
HOUSE BILL 1014

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Roland, Wood, Zellinsky, Ferguson, Haugen, Horn, Basich, Winsley, Nealey and Wynne.

Read first time January 14, 1991. Referred to Committee on Local Government.

1 AN ACT Relating to local improvement districts; adding a new
2 section to chapter 39.46 RCW; and adding a new chapter to Title 39 RCW.

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

4 NEW SECTION. **Sec. 1.** The purpose of this chapter and section
5 53 of this act is to provide an optional set of laws that clarify,
6 simplify, and make uniform the procedures by which local governments
7 may create local improvement districts, impose and collect special
8 assessments, and issue and sell local improvement district bonds. The
9 authorities included in this chapter and section 53 of this act are
10 supplementary and in addition to any authorities otherwise existing.
11 A local government may not use any of the authorities included in this
12 chapter and section 53 of this act without conforming with the entire
13 chapter and section 53 of this act and any limitations and restrictions
14 included in this chapter and section 53 of this act.

1 NEW SECTION. **Sec. 2.** Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout this
3 chapter and section 53 of this act.

4 (1) "City" means a city or town.

5 (2) "Governing body" means the council, commission, or other
6 legislative authority of a local government.

7 (3) "Local government" means a county, city, port district, public
8 utility district, sewer district, water district, irrigation district,
9 or other municipal corporation or quasi-municipal corporation otherwise
10 authorized by statute to create local improvement districts.

11 (4) "Local improvement district" means a device or mechanism
12 created by a local government where a geographic area is designated in
13 which public improvements are located or proposed to be located,
14 together with the real property that is specially benefited by its
15 proximity to the public improvements, and the damages or costs of the
16 construction, acquisition, maintenance, enlargement, extension, or
17 operation of the public improvements, and related costs, are to be
18 defrayed wholly or in part by the imposition of special assessments on
19 the benefited real property. Local improvement districts include local
20 utility districts created by public utility districts and road
21 improvement districts created by counties.

22 (5) "Local improvement district bonds" means bonds, notes, or other
23 evidences of indebtedness issued and sold by a local government that
24 provide moneys needed to pay for all or part of the public improvements
25 financed through a local improvement district, which bonds, notes, or
26 other evidences of indebtedness are not general indebtedness of the
27 local government but are special indebtedness of the local government,
28 and which bonds, notes, or other evidences of indebtedness are payable
29 exclusively from special assessments imposed within the local

1 improvement district, from reserve funds that may be created, and from
2 a guaranty fund that may be created.

3 (6) "Public improvements" means the public facilities, utilities,
4 equipment, or utility services that a local government is authorized to
5 finance through the creation of a local improvement district.

6 (7) "Resolution" means the method by which a governing body takes
7 formal action and adopts legislative provisions and matters of some
8 permanency, including ordinances and resolutions.

9 (8) "Special assessment" means an extraction or charge imposed upon
10 real property within a local improvement district that is specially
11 benefited, or will be specially benefited, from the public improvements
12 financed in whole or in part by the local improvement district.

13 (9) "Utility local improvement district" means a type of local
14 improvement district used to construct utility public improvements
15 where both special assessments and a portion of the utility rates,
16 charges, or fees imposed on the use or availability of the utility are
17 earmarked to retire revenue bonds, instead of local improvement
18 district bonds, issued to finance all or part of the utility public
19 improvements.

20 NEW SECTION. **Sec. 3.** Any local government otherwise
21 authorized to create local improvement districts may create local
22 improvement districts, impose and collect special assessments related
23 to the local improvement districts, and issue and sell local
24 improvement district bonds, or revenue bonds if utility local
25 improvement districts are created, as provided in this chapter and
26 section 53 of this act. A local government only may create a local
27 improvement district to finance those public improvements that the
28 local government is authorized by other law to provide and finance
29 through the establishment of local improvement districts.

1 NEW SECTION. **Sec. 4.** A local improvement district may be
2 initiated upon either: (1) The local government governing body
3 adopting a resolution of intention to create the local improvement
4 district; or (2) the filing of a petition requesting the local
5 improvement district, which petition is signed by the owners of at
6 least a majority of the acreage within the proposed local improvement
7 district. Such a resolution of intention or petition both shall
8 describe the proposed boundaries of the local improvement district and
9 the general nature and extent of the proposed public improvements in
10 detail sufficient to apprise the reader of the type of public
11 improvements proposed to be made, although other public improvements
12 may be financed by the local improvement district that are not
13 expressly described if these other public improvements are directly
14 incidental to the described public improvements.

15 A resolution of intention shall also designate the number of the
16 proposed local improvement district, shall state the initial estimated
17 cost of the public improvements and the proposed proportionate amount
18 thereof that will be borne by special assessments imposed upon real
19 property within the local improvement district, and shall fix a date,
20 time, and place for a public hearing on the formation of the proposed
21 local improvement district. Unless an emergency exists, the date for
22 the public hearing shall be at least thirty days and no more than
23 ninety days from the date when the resolution of intention is adopted.

24 Petitions shall be filed with the governing body of the local
25 government that is requested to create the local improvement district,
26 or the clerk, secretary, or other person designated by the governing
27 body to accept such petitions. The governing body shall determine the
28 sufficiency of the signatures, which shall be conclusive upon all
29 persons. No person may withdraw his or her name from a petition after
30 it has been filed. If the governing body determines the petitions to

1 be sufficient, and that the proposed local improvement district appears
2 to be in the public interest and the financing of the public
3 improvement is feasible, it shall adopt a resolution of intention to
4 create the local improvement district, setting forth all of the details
5 required to be included when a resolution of intention is initiated by
6 the governing body.

7 NEW SECTION. **Sec. 5.** Notice of the public hearing shall be
8 published in at least two consecutive issues of a newspaper of general
9 circulation in the proposed local improvement district, the date of the
10 first publication to be at least fifteen days prior to the date fixed
11 for the public hearing by the resolution of intention. Notice of the
12 public hearing also shall be given to the owner or reputed owner of any
13 lot, tract, or parcel of real property within the proposed local
14 improvement district by mailing the notice at least fifteen days before
15 the date fixed for the public hearing to the owner or reputed owner of
16 the real property as shown on the tax rolls of the county assessor at
17 the address shown thereon. Whenever such notices are mailed, the local
18 government shall maintain a list of these property owners or reputed
19 property owners and their addresses, which list shall be made available
20 for public perusal. Notice of the public hearing also shall be posted
21 in at least three conspicuous places in or around the proposed local
22 improvement district.

23 Published and mailed notices of the public hearing shall: (1)
24 Indicate whether the proposed local improvement district was initiated
25 by petition or resolution; (2) designate the proposed local improvement
26 district by number; (3) set forth the general nature of the proposed
27 public improvements in the same detail as required in section 4 of this
28 act, the initial estimated cost of the public improvements, and the
29 proportion of total cost thereof proposed to be borne by special

1 assessments imposed upon real property within the proposed local
2 improvement district; (4) indicate the date, time, and place of the
3 public hearing designated in the resolution of intention; (5) describe
4 the process by which a local improvement district is created, the final
5 assessment roll is confirmed, and special assessments or installments
6 paid, including: (a) The process provided in section 8 of this act, if
7 the local improvement district is initiated by resolution, by which
8 property owners may file written objections and cause the local
9 government to lose the authority to proceed with the creation of the
10 proposed local improvement district; and (b) the extraordinary process
11 provided in section 8 of this act, if the public improvement is
12 sanitary sewers, water mains, or fire hydrants, by which an emergency
13 can be declared and the local government can proceed with creating the
14 local improvement district notwithstanding the timely filing of
15 sufficient objections; (6) indicate that the purpose of this public
16 hearing is to solicit comments from affected persons on the
17 desirability of the proposed local improvement district, the estimated
18 cost of the public improvements, and the proportion of the estimated
19 cost to be borne by special assessments imposed upon real property
20 within the proposed local improvement district, but that it is not the
21 forum at which the level of special assessments on separate lots,
22 tracts, or parcels of real property will be considered; and (7) provide
23 the times and location where the names of property owners are kept on
24 file for public perusal. Posted notices need only include (1) through
25 (4) and (6) of this section, but also shall include a vicinity sketch
26 or map representation of the boundaries of the proposed local
27 improvement district.

28 In the case of the notice sent to each owner or reputed owner by
29 mail, the notice shall set forth the initial estimated amount of the
30 cost of the public improvements to be borne by special assessment on

1 the lot, tract, or parcel of real property owned by the owner or
2 reputed owner.

3 If the local government is a county or city that has designated a
4 committee of the governing body or an officer to hear complaints and
5 make recommendations to the full governing body, as provided in section
6 9 of this act, the notice also shall describe this additional step
7 before the full governing body may adopt a resolution creating the
8 local improvement district.

9 NEW SECTION. **Sec. 6.** The governing body of the local
10 government shall hold a public hearing on the proposed local
11 improvement district at the date, time, and place designated in the
12 resolution of intention. The purpose of this public hearing is to
13 solicit comments on the proposed local improvement district, the
14 estimated cost of the public improvements, and the proportion of the
15 cost to be borne by special assessments imposed upon real property
16 within the proposed local improvement district, but not concerning the
17 amount of initial estimated special assessments on separate lots,
18 tracts, or parcels of real property.

19 At this public hearing the governing body shall hear objections
20 from any person affected by the formation of the proposed local
21 improvement district. The public hearing may be extended to other
22 times and dates declared at the public hearing. The governing body may
23 make such changes in the boundaries of the local improvement district
24 or such modification in plans for the proposed public improvements as
25 it deems necessary.

26 An amended resolution of intention must be passed, new notice to
27 real property owners given in the manner and form and within the time
28 provided for the original notice, and a new public hearing must be held
29 if the governing body: (1) Alters the general nature of the proposed

1 public improvements; (2) alters the plans for the proposed public
2 improvements; (3) increases the initial estimated cost of the proposed
3 public improvements to an amount greater than one hundred twenty-five
4 percent of the initial estimated cost; or (4) alters the boundaries of
5 the proposed boundaries to include property that was not previously
6 included.

7 NEW SECTION. **Sec. 7.** After the public hearing, the governing
8 body of the local government may adopt a resolution ordering the public
9 improvements and creating the local improvement district if the
10 governing body finds that it is in the public interest to proceed with
11 the creation of the local improvement district and the financing of the
12 public improvements is feasible. The creation of the local improvement
13 district shall not be effective until at least forty-five days after
14 the adoption of this resolution. The resolution shall describe the
15 boundaries of the local improvement district and the general nature of
16 the public improvements in the same detail as is required in section 4
17 of this act, and shall state the estimated cost of the public
18 improvements and the estimated cost of the public improvements to be
19 borne by special assessments imposed upon real property within the
20 proposed local improvement district. Within fifteen days of the
21 adoption of this resolution ordering the public improvements and
22 creating the local improvement district, the local government shall
23 cause to be filed with the officer authorized to collect the special
24 assessments: (1) The title of the public improvement; (2) the number
25 of the local improvement district; (3) a copy of the diagram or print
26 showing the boundaries of the local improvement district; and (4) the
27 preliminary assessment roll or abstract of the local improvement
28 district showing: (a) Each lot, tract, or parcel of real property
29 within the proposed local improvement district that will be specially

1 benefited by the public improvements; (b) the names and mailing
2 addresses of the owner or reputed owners of each lot, tract, or parcel
3 of real property; and (c) the estimated special assessment proposed to
4 be borne by each lot, tract, or parcel of real property.

5 The governing body shall publish a notice that it has adopted a
6 resolution creating a local improvement district within ten days of the
7 date that the resolution was adopted. The notice shall be published in
8 a newspaper of general circulation in the local improvement district.
9 This notice shall include a description of the process provided in
10 section 8 of this act for the owners of sufficient real property within
11 the proposed local improvement district to file written objections to
12 the proposed local improvement district and cause the local government
13 to lose the authority to proceed with the local improvement district.
14 If the public improvements are sanitary sewers, water mains, or fire
15 hydrants, the notice also shall describe the extraordinary process
16 provided in section 8 of this act by which an emergency can be declared
17 and the local government can proceed with creating the local
18 improvement district notwithstanding the timely filing of sufficient
19 objections.

20 After the local improvement district is created, the governing body
21 shall acquire all necessary real property for the public improvements,
22 proceed with the work, and pay all damages caused by the improvements.

23 NEW SECTION. **Sec. 8.** A proposed local improvement district
24 initiated by resolution shall not be created if written objections to
25 its formation are filed with the governing body of the local government
26 within a thirty-day period after the adoption of the resolution
27 creating the local improvement district, which objections are signed by
28 the owners of lots, tracts, or parcels of real property within the
29 proposed local improvement district that are subject to at least a

1 majority of the total proposed special assessments as provided in the
2 preliminary assessment roll or abstract.

3 However, the local improvement district may be created by the local
4 government if both:

5 (1) The public improvements are: (a) Sanitary sewers where the
6 local health officer, or the department of ecology, files with the
7 governing body a report showing the necessity for the sanitary sewers;
8 or (b) water mains where the local health officer, or the department of
9 social and health services, files with the governing body a report
10 showing the necessity for the water main; or (c) fire hydrants where
11 the chief of the fire department or fire district within which the fire
12 hydrants will be located files with the governing body a report showing
13 the necessity for the fire hydrants; and

14 (2) A resolution is adopted declaring an emergency and finding the
15 public improvements to be necessary for the protection of the public
16 health and safety as follows: (a) If the proposed local improvement
17 district is located within a city, the city council adopts the
18 resolution; (b) if the proposed local improvement district is located
19 in the unincorporated area of a county, the county legislative
20 authority adopts the resolution; or (c) if the proposed local
21 improvement district is located both within an incorporated city and
22 the unincorporated area of a county, both the county legislative
23 authority and city council adopt such resolutions. Such a resolution
24 must be adopted by unanimous vote of all the members present, which
25 must be at least a quorum of the entire governing body. This
26 requirement for action by a city council or county legislative
27 authority applies even if the local government creating the local
28 improvement district is a local government other than a city or county.

1 NEW SECTION. **Sec. 9.** The governing body of a city with a
2 population of fifteen thousand or more and the governing body of any
3 county may adopt an ordinance providing for a committee of the
4 governing body, or an officer, to hold public hearings on the proposed
5 formation of a local improvement district and hear objections to the
6 proposed formation as provided in section 6 of this act. The committee
7 or officer shall make a recommendation to the full governing body,
8 which need not hold a public hearing on the proposed creation of the
9 local improvement district. The full governing body by resolution may
10 approve or disapprove the recommendation. This resolution shall be
11 subject to the conditions provided in sections 7 and 8 of this act.

12 NEW SECTION. **Sec. 10.** Except as provided in section 8 of this
13 act, the action and decision of the governing body to create a local
14 improvement district shall be final and conclusive. No lawsuit may be
15 maintained challenging the jurisdiction or authority of the governing
16 body to proceed with the public improvements and creating the local
17 improvement district or in any way challenging the validity of the
18 actions or decisions or any proceedings relating to the actions or
19 decisions unless the lawsuit is served and filed no later than forty
20 days after publication of a notice that the resolution has been adopted
21 ordering the improvements and creating the local improvement district.
22 Written notice of the appeal shall be filed with the governing body and
23 clerk of the superior court in the county in which the property is
24 situated.

25 NEW SECTION. **Sec. 11.** A local government may create a local
26 improvement study district to finance a study of the feasibility of
27 creating a local improvement district, including the following: (1)
28 Preparation of preliminary plans and designs for the public

1 improvements proposed to be financed by the proposed local improvement
2 district; (2) designation of the proposed boundaries of the proposed
3 local improvement district; (3) estimation of the total cost of the
4 proposed public improvements; (4) estimation of the proportion of the
5 total cost of the proposed public improvements to be borne by special
6 assessments imposed upon real property within the proposed local
7 improvement district; and (5) estimation of the amount of the cost of
8 the proposed public improvements to be allocated to each lot, tract, or
9 parcel of real property in the proposed local improvement district.

10 A local improvement study district may be initiated by petition or
11 resolution in the same manner as a local improvement district is
12 initiated. Except as provided in this section, the procedure to create
13 a local improvement study district, and impose special assessments to
14 finance the study, is the same as for a local improvement district.

15 Consideration of the proposed local improvement study district and
16 the final assessment roll shall be at the same public hearing, which
17 may be continued. At this public hearing the governing body shall
18 address the proposed boundaries of the local improvement study
19 district, the purposes of the local improvement study district, the
20 total amount proposed to be obtained from special assessments to
21 finance the study, and the proposed individual special assessments on
22 each included lot, tract, or parcel of real property to finance the
23 study. Published and posted notices shall describe these subjects, but
24 need not include a list of the proposed individual special assessments
25 to finance the study. Notices mailed to each property owner shall
26 describe these subjects, including the proposed special assessment for
27 the lot, tract, or parcel of real property owned by the property owner.

28 After the public hearing, the governing body may adopt a resolution
29 creating the local improvement study district and confirming the final
30 assessment roll. Unless protests are filed within the thirty-day

1 period after the adoption of the resolution creating the local
2 improvement study district, the local improvement study district shall
3 be created and the authority to impose and collect the special
4 assessments as provided in the final assessment roll shall exist. Any
5 legal challenge to the local improvement study district or the special
6 assessments must be filed within forty days of the adoption of this
7 resolution.

8 The special assessments shall be imposed in the same manner as
9 special assessments in local improvement districts are imposed, except
10 installment payments shall not be allowed.

11 NEW SECTION. **Sec. 12.** Local governments that are authorized to
12 construct utility public improvements that will generate periodic
13 utility rates, utility charges, or utility fees may create a utility
14 local improvement district to finance all or part of the utility public
15 improvements. The initiation and formation of a utility local
16 improvement district and the levying, collecting, and enforcement of
17 special assessments and installments on special assessments shall be in
18 the same manner and subject to the same procedures and limitations as
19 the initiation and formation of local improvement districts and the
20 levying, collecting, and enforcement of special assessments and
21 installments in the local improvement district.

22 It shall be specified in any resolution of intention or petition
23 initiating the formation of a utility local improvement district, and
24 in other resolutions relating to the utility local improvement
25 district, that a utility local improvement district is being formed or
26 is being proposed to be formed and that the special assessments or
27 installments shall be for the sole purpose of payment into such revenue
28 bond fund or funds as may be specified by the governing body for the
29 payment of revenue bonds used to defray the cost of all or part of such

1 public utility improvements or into a special fund or funds to defray
2 the costs of all or part of the utility local improvements. The
3 governing body also shall pledge a portion of the utility rates,
4 utility charges, or utility fees, derived from the utility public
5 improvements proposed to be financed in part by a utility local
6 improvement district, or from the entire utility system of which the
7 utility public improvements are part, to be placed into the revenue
8 bond fund for the payment of revenue bonds used to defray the cost of
9 all or part of such public utility improvements.

10 Revenue bonds shall be issued and sold in accordance with chapter
11 39.46 RCW.

12 NEW SECTION. **Sec. 13.** The governing body of a local government
13 may by resolution convert any then existing local improvement district
14 into a utility local improvement district at any time prior to the
15 adoption of the resolution approving and confirming the final
16 assessment roll of the local improvement district. The resolution
17 converting the local improvement district must conform with all the
18 requirements provided in section 12 of this act for the original
19 creation of a utility local improvement district.

20 NEW SECTION. **Sec. 14.** After the public improvements are
21 completed, the local government shall prepare a proposed final
22 assessment roll which shall include special assessments equalling the
23 proportion of the cost of the public improvements to be borne by the
24 real property within the local improvement district, including any
25 interim finance costs. The proposed final assessment roll shall list:
26 (1) Each separate lot, tract, or parcel of real property in the local
27 improvement district; (2) the name and address of the owner or reputed
28 owner of each lot, tract, or parcel of real property as shown on the

1 tax rolls of the county assessor; and (3) the special assessment
2 proposed to be imposed on each lot, tract, or parcel of real property.
3 A public hearing on the final assessment roll shall be held by the
4 governing body.

5 At the time, date, and place fixed for a public hearing, the
6 governing body shall act as a board of equalization and hear objections
7 to the final assessment roll, and at the times to which the public
8 hearing may be adjourned, the governing body may correct, revise,
9 raise, lower, change, or modify the final assessment roll or any part
10 thereof, or set the proposed final assessment roll aside and order a
11 new proposed roll to be prepared. The issues to be considered at this
12 public hearing include only: (a) Whether the special benefits to a
13 lot, tract, or parcel of real property arising from the public
14 improvements are greater than the special assessments included on the
15 proposed final assessment roll for the lots, tracts, or parcels of real
16 property; and (b) the proportionality of the special assessments among
17 the specially benefited lots, tracts, or parcels of real property. The
18 governing body shall confirm and approve a final assessment roll by
19 adoption of a resolution.

20 If a proposed final assessment roll is amended to raise any special
21 assessment appearing thereon or to include omitted real property, a new
22 public hearing shall be held. The new public hearing shall be limited
23 to considering the increased special assessments or omitted real
24 property. Notices shall be sent to the owners or reputed owners of the
25 affected real property in the same manner and form and within the time
26 provided for the original notice.

27 Objections to a proposed final assessment roll must be made in
28 writing, shall clearly state the grounds for objections, and shall be
29 filed with the governing body prior to the public hearing. Other
30 objections shall not be heard. Objections to a special assessment that

1 are not made as provided in this section shall be deemed waived and
2 shall not be considered by the governing body or a court on appeal
3 unless made in accordance with this section.

4 NEW SECTION. **Sec. 15.** Notice of the original public hearing on
5 the proposed final assessment roll, and any public hearing held as a
6 result of raising assessments or including omitted property, shall be
7 published, posted, and mailed to the owner or reputed owner of the real
8 property as provided in section 5 of this act for the public hearing on
9 the formation of the local improvement district. However, the notice
10 need only state that: (1) A public hearing on the proposed final
11 assessment roll will be held, giving the time, date, and place of the
12 public hearing; (2) the proposed final assessment roll is available for
13 public perusal, giving the times and location where the proposed final
14 assessment roll is available for public perusal; (3) the issues that
15 may be considered at the public hearing are limited to: (a) Whether
16 the special benefits to the lots, tracts, or parcels of real property
17 arising from the public improvements are greater than the special
18 assessments included on the proposed final assessment roll for the
19 lots, tracts, or parcels of real property; and (b) the proportionality
20 of the special assessments among the specially benefited lots, tracts,
21 or parcels of real property; (4) objections to the proposed final
22 special assessment must be in writing, include clear grounds for
23 objections, and must be filed prior to the public hearing; and (5)
24 failure to so object shall be deemed to waive an objection.

25 Notices mailed to the owners or reputed owners additionally shall
26 indicate the amount of special assessment ascribed to the particular
27 lot, tract, or parcel of real property owned by the person so notified.

1 NEW SECTION. **Sec. 16.** The governing body of a city with a
2 population of fifteen thousand or more and the governing body of any
3 county may adopt an ordinance providing for a committee of the
4 governing body, or an officer, to hear objections to the proposed final
5 assessment roll, act as a board of equalization, and make
6 recommendations to the full governing body, which need not hold a
7 public hearing on the proposed final assessment roll. The ordinance
8 shall provide a process by which an appeal may be made in writing to
9 the full governing body by a person protesting his or her special
10 assessment as confirmed by the committee or officer. The full governing
11 body by resolution shall approve the final assessment roll, modify and
12 approve the final assessment roll as a result of hearing objections, or
13 reject the final assessment roll and return it to the committee or
14 officer for further work and recommendations. No objection to the
15 decision of the full governing body approving the final assessment roll
16 may be considered by a court unless an objection to the decision has
17 been filed timely with the governing body as provided in this section.

18 NEW SECTION. **Sec. 17.** The decision of a governing body upon
19 any objection to the final assessment roll may be appealed to the
20 superior court only if the objection had been made timely in the manner
21 prescribed in this chapter. The appeal shall be made within ten days
22 after publication of a notice that the resolution confirming the final
23 assessment roll has been adopted by filing written notice of the appeal
24 with the governing body of the local government and the clerk of the
25 superior court in the county in which the real property is situated.
26 The notice of appeal shall describe the real property and set forth the
27 objections of the appellant to the special assessment. Within ten days
28 from the filing of such notice of appeal with the clerk of the superior
29 court, the appellant shall file with the clerk of the court a

1 transcript consisting of the final assessment roll and his or her
2 objections thereto, together with the resolution confirming such final
3 assessment roll and the record of the local government governing body
4 with reference to the special assessment, which transcript, upon
5 payment of the necessary fees therefor, shall be furnished by an
6 officer of the local government and by him or her certified to contain
7 full, true, and correct copies of all matters and proceedings required
8 to be included in the transcript. Such fees shall be the same as the
9 fees payable to the county clerk for the preparation and certification
10 of transcripts on appeal to the supreme court or the court of appeals
11 in civil actions.

12 At the time of the filing of the notice of appeal with the clerk of
13 the superior court a sufficient bond in the penal sum of two hundred
14 dollars, with sureties thereon as provided by law for appeals in civil
15 cases, shall be filed conditioned to prosecute such appeal without
16 delay, and if unsuccessful, to pay all costs incurred by the local
17 government because of the appeal. The court may order the appellant,
18 upon application therefor, to execute and file such additional bond or
19 bonds as the necessity of the case may require.

20 Within three days after such transcript is filed in the superior
21 court, the appellant shall give written notice to the local government
22 governing body that such transcript is filed. The notice shall state
23 a time, not less than three days from the service thereof, when the
24 appellant will call up the cause for hearing.

25 The superior court shall, at this time or at such further time as
26 may be fixed by order of the court, hear and determine such appeal
27 without a jury, and such cause shall have preference over all civil
28 causes pending in the court, except proceedings under an act relating
29 to eminent domain in such local government and actions of forcible
30 entry and detainer. The judgment of the court shall confirm, correct,

1 modify, or annul the special assessment insofar as the same affects the
2 property of the appellant. A certified copy of the decision of the
3 court shall be filed with the officer having custody of the final
4 assessment roll, and he or she shall modify and correct such final
5 assessment roll in accordance with the decision.

6 An appeal shall lie to the supreme court or the court of appeals
7 from the judgment of the superior court, as in other cases, however,
8 such appeal must be taken within fifteen days after the date of the
9 entry of the judgment of the superior court, and the record and opening
10 brief of the appellant in the cause shall be filed in the supreme court
11 or the court of appeals within sixty days after the appeal is taken by
12 notice as provided in this section. The time for filing the record and
13 serving and filing of briefs may be extended by order of the superior
14 court, or by stipulation of the parties concerned. The supreme court or
15 the court of appeals on such appeal may correct, modify, confirm, or
16 annul the special assessment insofar as the same affects the real
17 property of the appellant. A certified copy of the order of the
18 supreme court or the court of appeals upon such appeal shall be filed
19 with the officer having custody of such final assessment roll, who
20 shall thereupon modify and correct such final assessment roll in
21 accordance with such decision.

22 NEW SECTION. **Sec. 18.** All real property included within a
23 local improvement district shall be considered to be the real property
24 specially benefited by the public improvements and shall be the real
25 property upon which special assessments are imposed to pay the costs of
26 the public improvements, or such part of the costs as may be chargeable
27 against the real property specially benefited. The costs of the public
28 improvements include all related financial, legal, design, engineering,
29 accounting, notice provision, appraisal, increasing or establishing a

1 guaranty fund, providing a separate reserve fund or other security for
2 the payment of principal and interest on bonds, and all other related
3 costs. The special assessments shall be imposed on real property in
4 accordance with the special benefits conferred on the real property up
5 to but not in excess of the total costs and expenses of the public
6 improvements as provided in the final assessment roll.

7 Special assessments may be measured by front footage, acreage, or
8 any other method or combination of methods that are deemed to fairly
9 reflect special benefits. Zones around the public improvements may be
10 used that reflect different levels of benefit in each zone that are
11 measured by a front footage, acreage, or other method.

12 Public property, including property owned by the state of
13 Washington, shall be subject to special assessments to the same extent
14 that private property is subject to the special assessments.

15 NEW SECTION. **Sec. 19.** Special assessments and any installments
16 on special assessments shall be collected by the treasurer of the local
17 government. Any local government with a treasurer other than the
18 county treasurer may contract with the county treasurer, and the county
19 treasurer may contract, for the collection of special assessments, and
20 any installments on special assessments, imposed on real property
21 within the county. The county treasurer may include the collection of
22 installments on special assessments with the collection of property
23 taxes.

24 The treasurer shall publish a notice that the assessment roll has
25 been confirmed, that the special assessments are to be collected, and
26 that all or any portion of the special assessments may be paid, within
27 thirty days from the date of publication of the first notice without
28 penalty, interest, or costs. This notice shall be published in a
29 newspaper of general circulation in the local improvement district.

1 Within ten days of the first newspaper publication, the treasurer
2 shall notify by mail each owner or reputed owner of real property whose
3 name appears on the assessment roll, at the address shown on the
4 assessment roll, for each item of real property described on the list,
5 of the nature of the special assessment, of the amount of the real
6 property subject to the special assessment, of the total amount of the
7 special assessment due, and of the thirty-day period during which the
8 special assessment may be paid without penalty, interest, or costs.

9 NEW SECTION. **Sec. 20.** All or any portion of the special
10 assessments may be paid without interest, penalty, or costs during this
11 thirty-day period and placed into a special fund to defray the costs of
12 the public improvement. The remainder shall be paid in installments as
13 provided in a resolution adopted by the governing body, but the last
14 installment shall be due at least two years before the maximum term of
15 the bonds issued to pay for the public improvements, if bonds are
16 issued. A twenty-day period shall be allowed after the due date of any
17 installment within which no interest, penalty, or costs on the
18 installment may be imposed.

19 The local government shall establish by general resolution an
20 amount of interest that will be imposed on late special assessments or
21 late installments of special assessments. The general resolution shall
22 also specify the penalty, in addition to the interest, that will be
23 imposed on late special assessments or installments which shall not be
24 less than five percent of the delinquent special assessment or
25 installment.

26 The owner of any lot, tract, or parcel of real property charged
27 with special assessments may redeem it from all liability for the
28 unpaid amount of the installments by paying, to the treasurer, the
29 remaining portion of the installments that is attributable to principal

1 on the local improvement district or revenue bonds, or the remaining
2 amount of the special assessment if bonds are not issued.

3 NEW SECTION. **Sec. 21.** The final assessment roll shall be filed
4 with the treasurer who shall immediately post the final assessment roll
5 upon his or her index of local improvement special assessments against
6 the real properties affected by the public improvements.

7 NEW SECTION. **Sec. 22.** The special assessment imposed upon the
8 respective lots, tracts, or parcels of real property in the final
9 assessment roll confirmed by resolution of the governing body for the
10 purpose of paying the cost in whole or in part of any public
11 improvements shall be a lien upon the real property assessed from the
12 time the final assessment roll is placed in the hands of the treasurer
13 for collection, but as between the grantor and grantee, or vendor and
14 vendee of any real property, when there is no express agreement as to
15 payment of the special assessments against the real property, the lien
16 of such special assessment shall attach thirty days after the filing of
17 the diagram or print and the estimated cost of such public improvements
18 to be borne by each lot, tract, or parcel of real property as provided
19 in section 7 of this act. Interest, penalty, and costs shall be
20 included in and shall be a part of the special assessment lien.

21 The special assessment lien shall be paramount and superior to any
22 other lien or encumbrance theretofore or thereafter created except a
23 lien for general taxes.

24 NEW SECTION. **Sec. 23.** Special assessments shall be valid and
25 enforceable as such and the lien thereof on the real property assessed
26 shall be valid if the governing body of the local government in making
27 the special assessments acted in good faith and without fraud.

1 NEW SECTION. **Sec. 24.** Whenever special assessments for a local
2 improvement district are not valid in whole or in part for want of
3 form, insufficiency, informality, irregularity, or nonconformance with
4 the provisions of law, the governing body may reassess the special
5 assessments and enforce their collection in accordance with the
6 provisions of law in effect at the time the reassessment is made. The
7 authority to reassess shall apply to original special assessments,
8 special assessments upon omitted real property, and supplemental
9 special assessments.

10 The resolution ordering the reassessment must be adopted within ten
11 years from the time the original special assessments for the same
12 public improvements were finally held to be invalid or insufficient or
13 for any cause set aside, in whole or in part, or their enforcement
14 directly or indirectly denied by the courts.

15 The fact that the contract has been let or that the improvement has
16 been made and completed in whole or in part shall not prevent the
17 reassessment from being made.

18 All sums paid on the former attempted special assessments shall be
19 credited to the real property on account of which they were paid.

20 NEW SECTION. **Sec. 25.** If by reason of mistake or inadvertence
21 or for any cause real property in a local improvement district which
22 except for its omission would have been subject to special assessment
23 has been omitted from the assessment roll, the governing body, upon its
24 own motion, or upon the application of the owner of any real property
25 in the local improvement district which has been assessed for the
26 public improvements, may proceed to assess the real property so omitted
27 in accordance with the special benefits accruing to it by reason of the
28 public improvements in proportion to the special assessments levied
29 upon other real property in the local improvement district.

1 NEW SECTION. **Sec. 26.** If by reason of mistake or inadvertence
2 or for any other cause the amount assessed was not equal to that
3 portion of the costs of the public improvements determined at the time
4 of the creation of the local improvement district to be payable from
5 special assessments, the governing body shall make supplemental special
6 assessments on all the real property in the local improvement district.

7 The resolution ordering supplemental special assessments must be
8 adopted by the governing body within ten years from the time that it
9 was finally determined that the total amount of valid special
10 assessments levied and assessed on account of the public improvements
11 was insufficient to pay the whole or that portion of the cost thereof
12 to be paid by special assessment.

13 NEW SECTION. **Sec. 27.** Every reassessment, special assessment
14 on omitted real property, and supplemental special assessment shall be
15 made upon the real property which has been or will be specially
16 benefited by the public improvements financed in whole or in part by
17 the local improvement district, as provided in section 18 of this act.

18 All of the provisions of law relating to the filing of assessment
19 rolls, time and place for hearing thereon, notice of hearing, the
20 hearing upon the roll, the confirmation of the assessment roll, the
21 time when the special assessments become a lien upon the real property
22 assessed, the proceedings on appeal from any such special assessments,
23 the method of collecting the special assessments, and all proceedings
24 for enforcing the lien thereof shall be had and conducted the same in
25 the case of reassessments, special assessments on omitted real
26 property, or supplemental special assessments as in the case of
27 original special assessments.

1 NEW SECTION. **Sec. 28.** Whenever any real property against which
2 there has been levied any special assessment by any local government
3 has been sold in part, subdivided, or short subdivided, the governing
4 body of the local government may order a segregation of the special
5 assessment. If an installment has been made, the segregation shall
6 apportion the remaining installments on the parts or lots, tracts, or
7 parcels of real property created.

8 Any person desiring to have such a special assessment against a
9 lot, tract, or parcel of real property segregated to apply to smaller
10 parts thereof shall apply to the governing body of the local government
11 which levied the special assessment. If the governing body determines
12 that a segregation should be made, it shall by resolution order the
13 local government treasurer to segregate the special assessment on the
14 original assessment roll as directed in the resolution. The
15 segregation shall be made as nearly as possible on the same basis as
16 the original special assessment was levied, and the total of the
17 segregated parts of the special assessment shall equal the amount of
18 the special assessment unpaid before segregation. The resolution shall
19 describe the original tract and the amount and date of the original
20 special assessment and shall define the boundaries of the divided parts
21 and the amount of the special assessment chargeable to each part. A
22 certified copy of the resolution shall be delivered to the treasurer
23 who shall proceed to segregate the special assessment upon being
24 tendered a fee of five dollars for each tract of land for which a
25 segregation is to be made. In addition to such charge the governing
26 body may require as a condition to the order of segregation that the
27 person seeking it pay the local government the reasonable engineering
28 and clerical costs incident to making the segregation.

1 NEW SECTION. **Sec. 29.** If two years' worth of installments on
2 a special assessment are delinquent on the first day of January in any
3 year, or if the final installment thereof has been delinquent for more
4 than one year, the local government shall proceed with the foreclosure
5 of the delinquent special assessment or delinquent installment or
6 installments thereof by proceedings brought in its own name in the
7 superior court of the county in which the property subject to such
8 special assessment is located.

9 The proceedings shall be commenced on or before March 1st of that
10 year or on or before such other date in such year as may be fixed by
11 general resolution, but not before the treasurer has notified by
12 certified mail thirty days before the commencement of the proceedings
13 the persons whose names appear on the final assessment roll as owners
14 of the real property charged with the special assessment or
15 installments which are delinquent, at the address last known to the
16 treasurer. If the person whose name appears on the tax rolls of the
17 county assessor as owner of the real property, or the address shown for
18 the owner, differs from that appearing on the final assessment roll,
19 then the treasurer shall also mail a copy of the notice to that person
20 or that address.

21 The notice shall state the amount due upon each separate lot,
22 tract, or parcel of real property and the date after which the
23 proceedings will be commenced. The treasurer shall file with the clerk
24 of the superior court at the time of commencement of the foreclosure
25 proceeding the affidavit of the person who mailed the notices. This
26 affidavit shall be conclusive proof of compliance with the requirements
27 of this section.

28 NEW SECTION. **Sec. 30.** An action to collect a special
29 assessment or any installment or installments thereof or to enforce the

1 lien thereof whether brought by the local government or by any person
2 having the right to bring such action must be commenced within ten
3 years after the special assessment becomes delinquent or within ten
4 years after the last installment becomes delinquent if the assessment
5 is payable in installments: PROVIDED, That the time during which
6 payment of principal in special assessments imposed by cities is
7 deferred as to economically disadvantaged property owners as provided
8 in RCW 35.50.030 shall not be a part of the time limited for the
9 commencement of action.

10 NEW SECTION. **Sec. 31.** When a special assessment is payable in
11 installments, the enforcement of the lien of any installment shall not
12 prevent the enforcement of the lien of any subsequent installments.

13 A local government may provide by general resolution that upon
14 failure to pay any installment due the entire special assessment shall
15 become due and payable and the collection thereof enforced by
16 foreclosure: PROVIDED, That the payment of all delinquent installments
17 together with interest, penalty, and costs at any time before entry of
18 judgment in foreclosure shall extend the time of payment on the
19 remainder of the special assessment as if there had been no delinquency
20 or foreclosure. When foreclosure of two or more installments of the
21 same special assessment on any lot, tract, or parcel of real property
22 is sought, the treasurer shall cause such lot, tract, or parcel of real
23 property to be dismissed from the action if at least one year's worth
24 of installments first delinquent together with interest, penalty, and
25 costs are paid at any time before sale.

26 NEW SECTION. **Sec. 32.** In foreclosing special assessment liens,
27 a local government shall proceed by filing a complaint in the superior
28 court of the county in which the real property subject to the special

1 assessment is located. It shall be sufficient to allege in the
2 complaint: (1) The passage of the resolution authorizing the public
3 improvements; (2) the making of the public improvements; (3) the
4 levying of the special assessments; (4) the confirmation thereof; (5)
5 the date of delinquency of the special assessment, or the installment
6 or installments of the special assessment, for the enforcement of which
7 the action is brought; and (6) that they have not been paid prior to
8 delinquency or at all.

9 NEW SECTION. **Sec. 33.** In foreclosing special assessments, the
10 summons shall be substantially in the following form:

11 SUPERIOR COURT OF WASHINGTON
12 FOR [.....] COUNTY
13, }
14 PLAINTIFF, } No.
15 v. }
16, } SUMMONS FOR FORECLOSURE
17 } OF SPECIAL
18 DEFENDANT. } ASSESSMENT LIEN

19 To the Defendant: A lawsuit has been started against you in the
20 above entitled court by, plaintiff. Plaintiff's claim is
21 stated in the written complaint, a copy of which is served upon you
22 with this summons. The purpose of this suit is to foreclose on your
23 interest in the following described real property:

24 [legal description]

25 which is located at:

26 [street address]

1 In order to defend against this lawsuit, you must respond to the
2 complaint by stating your defense in writing, and by serving a copy
3 upon the person signing this summons within 20 days after the service
4 of this summons, excluding the day of service, or a default judgment
5 may be entered against you without notice. A default judgment is one
6 where plaintiff is entitled to what he asks for because you have not
7 responded. If you serve a notice of appearance on the undersigned
8 person, you are entitled to notice before a default judgment may be
9 entered.

10 IMPORTANT NOTICE

11 If judgment is taken against you, either by default or after
12 hearing by the court, your real property will be sold at public
13 auction.

14 You may prevent the sale by paying the amount of the judgment at
15 any time prior to the sale.

16 If your real property is sold, you may redeem the real property at
17 any time up to two years after the date of the sale, by paying the
18 amount for which the real property was sold, plus interest and costs of
19 the sale.

20 If you wish to seek the advice of an attorney in this matter, you
21 should do so promptly so that your written response, if any, may be
22 served on time.

23 [signed].....
24

25 Print or Type Name

26 () Plaintiff () Plaintiff's

27 Attorney

28 P.O. Address

1 Dated Telephone Number

2 NEW SECTION. **Sec. 34.** In foreclosing special assessment liens,
3 it is not necessary to bring a separate suit for each of the lots,
4 tracts, or parcels of real property or for each separate local
5 improvement district. All or any of the lots, tracts, or parcels of
6 real property upon which special assessments are delinquent under any
7 and all final assessment rolls in the local government may be proceeded
8 against in the same action. For all lots, tracts, or parcels of real
9 property which contain a residential structure with an assessed value
10 of at least two thousand dollars, all persons owning or claiming to own
11 the real property shall be made defendants thereto. For all other
12 lots, tracts, or parcels of real property, the persons whose names
13 appear on the final assessment roll and assessor's tax rolls as owners
14 of the real property charged with the special assessments or taxes
15 shall be made defendants thereto.

16 NEW SECTION. **Sec. 35.** In foreclosing special assessment liens,
17 the final assessment roll and the resolution confirming it, or duly
18 authenticated copies thereof, shall be prima facie evidence of the
19 regularity and legality of the proceedings connected therewith and the
20 burden of proof shall be on the defendants.

21 NEW SECTION. **Sec. 36.** In foreclosing special assessments, if
22 the lot, tract, or parcel of real property contains a residential
23 structure with an assessed value of at least two thousand dollars, the
24 summons shall be served upon the defendants in the manner required by
25 RCW 4.28.080. For all other lots, tracts, or parcels of real property
26 the summons shall be served by either personal service on the
27 defendants or by certified mail.

1 NEW SECTION. **Sec. 37.** In foreclosing special assessments the
2 action shall be tried to the court without a jury. If the parties
3 interested in any particular lot, tract, or parcel of real property
4 default, the court may enter judgment of foreclosure and sale as to
5 such parties and lots, tracts, or parcels of real property and the
6 action may proceed as to the remaining defendants and lots, tracts, or
7 parcels of real property. Judgment and order of sale may be entered as
8 to any one or more separate lots, tracts, or parcels of real property
9 involved in the action and the court shall retain jurisdiction to
10 others.

11 The judgment shall specify separately the amount of the special
12 assessment or installments with interest, penalty, and all reasonable
13 costs of the sale, including the title searches, chargeable to each
14 lot, tract, or parcel of real property. The judgment shall have the
15 effect of a separate judgment as to each lot, tract, or parcel of real
16 property described in the judgment, and any appeal shall not invalidate
17 or delay the judgment except as to the real property concerning which
18 the appeal is taken. In the judgment the court shall order the lots,
19 tracts, or parcels of real property therein described sold by the
20 treasurer or by the county sheriff and an order of sale shall issue
21 pursuant thereto for the enforcement of the judgment.

22 In all other respects, the trial, judgment, and appeals to the
23 supreme court or the court of appeals shall be governed by the statutes
24 governing the foreclosure of mortgages on real property.

25 Prior to the sale of the real property, if the real property is
26 shown on the assessor's tax rolls under unknown owner or if the real
27 property contains a residential structure having an assessed value of
28 two thousand dollars or more, the treasurer shall order or conduct a
29 title search of the real property to determine the record title holders

1 and all persons claiming a mortgage, deed of trust, or mechanic's,
2 laborer's, materialmen's, or vendor's lien on the real property.

3 At least thirty days prior to the sale of the real property, a copy
4 of the notice of sale shall be mailed by certified mail to all
5 defendants in the foreclosure action as to that lot, tract, or parcel
6 of real property and, if the owner is unknown or the real property
7 contains a residential structure having an assessed value of two
8 thousand dollars or more, a copy of the notice of sale shall be mailed
9 by certified mail to any additional record title holders and persons
10 claiming a mortgage, deed of trust, or mechanic's, laborer's,
11 materialmen's, or vendor's lien on the real property.

12 In all other respects the procedure for sale shall be conducted in
13 the same manner as real property tax sales described in RCW 84.64.080.

14 NEW SECTION. **Sec. 38.** In foreclosing special assessments, all
15 sales shall be subject to the right of redemption within two years from
16 the date of sale. If the proceeds of the sale of real property exceed
17 the delinquent special assessment or installments and the interest,
18 penalty, and costs, the excess shall be remitted to the record owner of
19 the real property prior to the sale or conveyance.

20 NEW SECTION. **Sec. 39.** Real property bid in by the local
21 government or struck off to it pursuant to proceedings for the
22 foreclosure of special assessment liens shall be held in trust by the
23 local government for the fund of the local improvement district or the
24 revenue bond fund into which special assessments in utility local
25 improvement districts are pledged to be paid for the benefit of which
26 the real property was sold. Any real property so held in trust shall
27 be exempt from taxation for general state, county, and municipal
28 purposes during the period that it is so held.

1 NEW SECTION. **Sec. 40.** The local government may relieve itself
2 of its trust relation to a local improvement district fund or revenue
3 bond fund into which special assessments are pledged to be paid as to
4 any lot, tract, or parcel of real property by paying into the fund the
5 amount of the delinquent special assessment for which the real property
6 was sold and all accrued interest, together with interest to the time
7 of the next call of bonds against such fund at the rate provided
8 thereon. Upon such payment the local government shall hold the real
9 property discharged of the trust.

10 NEW SECTION. **Sec. 41.** A local government may lease or sell and
11 convey any such real property held in trust by it, by virtue of the
12 conveyance thereof to it by a special assessment deed. The sale may be
13 public or private and for such price and upon such terms as may be
14 determined by resolution of the local government governing body. After
15 first reimbursing any funds from which moneys on account of any lot,
16 tract, or parcel of real property may have been advanced, all proceeds
17 resulting from lease or sale thereof shall ratably belong and be
18 refunded to the record owner of the real property prior to a sale or
19 conveyance.

20 NEW SECTION. **Sec. 42.** The holder of a certificate of
21 delinquency for general taxes, before commencing any action to
22 foreclose the lien of such certificate, shall pay in full the special
23 assessment or installments thereof which are a lien against the real
24 property or any portion thereof, or he or she may elect to proceed to
25 acquire title to the real property subject to certain or all of the
26 special assessment or installments which are a lien thereon, in which
27 case the complaint, decree of foreclosure, order of sale, sale,
28 certificate of sale, and deed shall so state.

1 If the holder pays such special assessment or installments he or
2 she is entitled to twelve percent interest per annum on the amount of
3 the delinquent special assessment or delinquent installments thereof so
4 paid, from the date of payment.

5 NEW SECTION. **Sec. 43.** In county foreclosures for delinquency
6 in the payment of general taxes, the county treasurer shall mail a copy
7 of the published summons to the treasurer of every local government
8 within which any real property involved in the foreclosure proceeding
9 is situated. The copy of the summons shall be mailed within fifteen
10 days after the first publication thereof, but the county treasurer's
11 failure to do so shall not affect the jurisdiction of the court nor the
12 priority of the tax sought to be foreclosed.

13 If any real property situated in a local government is offered for
14 sale for general taxes, the local government may protect the lien or
15 liens of any special assessment outstanding against all or part of such
16 real property by purchase thereof or otherwise.

17 NEW SECTION. **Sec. 44.** If a local government has bid in any
18 real property on sale for the special assessment, it may satisfy the
19 lien of any outstanding general taxes upon the real property by payment
20 of the face amount of such taxes and costs, without penalty or
21 interest, but this shall not apply where certificates of delinquency
22 against the real property have been issued to private persons.

23 NEW SECTION. **Sec. 45.** If real property is struck off to or bid
24 in by a county at a sale for general taxes, and is subject to special
25 assessment in any local government, or has been taken over by the local
26 government on the foreclosure of the special assessment, the local
27 government may acquire the real property from the county at any time

1 before resale and receive a deed therefor upon paying the face amount
2 of such taxes and costs, without penalty or interest.

3 NEW SECTION. **Sec. 46.** Whenever real property struck off to or
4 bid in by a county at a sale for general taxes is subsequently sold by
5 the county, the proceeds of the sale shall first be applied to
6 discharge in full the lien or liens for general taxes for which the
7 real property was sold. The remainder, or such portion thereof as may
8 be necessary, shall be paid to the local government to discharge all
9 special assessment liens against the real property. The surplus, if
10 any, shall be distributed as provided in chapter 84.64 RCW.

11 NEW SECTION. **Sec. 47.** Local improvement district bonds shall
12 be issued and sold in accordance with chapter 39.46 RCW. Local
13 improvement district bonds, or revenue bonds if a utility local
14 improvement district is created, may be issued to obtain money
15 sufficient to cover that portion of the special assessments that are
16 not paid within the thirty-day period provided in section 20 of this
17 act.

18 NEW SECTION. **Sec. 48.** (1) Any local government authorized to
19 issue local improvement district bonds may create a fund for the
20 purpose of guaranteeing, to the extent of the fund, the payment of the
21 principal of and interest on local improvement district bonds that it
22 issues or that it has issued. A cash balance of at least five percent
23 of the face value of all outstanding local improvement district bonds
24 shall be maintained in the guaranty fund. Moneys to establish and
25 maintain a guaranty fund may be obtained from: (a) Utility rates and
26 charges imposed by the local government; (b) another guaranty fund for
27 local improvement district bonds that may previously have been

1 established; (c) any surplus remaining in a local improvement district
2 bond fund, where the bonds are guaranteed, that remains after payment
3 of all outstanding local improvement district bonds; (d) a portion of
4 the proceeds obtained from selling local improvement district bonds;
5 (e) other moneys legally available for such purposes; and (f) earnings
6 from investing money in the guaranty fund. Receipts from taxes imposed
7 by the local government shall not be placed into its guaranty
8 fund. Where applicable, the local government may bind and obligate
9 itself to establish, collect, and maintain utility system rates and
10 charges at such levels to provide revenues sufficient to maintain the
11 guaranty fund.

12 (2) Whenever any local improvement district bond matures that is
13 guaranteed by a guaranty fund, or an interest payment is due, and there
14 is insufficient money in the appropriate local improvement district
15 bond redemption fund to pay bond or interest payments, then the
16 treasurer shall make the payment from the local improvement guaranty
17 fund. If there is insufficient money in the guaranty fund to make the
18 payment, then the payment may be paid by issuance and delivery of a
19 warrant upon the local improvement guaranty fund.

20 (3) Whenever the cash balance in the local improvement guaranty
21 fund is insufficient for the required purposes, warrants drawing
22 interest of a rate fixed by the governing body may be issued by the
23 local government against the guaranty fund to meet any liability
24 accrued against it and must be issued upon demand of the owners of any
25 bonds eligible for such payments that are guaranteed by this section
26 and section 53 of this act, or to pay for any certificates of
27 delinquency for delinquent installments of assessments as provided in
28 subsection (4) of this section. Guaranty fund warrants shall be a first
29 lien in their order of issuance upon the moneys set aside and paid into
30 the guaranty fund.

1 (4) Within twenty days after the date of delinquency of any annual
2 installment of a special assessment levied for the purpose of paying
3 the local improvement bonds of any local government guaranteed under
4 this section and section 53 of this act, the local government treasurer
5 shall compile a statement of all installments delinquent, together with
6 the amount of accrued interest and penalty appurtenant to each of those
7 installments. Thereupon the treasurer shall immediately purchase
8 certificates of delinquency for all such delinquent installments.
9 Payment for all such certificates of delinquency shall be made from the
10 local improvement guaranty fund, and if there is insufficient money in
11 the fund to pay for such certificates of delinquency, the treasurer
12 shall accept the local improvement guaranty fund warrants in payment
13 therefor. All such certificates of delinquency shall be issued in the
14 name of the local improvement guaranty fund, and all guaranty fund
15 warrants issued in payment therefor shall be issued in the name of the
16 appropriate local improvement district fund. Whenever any market is
17 available and the governing body so directs, the treasurer shall sell
18 any certificates of delinquency belonging to the local improvement
19 guaranty fund, but any such sale may not be for less than face value
20 thereof plus accrued interest from the date of issuance to date of
21 sale.

22 The certificates of delinquency shall be issued by the treasurer,
23 shall bear interest at the rate of eight percent per annum, shall be in
24 each instance for the face value of the delinquent installment, plus
25 accrued interest to date of issuance of the certificate of delinquency,
26 plus a penalty of five percent of such face value, and shall set forth
27 the:

28 (a) Description of the real property assessed;

29 (b) Date the installment of the special assessment became
30 delinquent; and

1 (c) Name of the owner or reputed owner, if known.

2 Such certificates of delinquency may be redeemed by the owners of
3 the real property assessed at any time up to two years from the date of
4 foreclosure of such certificate of delinquency.

5 If any certificate of delinquency is not redeemed by the second
6 occurring first day of January subsequent to its issuance, the
7 treasurer shall then proceed to foreclose such certificate of
8 delinquency in the manner specified in this chapter for the foreclosure
9 of special assessment liens; and if no redemption is made within the
10 succeeding two years the treasurer shall execute and deliver a deed
11 conveying fee simple title to the property described in the foreclosed
12 certificate of delinquency.

13 NEW SECTION. **Sec. 49.** Whenever there is paid out of a guaranty
14 fund any sum on account of principal or interest upon the local
15 improvement bond, or on account of purchase of certificates of
16 delinquency, the local government, as trustee for the fund, shall be
17 subrogated to all rights of the owner of the bonds, or delinquent
18 special assessment installments so paid; and the proceeds thereof, or
19 of the special assessment or special assessments underlying the same,
20 shall become a part of the guaranty fund. There also shall be paid
21 into each guaranty fund any surplus remaining in the local improvement
22 funds guaranteed under sections 48 and 53 of this act, after the
23 payment of all outstanding bonds payable primarily out of such local
24 improvement funds. As among the several issues of bonds guaranteed by
25 the fund, no preference exists, but defaulted interest payments and
26 bonds shall be purchased out of the fund in the order of their
27 presentation.

28 The governing body of every local government operating under
29 sections 48 and 53 of this act shall prescribe by general resolution

1 appropriate rules for the guaranty fund, not inconsistent with these
2 sections. So much of the money of a guaranty fund as is necessary and
3 is not required for other purposes under the terms of sections 48 and
4 53 of this act may, at the discretion of the governing body, be used to
5 purchase real property at county tax foreclosure sales or from the
6 county after foreclosure in cases where such real property is subject
7 to unpaid special assessments securing bonds guaranteed under sections
8 48 and 53 of this act and such purchase is deemed necessary for the
9 purpose of protecting the guaranty fund. In such cases the fund shall
10 be subrogated to all rights of the local government. After so
11 acquiring title to real property, the local government may lease or
12 resell and convey the real property in the manner that the local
13 government's real property is authorized to be leased or resold and for
14 such prices and on such terms as may be determined by resolution of the
15 governing body.

16 NEW SECTION. **Sec. 50.** If any local improvement guaranty fund
17 has a cash balance, and the obligations guaranteed by the guaranty fund
18 have all been paid off, then the governing body may cause this balance
19 to be transferred to the local government general fund.

20 NEW SECTION. **Sec. 51.** The governing body of a local government
21 issuing local improvement district bonds may create a reserve fund to
22 secure the payment of the principal of and interest on these bonds.
23 Such a reserve fund shall not exceed fifteen percent of the principal
24 amount of the bonds issued. The cost of a reserve fund may be included
25 as a cost of the public improvements financed by the local improvement
26 district. The reserve fund may be created from the proceeds of the
27 local improvement district bonds, installment payments, or any other
28 money legally available for such purposes. Moneys in the reserve fund

1 shall be used to reduce or eliminate installment payments as the local
2 improvement district bonds are redeemed.

3 NEW SECTION. **Sec. 52.** A local government may contract with any
4 other local government, or with the state of Washington, for the
5 following purposes:

6 (1) To have the acquisition or construction of the whole or any
7 part of the public improvements performed by another local government
8 or by the state of Washington;

9 (2) To pay, from special assessments on real property within a
10 local improvement district or from the proceeds of local improvement
11 district bonds, the whole or any part of the expense of the public
12 improvements ordered, constructed, acquired, or owned by another local
13 government; or

14 (3) To integrate the planning, financing, construction,
15 acquisition, management, or operation, or any combination thereof, of
16 the public improvements of one local government with the planning,
17 financing, construction, acquisition, management, or operation, or any
18 combination thereof, of the public improvements of another local
19 government or the state on such terms and conditions as may be agreed
20 upon mutually including, but not limited to, the allocation of the
21 costs of the public improvements and the allocation of planning,
22 financing, construction, management, operation, or other
23 responsibilities.

24 NEW SECTION. **Sec. 53.** A new section is added to chapter 39.46 RCW
25 to read as follows:

26 (1) Local improvement district bonds issued by local governments
27 under the authorities provided by chapter 39.-- RCW (sections 1 through
28 52 of this act) shall be subject to this section. The maximum term of

1 local improvement district bonds shall be the lesser of thirty years or
2 the estimated functional life of the public improvements financed by
3 the local improvement district bonds.

4 Whenever local improvement district bonds are proposed to be
5 issued, the governing body of the local government shall create a
6 special fund or funds for the local improvement district from which all
7 or a portion of the costs of the public improvements shall be paid.
8 Local improvement district bonds shall not be issued in excess of the
9 costs of the public improvements and shall not be issued prior to
10 twenty days after the thirty days allowed for the payment of special
11 assessments without interest, penalties, or costs.

12 Local improvement district bonds shall be payable exclusively from
13 the special fund or funds, from a local improvement guaranty fund that
14 the local government may have created as provided in section 48 of this
15 act, and from a separate reserve fund or other security for the payment
16 of principal and interest as provided in section 51 of this act.

17 (2) Local improvement district bonds shall not constitute a general
18 indebtedness of the local government issuing the bond nor an
19 obligation, general or special, of the state. The owner of any local
20 improvement district bond shall not have any claim for the payment
21 thereof against the local government that issues the local improvement
22 district bonds except for payment from the special assessments made for
23 the public improvements for which the local improvement district bond
24 was issued and from a local improvement guaranty fund or reserve fund
25 that may have been created. The local government shall not be liable
26 to the owner of any local improvement district bond for any loss to the
27 local improvement guaranty fund occurring in the lawful operation of
28 the fund. The owner of a local improvement district bond shall not
29 have any claim against the state arising from the local improvement
30 district bond, special assessments, or guaranty fund. Tax revenues

1 shall not be used directly or indirectly to pay, secure, or guarantee
2 the payment of the principal of or interest on local improvement
3 district bonds.

4 The substance of the limitations included in this subsection shall
5 be plainly printed, written, engraved, or reproduced on: (a) Each
6 local improvement district bond that is a physical instrument; (b) each
7 published notice offering local improvement district bonds for sale;
8 and (c) each official statement associated with the local improvement
9 district bonds.

10 (3) If the local government fails to make any principal or interest
11 payments on any local improvement district bond or to promptly collect
12 any special assessment securing the bonds when due, the owner of the
13 local improvement district bond may obtain a writ of mandamus from any
14 court of competent jurisdiction requiring the local government to
15 collect the special assessment, foreclose on the related lien, and make
16 payments out of the special fund or guaranty fund if one exists. Any
17 number of owners of local improvement districts may join as plaintiffs.

18 NEW SECTION. **Sec. 54.** Sections 1 through 52 of this act shall
19 constitute a new chapter in Title 39 RCW.