative authority.

The legislative authority shall adopt a resolution of intention to change the rate or additional rate of special assessment at least fifteen days prior to the hearing required by this section. This resolution shall specify the proposed change and shall give the time and place of the hearing. Proceedings to change the rate or impose an additional rate of special assessments shall terminate if protest is made by businesses ((~~or multifamily residential or mixed-use projects~~)) and residential operators in the proposed ((~~area which~~)) district that would ((~~pay~~)) be assessed a majority of the proposed increase or additional special assessments.

**Sec.**  RCW 35.87A.160 and 1971 ex.s. c 45 s 16 are each amended to read as follows:

All provisions of this chapter applicable to establishment or disestablishment of ((~~an area~~)) a district also apply to the establishment, modification, or disestablishment of benefit zones pursuant to RCW 35.87A.150. The establishment or the modification of any such zone shall follow the same procedure as provided for the establishment of a ((~~parking and~~)) business improvement ((~~area~~)) district and the disestablishment shall follow the same procedure as provided for disestablishment of ((~~an area~~)) a district.

**Sec.**  RCW 35.87A.170 and 1993 c 429 s 10 are each amended to read as follows:

Businesses or multifamily residential or mixed-use projects established after the creation of ((~~an area~~)) a district within the ((~~area~~)) district may be exempted from the special assessments imposed pursuant to this chapter for a period not exceeding one year from the date they commenced business in the ((~~area~~)) district.

**Sec.**  RCW 35.87A.180 and 1971 ex.s. c 45 s 18 are each amended to read as follows:

The legislative authority may disestablish ((~~an area~~)) a district by ordinance after a hearing before the legislative authority. The legislative authority shall adopt a resolution of intention to disestablish the ((~~area~~)) district at least fifteen days prior to the hearing required by this section. The resolution shall give the time and place of the hearing.

**Sec.**  RCW 35.87A.190 and 1971 ex.s. c 45 s 19 are each amended to read as follows:

Upon disestablishment of ((~~an area~~)) a district, any proceeds of the special assessments, or assets acquired with such proceeds, or liabilities incurred as a result of the formation of such ((~~area~~)) district, shall be subject to disposition as the legislative authority shall determine: PROVIDED, HOWEVER, Any liabilities, either current or future, incurred as a result of action taken to accomplish the purposes of RCW 35.87A.010 shall not be an obligation of the general fund or any special fund of the city or town, but such liabilities shall be provided for entirely from available revenue generated from the projects or facilities authorized by RCW 35.87A.010 or from special assessments on the property specially benefited within the ((~~area~~)) district.

**Sec.**  RCW 35.87A.200 and 1971 ex.s. c 45 s 20 are each amended to read as follows:

Any city or town or county authorized by this chapter to establish a ((~~parking~~)) business improvement ((~~area~~)) district shall ((~~call for competitive bids by appropriate public notice and award contracts, whenever the estimated cost of such work or improvement, including cost of materials, supplies and equipment, exceeds the sum of two thousand five hundred dollars~~)) require the district to follow its competitive bidding requirements.

**Sec.**  RCW 35.87A.220 and 1971 ex.s. c 45 s 22 are each amended to read as follows:

This chapter providing for ((~~parking and~~)) business improvement ((~~areas~~)) districts shall not be deemed or construed to affect any existing act, or any part thereof, relating to special assessments or other powers of counties, cities and towns, but shall be supplemental thereto and concurrent therewith.

The purposes and functions of ((~~parking and~~)) business improvement ((~~areas~~)) districts as set forth by the provisions of this chapter may be accomplished in part by the establishment of ((~~an area~~)) a district pursuant to this chapter and in part by any other method otherwise provided by law, including provisions for local improvements.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1)RCW 35.87A.040 (Resolution of intention to establish—Contents—Hearing) and 1971 ex.s. c 45 s 4; and

(2)RCW 35.87A.210 (Computing cost of improvement for bid requirement) and 1971 ex.s. c 45 s 21.

**--- END ---**