

HOUSE BILL REPORT

SHB 1692

As Passed House:

March 5, 2009

Title: An act relating to authority of the board of directors of a public facilities district.

Brief Description: Addressing the authority of the board of directors of a public facilities district.

Sponsors: House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Driscoll, Wood, Crouse and Ormsby).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/16/09, 2/19/09 [DPS].

Floor Activity

Passed House: 3/5/09, 94-3.

Brief Summary of Substitute Bill

- Requires a public facilities district to identify, in its annual budget, proposed expenditures for promotional activities and to adopt rules governing promotional hosting.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Liias, Orcutt, Parker, Probst and Sullivan.

Staff: Chris Cordes (786-7103)

Background:

A public facilities district (PFD) may be created upon adoption of a resolution of the legislative authority of a county or of certain cities or towns, with or without the contiguous counties, in which the proposed district is located. A PFD is a municipal corporation and an independent taxing authority. A PFD is a corporate body and possesses all the usual powers

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of a corporation for public purposes or powers specially conferred by statute.

A PFD is authorized generally to acquire, construct, and operate regional centers, sports facilities, entertainment facilities, and convention facilities, together with contiguous parking facilities. In addition, the county PFDs formed after January 1, 2000, may acquire, construct, and operate recreation facilities other than ski areas.

A PFD is governed by an appointed board of directors (Board) with specified statutory authority. Among other things, the Board may authorize expenditures for informing the general public and for promoting or advertising the district's facilities, as long as the information for the public is not for the purpose of influencing the outcome of a district election.

Local governments are prohibited, under Article VIII, section 7 of the State Constitution, from giving money to private persons or entities (except for support of the poor or infirm). In 1965 the Washington Supreme Court (Court) considered whether promotional hosting of prospective customers by the Port of Seattle constituted a gift of public funds in violation of this constitutional provision. The Court found, under the facts of that case, that the hosting was without consideration and was therefore a gift. In 1966 the voters approved an amendment to the State Constitution to allow promotional hosting by port districts.

In more recent cases, the Court has reviewed both donor's intent and legal consideration when determining whether a challenged public expenditure is a gift of public funds.

Summary of Substitute Bill:

A city or county PFD board must identify, in its annual budget, proposed expenditures for promotional activities. It must adopt written rules governing promotional hosting by its employees, agents, and the board, including requirements for identifying and evaluating the public benefits to be derived and documenting the public benefits realized.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 19, 2009.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Spokane PFD operates three venues, which is a significant investment for its district. The venues have changed downtown Spokane and made a significant impact on the local economy. Voters have approved recent expansions of the facilities. International events get the entire community focused on hosting an event like the U.S. Figure Skating Championships.

Voters will get return on their investment if the facilities are kept busy and attract attendees to stay over in Spokane. Many attendees in Spokane and Everett are from out-of-state and

out-of-country. This creates great spinoffs for economic development. To be successful in attracting this benefit, a PFD needs hosting activities. The market for these events is more crowded, so that an entrepreneurial approach is needed to continue attracting events.

(Opposed) None.

Persons Testifying: Representative Driscoll, prime sponsor; Kevin Twohig, Spokane Public Facilities District; and Kim Bedier, Everett Public Facilities District.

Persons Signed In To Testify But Not Testifying: None.