

March 24, 1997

**BILL ANALYSIS**

TO: Members, Committee on Trade and Economic Development  
FROM: Kenny Pittman, Research Analyst (786-7392)  
RE: **SB 5016 - Making local improvements.**

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**BACKGROUND:**

Municipalities are authorized to order local improvements; to establish local improvement districts (LID); and to impose a special assessment on real property, within the local improvement district, to pay the costs of the local improvement. The special assessment may be paid in a lump sum, or in installments. Those property owners that do not pay their special assessments in a lump sum are required to pay installments to retire bonds issued or loans secured for full funding for the project. A reserve fund may be established for the purpose of securing payment on the principal and interest on bonds, notes, warrants, or other short term obligations issued to finance the local improvements.

In 1985, the Legislature authorized municipalities to enter into loan agreements with state and federal agencies for local improvements without issuing a bond. The loan agreement may provide for the municipality to repay the loan solely from revenues set aside into a special fund for repayment of that loan. Currently, there is not clear authority to allow municipalities the ability to pledge LID special assessments for repayment of public loan obligations.

A municipality is defined as a city, town, county, metropolitan municipal corporation, or any other municipal corporation or quasi-municipal corporation of the state of Washington.

**SUMMARY:**

A municipality may pledge and apply collected local improvement district (LID) assessments to the payment of public loan obligations entered into for the cost of improvements in the LID.

Appropriation: None.

Fiscal Note: Not requested.

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