
SECOND SUBSTITUTE SENATE BILL 5514

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Spanel, Carlson, Hale, Gardner, Rasmussen, Winsley, Regala, Costa and Fraser)

READ FIRST TIME 03/28/01.

1 AN ACT Relating to public facilities districts; amending RCW
2 35.57.010, 35.57.020, 36.100.030, and 82.14.390; adding new
3 sections to chapter 35.57 RCW; and adding new sections to chapter
4 36.100 RCW.

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

6 **Sec. 1.** RCW 35.57.010 and 1999 c 165 s 1 are each amended to read
7 as follows:

8 (1) The legislative authority of any town or city located in a
9 county with a population of less than one million may create a
10 public facilities district. The legislative authorities of any
11 contiguous group of towns or cities located in a county or
12 counties each with a population of less than one million may enter
13 an agreement under chapter 39.34 RCW for the creation and joint
14 operation of a public facilities district. The legislative
15 authority of any town or city, or any contiguous group of towns or
16 cities, located in a county with a population of less than one
17 million and the legislative authority of the county or counties in
18 which the towns or cities are located may enter into an agreement

1 under chapter 39.34 RCW for the creation and joint operation of a
2 public facilities district.

3 (2) A public facilities district shall be coextensive with the
4 boundaries of the city or town or contiguous group of cities or
5 towns that created the district. A public facilities district
6 created by an agreement between a town or city, or a contiguous
7 group of towns or cities, and the county in which they are located
8 shall be coextensive with the boundaries of the towns or cities,
9 and the boundaries of the county or counties as to the
10 unincorporated areas of the county or counties. The boundaries
11 shall not include incorporated towns or cities that are not
12 parties to the agreement for the creation and joint operation of
13 the district.

14 (3)(a) A public facilities district created by a single city or
15 town shall be governed by a board of directors consisting of five
16 members selected as follows: (i) Two members appointed by the
17 legislative authority of the city or town; and (ii) three members
18 appointed by legislative authority based on recommendations from
19 local organizations. The members appointed under (a)(i) of this
20 subsection, shall not be members of the legislative authority of
21 the city or town. The members appointed under (a)(ii) of this
22 subsection, shall be based on recommendations received from local
23 organizations that may include, but are not limited to the local
24 chamber of commerce, local economic development council, and local
25 labor council. The members shall serve four-year terms. Of the
26 initial members, one must be appointed for a one-year term, one
27 must be appointed for a two-year term, one must be appointed for a
28 three-year term, and the remainder must be appointed for four-year
29 terms.

30 (b) A public facilities district created by ~~((a))~~ a
31 contiguous group of cities and towns shall be governed by a board
32 of directors consisting of seven members selected as follows: (i)
33 Three members appointed by the legislative authorities of the
34 cities and towns; and (ii) four members appointed by the
35 legislative authority based on recommendations from local
36 organizations. The members appointed under (b)(i) of this
37 subsection shall not be members of the legislative authorities of
38 the cities and towns. The members appointed under (b)(ii) of this

1 subsection, shall be based on recommendations received from local
2 organizations that include, but are not limited to the local
3 chamber of commerce, local economic development council, local
4 labor council, and a neighborhood organization that is directly
5 affected by the location of the regional center in their area. The
6 members of the board of directors shall be appointed in accordance
7 with the terms of the agreement under chapter 39.34 RCW for the
8 joint operation of the district and shall serve four-year terms. Of
9 the initial members, one must be appointed for a one- year term,
10 one must be appointed for a two-year term, one must be appointed
11 for a three-year term, and the remainder must be appointed for
12 four-year terms.

13 (c) A public facilities district created by a town or city, or
14 a contiguous group of towns or cities, and the county or counties
15 in which they are located shall be governed by a board of
16 directors consisting of seven members selected as follows: (i)
17 Three members appointed by the legislative authorities of the
18 cities, towns, and county; and (ii) four members appointed by the
19 legislative authority based on recommendations from local
20 organizations. The members appointed under (c)(i) of this
21 subsection shall not be members of the legislative authorities of
22 the cities, towns, or county. The members appointed under (c)(ii)
23 of this subsection shall be based on recommendations received from
24 local organizations that include, but are not limited to, the
25 local chamber of commerce, local economic development council,
26 local labor council, and a neighborhood organization that is
27 directly affected by the location of the regional center in their
28 area. The members of the board of directors shall be appointed in
29 accordance with the terms of the agreement under chapter 39.34 RCW
30 for the joint operation of the district and shall serve four-year
31 terms. Of the initial members, one must be appointed for a one-year
32 term, one must be appointed for a two-year term, one must be
33 appointed for a three-year term, and the remainder must be
34 appointed for four-year terms.

35 (4) A public facilities district is a municipal corporation, an
36 independent taxing "authority" within the meaning of Article VII,
37 section 1 of the state Constitution, and a "taxing district"

1 within the meaning of Article VII, section 2 of the state
2 Constitution.

3 (5) A public facilities district shall constitute a body
4 corporate and shall possess all the usual powers of a corporation
5 for public purposes as well as all other powers that may now or
6 hereafter be specifically conferred by statute, including, but not
7 limited to, the authority to hire employees, staff, and services,
8 to enter into contracts, and to sue and be sued.

9 (6) A public facilities district may acquire and transfer real
10 and personal property by lease, sublease, purchase, or sale. No
11 direct or collateral attack on any (~~metropolitan~~) public
12 facilities district purported to be authorized or created in
13 conformance with this chapter may be commenced more than thirty
14 days after creation by the city and/or county legislative
15 authority.

16 **Sec. 2.** RCW 35.57.020 and 1999 c 165 s 2 are each amended to read
17 as follows:

18 (1) A public facilities district is authorized to acquire,
19 construct, own, remodel, maintain, equip, reequip, repair,
20 finance, and operate one or more regional centers. For purposes of
21 this chapter, "regional center" means a convention, conference, or
22 special events center, or any combination of facilities, and
23 related parking facilities, serving a regional population
24 constructed, improved, or rehabilitated after July 25, 1999, at a
25 cost of at least ten million dollars, including debt service. A
26 "special events center" is a facility or combination of
27 facilities, the primary purpose of which is the presentation of
28 events, activities, performances, or exhibits for the enjoyment of
29 the general public. "Regional center" also includes an existing
30 convention, conference, or special events center, and related
31 parking facilities, serving a regional population, that is
32 improved or rehabilitated after July 25, 1999, where the costs of
33 improvement or rehabilitation are at least ten million dollars,
34 including debt service. A regional center is conclusively presumed
35 to serve a regional population if state and local government
36 investment in the construction, improvement, or rehabilitation of

1 the regional center is equal to or greater than ten million
2 dollars.

3 (2) A public facilities district created under RCW 36.100.010
4 and a public facilities district created under RCW 35.57.010
5 located in the same county may enter into agreements under chapter
6 39.34 RCW to jointly acquire, construct, own, remodel, maintain,
7 equip, reequip, repair, finance, and operate one or more regional
8 centers.

9 (3) A public facilities district may impose charges and fees
10 for the use of its facilities, and may accept and expend or use
11 gifts, grants, and donations for the purpose of a regional center.

12 ~~((+3))~~ (4) A public facilities district may impose charges,
13 fees, and taxes authorized in RCW 35.57.040, and use revenues
14 derived therefrom for the purpose of paying principal and interest
15 payments on bonds issued by the public facilities district to
16 construct a regional center.

17 ~~((+4))~~ (5) Notwithstanding the establishment of a career,
18 civil, or merit service system, a public facilities district may
19 contract with a public or private entity for the operation or
20 management of its public facilities.

21 ~~((+5))~~ (6) A public facilities district is authorized to use
22 the supplemental alternative public works contracting procedures
23 set forth in chapter 39.10 RCW in connection with the design,
24 construction, reconstruction, remodel, or alteration of any
25 regional center.

26 **Sec. 3.** RCW 36.100.030 and 1999 c 165 s 16 are each amended to
27 read as follows:

28 (1) A public facilities district is authorized to acquire,
29 construct, own, remodel, maintain, equip, reequip, repair, and
30 operate sports facilities, entertainment facilities, convention
31 facilities, or regional centers as defined in RCW 35.57.020,
32 together with contiguous parking facilities. The taxes that are
33 provided for in this chapter may only be imposed for these
34 purposes.

35 (2) A public facilities district created under RCW 36.100.010
36 and a public facilities district created under RCW 35.57.010
37 located in the same county may enter into agreements under chapter

1 39.34 RCW to jointly acquire, construct, own, remodel, maintain,
2 equip, reequip, repair, finance, and operate one or more regional
3 centers.

4 (3) A public facilities district may enter into agreements
5 under chapter 39.34 RCW for the joint provision and operation of
6 such facilities and may enter into contracts under chapter 39.34
7 RCW where any party to the contract provides and operates such
8 facilities for the other party or parties to the contract.

9 ~~((+3))~~ (4) Notwithstanding the establishment of a career,
10 civil, or merit service system, a public ~~((facility-{facilities}))~~
11 facilities district may contract with a public or private entity
12 for the operation or management of its public facilities.

13 ~~((+4))~~ (5) A public facilities district is authorized to use
14 the supplemental alternative public works contracting procedures
15 set forth in chapter 39.10 RCW in connection with the design,
16 construction, reconstruction, remodel, or alteration of any of its
17 public facilities.

18 ~~((+5))~~ (6) A public facilities district may impose charges and
19 fees for the use of its facilities, and may accept and expend or
20 use gifts, grants, and donations.

21 **Sec. 4.** RCW 82.14.390 and 1999 c 165 s 13 are each amended to read
22 as follows:

23 (1) Except as provided in subsection (6) of this section, the
24 governing body of a public facilities district created under
25 chapter 35.57 or 36.100 RCW that commences construction of a new
26 regional center, or improvement or rehabilitation of an existing
27 new regional center, before January 1, 2003, or of a public
28 facility district that contains a city with a population greater
29 than fifty thousand before January 1, 2004, may impose a sales and
30 use tax in accordance with the terms of this chapter. The tax is in
31 addition to other taxes authorized by law and shall be collected
32 from those persons who are taxable by the state under chapters
33 82.08 and 82.12 RCW upon the occurrence of any taxable event
34 within the public facilities district. The rate of tax shall not
35 exceed 0.033 percent of the selling price in the case of a sales
36 tax or value of the article used in the case of a use tax.

37 (2) The tax imposed under subsection (1) of this section shall

1 be deducted from the amount of tax otherwise required to be
2 collected or paid over to the department of revenue under chapter
3 82.08 or 82.12 RCW. The department of revenue shall perform the
4 collection of such taxes on behalf of the county at no cost to the
5 public facilities district.

6 (3) No tax may be collected under this section before August 1,
7 2000. The tax imposed in this section shall expire when the bonds
8 issued for the construction of the regional center and related
9 parking facilities are retired, but not more than twenty-five
10 years after the tax is first collected.

11 (4) Moneys collected under this section shall only be used for
12 the purposes set forth in RCW 35.57.020 and must be matched with
13 an amount from other public or private sources equal to thirty-
14 three percent of the amount collected under this section, provided
15 that amounts generated from nonvoter approved taxes authorized
16 under chapter 35.57 RCW or nonvoter approved taxes authorized
17 under chapter 36.100 RCW shall not constitute a public or private
18 source. For the purpose of this section, public or private sources
19 includes, but is not limited to cash or in-kind contributions used
20 in all phases of the development or improvement of the regional
21 center, land that is donated and used for the siting of the
22 regional center, cash or in-kind contributions from public or
23 private foundations, or amounts attributed to private sector
24 partners as part of a public and private partnership agreement
25 negotiated by the public facilities district.

26 (5) The combined total tax levied under this section shall not
27 be greater than 0.033 percent. If both a public facilities district
28 created under chapter 35.57 RCW and a public facilities district
29 created under chapter 36.100 RCW impose a tax under this section,
30 the tax imposed by a public facilities district created under
31 chapter 35.57 RCW shall be credited against the tax imposed by a
32 public facilities district created under chapter 36.100 RCW.

33 (6) A public facilities district created under chapter 36.100
34 RCW is not eligible to impose the tax under this section if the
35 legislative authority of the county where the public facilities
36 district is located has imposed a sales and use tax under RCW
37 82.14.0485 or 82.14.0494.

38

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 35.57
2 RCW to read as follows:

3 A public facilities district established in accordance with
4 this chapter will be dissolved and its affairs liquidated by
5 either of the following methods:

6 (1) When directed by a majority of persons in the district
7 voting on the question. An election placing the question before the
8 voters may be called in the following manner:

9 (a) By resolution of the public facilities district governing
10 authority;

11 (b) By resolution of the county legislative body or bodies with
12 the concurrence by resolution of the city council of a component
13 city; or

14 (c) By petition calling for an election signed by at least ten
15 percent of the qualified voters residing within the public
16 facilities district filed with the auditor of the county where the
17 largest portion of the district is located. The auditor will
18 examine and certify the sufficiency of the signatures, however,
19 the signatures must have been collected within a ninety-day period
20 as designated by the petition sponsors.

21 With dissolution of the public facilities district, any
22 outstanding obligations and bonded indebtedness of the district
23 will be satisfied or allocated by mutual agreement to the county
24 or counties and component cities of the district.

25 (2) By submission of a petition signed by at least two-thirds
26 of the legislative bodies who have representatives on the public
27 facilities district governing body for an order of dissolution to
28 the superior court of a county of the district. All of the
29 signatures must have been collected within one hundred twenty days
30 of the date of submission to the court. The procedures for
31 dissolution provided in RCW 53.48.030 through 53.48.120 apply,
32 except that the balance of any assets, after payment of all costs
33 and expenses, will be divided among the county or counties and
34 component cities of the district on a per capita basis. Any duties
35 to be performed by a county official pursuant to RCW 53.48.030
36 through 53.48.120 will be performed by the relevant official of
37 the county in which the petition for dissolution is filed.

38

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 36.100
2 RCW to read as follows:

3 A public facilities district established in accordance with
4 this chapter will be dissolved and its affairs liquidated by
5 either of the following methods:

6 (1) When directed by a majority of persons in the district
7 voting on the question. An election placing the question before the
8 voters may be called in the following manner:

9 (a) By resolution of the public facilities district governing
10 authority;

11 (b) By resolution of the county legislative body or bodies with
12 the concurrence by resolution of the city council of a component
13 city; or

14 (c) By petition calling for an election signed by at least ten
15 percent of the qualified voters residing within the public
16 facilities district filed with the auditor of the county where the
17 largest portion of the district is located. The auditor will
18 examine and certify the sufficiency of the signatures, however,
19 the signatures must have been collected within a ninety-day period
20 as designated by the petition sponsors.

21 With dissolution of the public facilities district, any
22 outstanding obligations and bonded indebtedness of the district
23 will be satisfied or allocated by mutual agreement to the county
24 or counties and component cities of the district.

25 (2) By submission of a petition signed by at least two-thirds
26 of the legislative bodies who have representatives on the public
27 facilities district governing body for an order of dissolution to
28 the superior court of a county of the district. All of the
29 signatures must have been collected within one hundred twenty days
30 of the date of submission to the court. The procedures for
31 dissolution provided in RCW 53.48.030 through 53.48.120 apply,
32 except that the balance of any assets, after payment of all costs
33 and expenses, will be divided among the county or counties and
34 component cities of the district on a per capita basis. Any duties
35 to be performed by a county official pursuant to RCW 53.48.030
36 through 53.48.120 will be performed by the relevant official of
37 the county in which the petition for dissolution is filed.

38

1 NEW SECTION. **Sec. 7.** A new section is added to chapter 36.100
2 RCW to read as follows:

3 (1) A public facilities district that will construct a regional
4 center may apply for an exemption in the form of a remittance of
5 fifty percent of the taxes paid under chapters 82.08, 82.12, and
6 82.14 RCW on design, site preparation, construction of buildings
7 or other structures, and acquisition of related machinery and
8 equipment, for the regional center.

9 (2) Application shall be made to the department of revenue in a
10 form and manner prescribed by the department of revenue. The
11 application shall contain information regarding the location of
12 the regional center, estimated or actual costs, time schedules for
13 completion and operation, and other information required by the
14 department of revenue. The department of revenue shall approve the
15 application within sixty days if it meets the requirements of this
16 section.

17 (3) The taxes shall be remitted to the public facilities
18 district within one hundred twenty days after the department of
19 revenue is notified by the public facilities district that the
20 regional center is operationally complete. The public facilities
21 district shall provide the department of revenue with invoice
22 details and other information as required by the department in
23 order to determine the amount of tax to be remitted. The remittance
24 may not include any interest on taxes. The remittance amounts shall
25 be distributed from the funds and accounts into which the taxes
26 were deposited. The department of revenue shall notify the state
27 treasurer of the amounts to be distributed from each specific
28 state and local fund or account.

29 (4) Applications and any other information received by the
30 department of revenue under this section are not confidential and
31 are subject to disclosure. Chapter 82.32 RCW applies to the
32 administration of this section.

33 NEW SECTION. **Sec. 8.** A new section is added to chapter 35.57
34 RCW to read as follows:

35 (1) A public facilities district that will construct a regional
36 center may apply for an exemption in the form of a remittance of
37 fifty percent of the taxes paid under chapters 82.08, 82.12, and

1 82.14 RCW on design, site preparation, construction of buildings
2 or other structures, and acquisition of related machinery and
3 equipment, for the regional center.

4 (2) Application shall be made to the department of revenue in a
5 form and manner prescribed by the department of revenue. The
6 application shall contain information regarding the location of
7 the regional center, estimated or actual costs, time schedules for
8 completion and operation, and other information required by the
9 department of revenue. The department of revenue shall approve the
10 application within sixty days if it meets the requirements of this
11 section.

12 (3) The taxes shall be remitted to the public facilities
13 district within one hundred twenty days after the department of
14 revenue is notified by the public facilities district that the
15 regional center is operationally complete. The public facilities
16 district shall provide the department of revenue with invoice
17 details and other information as required by the department in
18 order to determine the amount of tax to be remitted. The remittance
19 may not include any interest on taxes. The remittance amounts shall
20 be distributed from the funds and accounts into which the taxes
21 were deposited. The department of revenue shall notify the state
22 treasurer of the amounts to be distributed from each specific
23 state and local fund or account.

24 (4) Applications and any other information received by the
25 department of revenue under this section are not confidential and
26 are subject to disclosure. Chapter 82.32 RCW applies to the
27 administration of this section.

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