

HOUSE BILL REPORT

SSB 5127

As Reported By House Committee On:

Government Operations
Finance

Title: An act relating to public facilities districts.

Brief Description: Changing provisions regarding public facilities districts.

Sponsors: Senate Committee on Government Operations (originally sponsored by Senators West, Haugen, Morton, Prince, Moyer and McCaslin).

Brief History:

Committee Activity:

Government Operations: 3/17/95, 3/24/95 [DPA];

Finance: 4/3/95 [DPA(GOVT)].

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass as amended. Signed by 14 members: Representatives Reams, Chairman; Goldsmith, Vice Chairman; L. Thomas, Vice Chairman; Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Chopp; R. Fisher; Hargrove; Honeyford; Hymes; Mulliken; D. Schmidt; Van Luven and Wolfe.

Staff: Steve Lundin (786-7127).

Background: A public facilities district is a countywide special district that may be created in any county with a population of 300,000 or more that is located more than 100 miles from a county in which the state has constructed and owns a convention center. At present, only Spokane County meets these requirements.

A public facilities district is governed by a five-member board of directors as follows: (1) Two directors are appointed by the county legislative authority; (2) two directors are appointed by the city council; and (3) one director is appointed by the other directors. Directors serve staggered four-year terms of office. Members of the board of directors serve without compensation. At least one director must be a representative of the lodging industry.

Public facilities districts are authorized to acquire, own, and operate "sports and entertainment facilities" with contiguous parking facilities.

Public facilities districts may impose excise taxes at a rate of not exceeding 2 percent on the sale or charge for furnishing lodging by a hotel, motel, trailer camp, or tourist court with 40 or more lodging units. With voter approval, public facilities districts may impose a .1 percent sales and use taxes. With voter approval, public facilities districts may impose both single year excess property tax levies and multiple year excess levies to retire general obligation bonds issued for capital purposes.

Public facilities districts may issue general obligation bonds.

Summary of Amended Bill: A public facilities district may be created in any county by action of the county legislative authority of a county.

The board of directors of a public facilities district in a county where the largest city has a population of less than 40 percent of the total county population has either five or seven members, as designated in the resolution creating the district, and all of the members are appointed by the county legislative authority to reflect the interests of cities and towns in the county and the unincorporated area of the county. The requirement that one of the members of the board of directors be representative of the lodging industry is altered to only apply before a district imposes the excise tax on the sale or charge for furnishing lodging.

A public facilities district is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate convention facilities, in addition to sports facilities or entertainment facilities, or any combination of such facilities. A public facilities district may expend moneys to prepare and distribute information promoting and advertising its facilities, but not to influence the outcome of an election.

A public facilities district may enter into agreements with the state and other local governments for the joint provision and operation of its facilities, or may enter into contracts with the state and other local governments for one do provide and operate its facilities.

If, by December 31, 1995, a public facilities district has not imposed the excise tax on the sale or charge for furnishing lodging, the district may only impose this tax if voters approve a ballot proposition authorizing the tax. A public facilities district may not impose the excise tax on the sale or charge for furnishing lodging if, after imposing this tax, the effective combined rate of state and local excise taxes on the sale or charge for furnishing lodging would exceed 11.5 percent in any jurisdiction in the public facilities district.

The county treasurer is the treasurer of a public facilities district.

Public facility district directors receive compensation at a rate of \$50 per meeting or day of work for the district, but not to exceed \$3,000 per year. A director may waive all or a portion of his or her compensation. A director may purchase, at his or her own expense, the same insurance benefits that are provided to employees of the district.

Directors and employees are entitled to reimbursement for actual and necessary expenses incurred in connection with official business, including lodging, meals, and travel expenses. Advances may be provided for such expenses.

A public facilities district may hire staff, fix salaries and wages, and provide for holidays, life insurance, and health insurance benefits for their employees.

A public facilities district may secure services from a service provider by means of an agreement.

A public facilities district may follow competitive bidding procedures for the Department of General Administration relating to purchases and sales and the letting of contracts.

A public facilities district may issue revenue bonds to finance its revenue generating facilities that are paid with revenues from these facilities.

A public facilities district may purchase liability insurance with such limits as it deems reasonable to protect and hold harmless the district directors and employees against liability for their actions taken in good faith purporting to perform their official duties. Such a district may defend a claim, suit or proceeding against an officer or employee of the district, and may pay a judgement or settlement against the officer or employee, except where a court finds that the officer or employee was not acting in good faith or within the scope of his or her employment or duties.

Amended Bill Compared to Substitute Bill: A public facilities district may be created in any county. A public facilities district may be created without the approval of the governing body of the largest city in the county. The potential size and process by which members of the governing body are appointed are altered in a county that does not have a city with 40 percent or more of the total county population. A public facilities district may provide convention facilities. A public facilities district may not impose its excise tax on the sale or furnishing of lodging if, after imposing this tax, the effective combined rate of state and local excise taxes on such sales or charges is 11.5 percent or more in any jurisdiction within its boundaries. Earnings on public facilities district moneys that are invested by the county treasurer are handled like earnings on moneys of other local governments that the county treasurer invests.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This fixes up and clarifies public facilities district law. The district in Spokane has been advised that it only has powers expressly provided in state law.

Testimony Against: None.

Testified: Kristine Mote, Spokane Public Facilities District.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended by Committee on Government Operations. Signed by 10 members: Representatives B. Thomas, Chairman; Boldt, Vice Chairman; Carrell, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Mulliken; Schoesler and Van Luven.

Minority Report: Do not pass. Signed by 2 members: Representatives Pennington and Sheldon.

Staff: Rick Peterson (786-7150).

Summary of Recommendation of Committee on Finance Compared to Recommendation of Committee on Government Operations: No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: None.