
HOUSE BILL 1497

State of Washington

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By Representatives Gombosky, Ahern, O'Brien, Fromhold and Veloria

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1 AN ACT Relating to public centers districts; amending RCW
2 82.29A.130; adding new sections to chapter 82.14 RCW; and adding a new
3 chapter to Title 35 RCW.

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

5 NEW SECTION. **Sec. 1.** (1) The legislative authority of any town or
6 city located in a county with a population of less than one million may
7 create a public centers district. The legislative authorities of any
8 contiguous group of towns or cities located in a county or counties
9 each with a population of less than one million may enter an agreement
10 under chapter 39.34 RCW for the creation and joint operation of a
11 public centers district.

12 (2) A public centers district shall be coextensive with the
13 boundaries of the city or town or contiguous group of cities or towns
14 that created the district.

15 (3)(a) A public centers district created by a single city or town
16 shall be governed by a board of directors consisting of five members
17 selected as follows: (i) Two members who are appointed by the
18 legislative authority of the city or town and are not members of the
19 legislative authority of the city or town; and (ii) three members

1 appointed by the legislative authority based on recommendations from
2 local organizations, which may include but are not limited to the local
3 chamber of commerce, local economic development council, and local
4 labor council. The members shall serve four-year terms. Of the
5 initial members, one must be appointed for a one-year term, one must be
6 appointed for a two-year term, one must be appointed for a three-year
7 term, and the remainder must be appointed for four-year terms.

8 (b) A public centers district created by a contiguous group of
9 cities and towns shall be governed by a board of directors consisting
10 of seven members selected as follows: (i) Three members who are
11 appointed by the legislative authorities of the cities and towns and
12 are not members of the legislative authorities of the cities and towns;
13 and (ii) four members appointed by the legislative authority based on
14 recommendations from local organizations, which include but are not
15 limited to the local chamber of commerce, local economic development
16 council, local labor council, and neighborhood organizations that are
17 directly affected by the location of the centers in their area. The
18 members of the board of directors shall be appointed in accordance with
19 the terms of the agreement under chapter 39.34 RCW for the joint
20 operation of the district and shall serve four-year terms. Of the
21 initial members, one must be appointed for a one-year term, one must be
22 appointed for a two-year term, one must be appointed for a three-year
23 term, and the remainder must be appointed for four-year terms.

24 (4) A public centers district is a municipal corporation, an
25 independent taxing "authority" within the meaning of Article VII,
26 section 1 of the state Constitution, and a "taxing district" within the
27 meaning of Article VII, section 2 of the state Constitution.

28 (5) A public centers district constitutes a body corporate and
29 possesses all the usual powers of a corporation for public purposes as
30 well as all other powers that may now or hereafter be specifically
31 conferred by statute, including, but not limited to, the authority to
32 hire employees, staff, and services, to enter into contracts, and to
33 sue and be sued.

34 (6) A public centers district may acquire and transfer real and
35 personal property by lease, sublease, purchase, or sale. No direct or
36 collateral attack on any public centers district purported to be
37 authorized or created in conformance with this chapter may be commenced
38 more than thirty days after creation by the city legislative authority.

1 NEW SECTION. **Sec. 2.** (1) A public centers district is authorized
2 to acquire, construct, own, remodel, maintain, equip, reequip, repair,
3 finance, and operate one or more public centers. For purposes of this
4 chapter, "public center" means a convention, conference, or special
5 events, cultural, technology, or community center, or any combination
6 of facilities, and related parking facilities, constructed, improved,
7 or rehabilitated after July 1, 2001. "Public center" also includes an
8 existing convention, conference, special events, cultural, technology,
9 or community center, and related parking facilities, that is improved
10 or rehabilitated after July 1, 2001.

11 (2) A public centers district may impose charges and fees for the
12 use of its facilities and may accept and expend or use gifts, grants,
13 and donations for the purpose of a public center.

14 (3) A public centers district may impose charges, fees, and taxes
15 authorized in section 4 of this act and use revenues derived therefrom
16 for the purpose of paying principal and interest payments on bonds
17 issued by the public centers district to construct a public center.

18 (4) Notwithstanding the establishment of a career, civil, or merit
19 service system, a public centers district may contract with a public or
20 private entity for the operation or management of its public centers.

21 (5) A public centers district is authorized to use the supplemental
22 alternative public works contracting procedures set forth in chapter
23 39.10 RCW in connection with the design, construction, reconstruction,
24 remodel, or alteration of any public center.

25 NEW SECTION. **Sec. 3.** (1) To carry out the purpose of this
26 chapter, a public centers district may issue general obligation bonds,
27 not to exceed an amount, together with any outstanding nonvoter-
28 approved general obligation indebtedness, equal to one-half of one
29 percent of the value of the taxable property within the district, as
30 the term "value of the taxable property" is defined in RCW 39.36.015.
31 A public centers district additionally may issue general obligation
32 bonds for capital purposes only, together with any outstanding general
33 obligation indebtedness, not to exceed an amount equal to one and one-
34 fourth percent of the value of the taxable property within the
35 district, as the term "value of the taxable property" is defined in RCW
36 39.36.015, when authorized by the voters of the public centers district
37 pursuant to Article VIII, section 6 of the state Constitution, and to
38 provide for the retirement thereof by taxes authorized in this act.

1 (2) General obligation bonds may be issued with a maturity of up to
2 thirty years and must be issued and sold in accordance with the
3 provisions of chapter 39.46 RCW.

4 (3) The general obligation bonds may be payable from the operating
5 revenues of the public centers district in addition to the tax receipts
6 of the district.

7 NEW SECTION. **Sec. 4.** (1) The board of directors of the public
8 centers district may impose the following for the purpose of funding a
9 public center:

10 (a) Charges and fees for the use of any of its facilities;

11 (b) Admission charges under RCW 35.57.100;

12 (c) Vehicle parking charges under RCW 35.57.110; and

13 (d) Sales and use taxes authorized under sections 12 and 13 of this
14 act.

15 (2) The board may accept and expend or use gifts, grants, and
16 donations for the purpose of a public center. The revenue from the
17 charges, fees, and taxes imposed under this section shall be used only
18 for the purposes authorized by this chapter.

19 NEW SECTION. **Sec. 5.** The board of directors of the public centers
20 district shall adopt a resolution that may be amended from time to time
21 that establishes the basic requirements governing methods and amounts
22 of reimbursement payable to such district officials and employees for
23 travel and other business expenses incurred on behalf of the district.
24 The resolution must, among other things, establish procedures for
25 approving such expenses; the form of the travel and expense voucher;
26 and requirements governing the use of credit cards issued in the name
27 of the district. The resolution may also establish procedures for
28 payment of per diem to board members. The state auditor shall, as
29 provided by general law, cooperate with the public centers district in
30 establishing adequate procedures for regulating and auditing the
31 reimbursement of all such expenses.

32 NEW SECTION. **Sec. 6.** The board of directors of the public centers
33 district has the authority to authorize the expenditure of funds for
34 the public purposes of preparing and distributing information to the
35 general public and promoting, advertising, improving, developing,
36 operating, and maintaining a public center. Nothing contained in this

1 section may be construed to authorize preparation and distribution of
2 information to the general public for the purpose of influencing the
3 outcome of a district election.

4 NEW SECTION. **Sec. 7.** The public centers district may secure
5 services by means of an agreement with a service provider. The public
6 centers district shall publish notice, establish criteria, receive and
7 evaluate proposals, and negotiate with respondents under requirements
8 set forth by district resolution.

9 NEW SECTION. **Sec. 8.** In addition to provisions contained in
10 chapter 39.04 RCW, the public centers district is authorized to follow
11 procedures contained in RCW 43.19.1906 and 43.19.1911 for all
12 purchases, contracts for purchase, and sales.

13 NEW SECTION. **Sec. 9.** (1) A public centers district may issue
14 revenue bonds to fund revenue-generating facilities, or portions of
15 facilities, which it is authorized to provide or operate. Whenever
16 revenue bonds are to be issued, the board of directors of the district
17 shall create or have created a special fund or funds from which, along
18 with any reserves created pursuant to RCW 39.44.140, the principal and
19 interest on such revenue bonds shall exclusively be payable. The board
20 may obligate the district to set aside and pay into the special fund or
21 funds a fixed proportion or a fixed amount of the revenues from the
22 public improvements, projects, or centers, and all related additions,
23 that are funded by the revenue bonds. This amount or proportion shall
24 be a lien and charge against these revenues, subject only to operating
25 and maintenance expenses. The board shall have due regard for the cost
26 of operation and maintenance of the public improvements, projects, or
27 centers, or additions, that are funded by the revenue bonds, and shall
28 not set aside into the special fund or funds a greater amount or
29 proportion of the revenues that in its judgment will be available over
30 and above the cost of maintenance and operation and the amount or
31 proportion, if any, of the revenue so previously pledged. The board
32 may also provide that revenue bonds payable out of the same source or
33 sources of revenue may later be issued on a parity with any revenue
34 bonds being issued and sold.

35 (2) Revenue bonds issued under this section shall not be an
36 indebtedness of the district issuing the bonds, and the interest and

1 principal on the bonds shall only be payable from the revenues lawfully
2 pledged to meet the principal and interest requirements and any
3 reserves created under RCW 39.44.140. The owner or bearer of a revenue
4 bond or any interest coupon issued under this section shall not have
5 any claim against the district arising from the bond or coupon except
6 for payment from the revenues lawfully pledged to meet the principal
7 and interest requirements and any reserves created under RCW 39.44.140.
8 The substance of the limitations included in this subsection shall be
9 plainly printed, written, or engraved on each bond issued under this
10 section.

11 (3) Revenue bonds with a maturity in excess of thirty years shall
12 not be issued. The board of directors of the district shall by
13 resolution determine for each revenue bond issue the amount, date,
14 form, terms, conditions, denominations, maximum fixed or variable
15 interest rate or rates, maturity or maturities, redemption rights,
16 registration privileges, manner of execution, manner of sale, callable
17 provisions, if any, and covenants including the refunding of existing
18 revenue bonds. Facsimile signatures may be used on the bonds and any
19 coupons. Refunding revenue bonds may be issued in the same manner as
20 revenue bonds are issued.

21 NEW SECTION. **Sec. 10.** A public centers district may levy and fix
22 a tax of not more than one cent on twenty cents or fraction thereof to
23 be paid by the person who pays an admission charge to a public center.
24 This includes a tax on persons who are admitted free of charge or at
25 reduced rates if other persons pay a charge or a regular higher charge
26 for the same privileges or accommodations.

27 The term "admission charge" includes:

- 28 (1) A charge made for season tickets or subscriptions;
- 29 (2) A cover charge, or a charge made for use of seats and tables
30 reserved or otherwise, and other similar accommodations;
- 31 (3) A charge made for food and refreshment if free entertainment,
32 recreation, or amusement is provided;
- 33 (4) A charge made for rental or use of equipment or facilities for
34 purposes of recreation or amusement; if the rental of the equipment or
35 facilities is necessary to the enjoyment of a privilege for which a
36 general admission is charged, the combined charges shall be considered
37 as the admission charge;

1 (5) Automobile parking charges if the amount of the charge is
2 determined according to the number of passengers in the automobile.

3 NEW SECTION. **Sec. 11.** A public centers district may levy and fix
4 a tax on any vehicle parking charges imposed at any parking facility
5 that is owned or leased by the public centers district as part of a
6 public center. No county or city or town within which the public
7 center is located may impose a tax of the same or similar kind on any
8 vehicle parking charges at the facility. For the purposes of this
9 section, "vehicle parking charges" means only the actual parking
10 charges exclusive of taxes and service charges and the value of any
11 other benefit conferred. The tax authorized under this section shall
12 be at the rate of not more than ten percent.

13 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14 RCW
14 to read as follows:

15 The governing board of a public centers district under chapter
16 35.-- RCW (sections 1 through 11 of this act) may submit an authorizing
17 proposition to the voters of the district and, if the proposition is
18 approved by a majority of persons voting, fix and impose a sales and
19 use tax in accordance with the terms of this chapter.

20 The tax authorized in this section shall be in addition to any
21 other taxes authorized by law and shall be collected from those persons
22 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
23 the occurrence of any taxable event within the public centers district.
24 The rate of tax shall not exceed two-tenths of one percent of the
25 selling price in the case of a sales tax, or value of the article used
26 in the case of a use tax.

27 Moneys received from any tax imposed under this section shall be
28 used for the purpose of providing funds for the costs associated with
29 the financing, design, acquisition, construction, equipping, operating,
30 maintaining, remodeling, repairing, and reequipping of its public
31 centers.

32 No tax may be collected under this section by a public centers
33 district under chapter 35.-- RCW (sections 1 through 11 of this act)
34 before August 1, 2001, and no tax in excess of one-tenth of one percent
35 may be collected under this section by a public centers district under
36 chapter 35.-- RCW (sections 1 through 11 of this act) before August 1,
37 2001.

1 NEW SECTION. **Sec. 13.** A new section is added to chapter 82.14 RCW
2 to read as follows:

3 (1) Except as provided in subsection (5) of this section, the
4 governing body of a public centers district created under chapter 35.--
5 RCW (sections 1 through 11 of this act) that commences construction of
6 new public centers, or improvement or rehabilitation of an existing new
7 public center, before January 1, 2005, may impose a sales and use tax
8 in accordance with the terms of this chapter. The tax is in addition
9 to other taxes authorized by law and shall be collected from those
10 persons who are taxable by the state under chapters 82.08 and 82.12 RCW
11 upon the occurrence of any taxable event within the public centers
12 district. The rate of tax shall not exceed 0.033 percent of the
13 selling price in the case of a sales tax or value of the article used
14 in the case of a use tax.

15 (2) The tax imposed under subsection (1) of this section shall be
16 deducted from the amount of tax otherwise required to be collected or
17 paid over to the department of revenue under chapter 82.08 or 82.12
18 RCW. The department of revenue shall perform the collection of such
19 taxes on behalf of the county at no cost to the public centers
20 district.

21 (3) No tax may be collected under this section before August 1,
22 2001. The tax imposed in this section shall expire when the bonds
23 issued for the construction of the public center and related parking
24 facilities are retired, but not more than twenty-five years after the
25 tax is first collected.

26 (4) Moneys collected under this section shall only be used for the
27 purposes set forth in chapter 35.-- RCW (sections 1 through 11 of this
28 act) and must be matched with an amount from other public or private
29 sources equal to thirty-three percent of the amount collected under
30 this section, provided that amounts generated from nonvoter-approved
31 taxes authorized under chapter 35.-- RCW (sections 1 through 11 of this
32 act) shall not constitute a public or private source. For the purpose
33 of this section, public or private sources includes, but is not limited
34 to, cash or in-kind contributions used in all phases of the development
35 or improvement of the public center, land that is donated and used for
36 the siting of the public center, cash or in-kind contributions from
37 public or private foundations, or amounts attributed to private sector
38 partners as part of a public and private partnership agreement
39 negotiated by the public centers district.

1 (5) A public centers district created under chapter 35.-- RCW
2 (sections 1 through 11 of this act) is not eligible to impose the tax
3 under this section if the legislative authority of the county where the
4 public centers district is located has imposed a sales and use tax
5 under RCW 82.14.0485 or 82.14.0494.

6 **Sec. 14.** RCW 82.29A.130 and 1999 c 165 s 21 are each amended to
7 read as follows:

8 The following leasehold interests shall be exempt from taxes
9 imposed pursuant to RCW 82.29A.030 and 82.29A.040:

10 (1) All leasehold interests constituting a part of the operating
11 properties of any public utility which is assessed and taxed as a
12 public utility pursuant to chapter 84.12 RCW.

13 (2) All leasehold interests in facilities owned or used by a
14 school, college or university which leasehold provides housing for
15 students and which is otherwise exempt from taxation under provisions
16 of RCW 84.36.010 and 84.36.050.

17 (3) All leasehold interests of subsidized housing where the fee
18 ownership of such property is vested in the government of the United
19 States, or the state of Washington or any political subdivision thereof
20 but only if income qualification exists for such housing.

21 (4) All leasehold interests used for fair purposes of a nonprofit
22 fair association that sponsors or conducts a fair or fairs which
23 receive support from revenues collected pursuant to RCW 67.16.100 and
24 allocated by the director of the department of agriculture where the
25 fee ownership of such property is vested in the government of the
26 United States, the state of Washington or any of its political
27 subdivisions: PROVIDED, That this exemption shall not apply to the
28 leasehold interest of any sublessee of such nonprofit fair association
29 if such leasehold interest would be taxable if it were the primary
30 lease.

31 (5) All leasehold interests in any property of any public entity
32 used as a residence by an employee of that public entity who is
33 required as a condition of employment to live in the publicly owned
34 property.

35 (6) All leasehold interests held by enrolled Indians of lands owned
36 or held by any Indian or Indian tribe where the fee ownership of such
37 property is vested in or held in trust by the United States and which

1 are not subleased to other than to a lessee which would qualify
2 pursuant to this chapter, RCW 84.36.451 and 84.40.175.

3 (7) All leasehold interests in any real property of any Indian or
4 Indian tribe, band, or community that is held in trust by the United
5 States or is subject to a restriction against alienation imposed by the
6 United States: PROVIDED, That this exemption shall apply only where it
7 is determined that contract rent paid is greater than or equal to
8 ninety percent of fair market rental, to be determined by the
9 department of revenue using the same criteria used to establish taxable
10 rent in RCW 82.29A.020(2)(b).

11 (8) All leasehold interests for which annual taxable rent is less
12 than two hundred fifty dollars per year. For purposes of this
13 subsection leasehold interests held by the same lessee in contiguous
14 properties owned by the same lessor shall be deemed a single leasehold
15 interest.

16 (9) All leasehold interests which give use or possession of the
17 leased property for a continuous period of less than thirty days:
18 PROVIDED, That for purposes of this subsection, successive leases or
19 lease renewals giving substantially continuous use of possession of the
20 same property to the same lessee shall be deemed a single leasehold
21 interest: PROVIDED FURTHER, That no leasehold interest shall be deemed
22 to give use or possession for a period of less than thirty days solely
23 by virtue of the reservation by the public lessor of the right to use
24 the property or to allow third parties to use the property on an
25 occasional, temporary basis.

26 (10) All leasehold interests under month-to-month leases in
27 residential units rented for residential purposes of the lessee pending
28 destruction or removal for the purpose of constructing a public highway
29 or building.

30 (11) All leasehold interests in any publicly owned real or personal
31 property to the extent such leasehold interests arises solely by virtue
32 of a contract for public improvements or work executed under the public
33 works statutes of this state or of the United States between the public
34 owner of the property and a contractor.

35 (12) All leasehold interests that give use or possession of state
36 adult correctional facilities for the purposes of operating
37 correctional industries under RCW 72.09.100.

38 (13) All leasehold interests used to provide organized and
39 supervised recreational activities for disabled persons of all ages in

1 a camp facility and for public recreational purposes by a nonprofit
2 organization, association, or corporation that would be exempt from
3 property tax under RCW 84.36.030(1) if it owned the property. If the
4 publicly owned property is used for any taxable purpose, the leasehold
5 excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be
6 imposed and shall be apportioned accordingly.

7 (14) All leasehold interests in the public or entertainment areas
8 of a baseball stadium with natural turf and a retractable roof or
9 canopy that is in a county with a population of over one million, that
10 has a seating capacity of over forty thousand, and that is constructed
11 on or after January 1, 1995. "Public or entertainment areas" include
12 ticket sales areas, ramps and stairs, lobbies and concourses, parking
13 areas, concession areas, restaurants, hospitality and stadium club
14 areas, kitchens or other work areas primarily servicing other public or
15 entertainment areas, public rest room areas, press and media areas,
16 control booths, broadcast and production areas, retail sales areas,
17 museum and exhibit areas, scoreboards or other public displays, storage
18 areas, loading, staging, and servicing areas, seating areas and suites,
19 the playing field, and any other areas to which the public has access
20 or which are used for the production of the entertainment event or
21 other public usage, and any other personal property used for these
22 purposes. "Public or entertainment areas" does not include locker
23 rooms or private offices exclusively used by the lessee.

24 (15) All leasehold interests in the public or entertainment areas
25 of a stadium and exhibition center, as defined in RCW 36.102.010, that
26 is constructed on or after January 1, 1998. For the purposes of this
27 subsection, "public or entertainment areas" has the same meaning as in
28 subsection (14) of this section, and includes exhibition areas.

29 (16) All leasehold interests in public facilities districts, as
30 provided in chapter 36.100 or 35.57 RCW.

31 (17) All leasehold interests in public centers districts, as
32 provided in chapter 35.-- RCW (sections 1 through 11 of this act).

33 NEW SECTION. **Sec. 15.** Sections 1 through 11 of this act
34 constitute a new chapter in Title 35 RCW.

35 NEW SECTION. **Sec. 16.** If any provision of this act or its
36 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

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