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**SUBSTITUTE SENATE BILL 5186**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senate Early Learning & K-12 Education (originally sponsored by Senators Krishnadasan, Wellman, Orwall, Riccelli, Chapman, Hasegawa, Frame, Hansen, Lias, Saldaña, Cortes, Dhingra, Lovelett, Nobles, Shewmake, Slatter, Stanford, Valdez, and C. Wilson)

READ FIRST TIME 02/14/25.

1 AN ACT Relating to local funding for school district facilities;  
2 amending RCW 28A.535.020, 28A.535.050, 84.52.056, 39.36.020,  
3 28A.530.020, 28A.315.285, 82.02.050, 82.02.060, 82.02.070, 82.02.090,  
4 and 36.70A.211; repealing RCW 82.02.110; and providing a contingent  
5 effective date.

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

7 **Sec. 1.** RCW 28A.535.020 and 1996 c 48 s 2 are each amended to  
8 read as follows:

9 Whenever the board of directors of any school district shall deem  
10 it advisable to validate and ratify the indebtedness mentioned in RCW  
11 28A.535.010, they shall provide therefor by resolution, which shall  
12 be entered on the records of such school district, which resolution  
13 shall provide for the holding of an election for the purpose of  
14 submitting the question of validating and ratifying the indebtedness  
15 so incurred to the voters of such school district for approval or  
16 disapproval, and if at such election (~~three-fifths~~) a majority of  
17 the voters in such school district voting at such election shall vote  
18 in favor of the validation and ratification of such indebtedness,  
19 then such indebtedness so validated and ratified and every part  
20 thereof existing at the time of the adoption of said resolution shall

1 thereby become and is hereby declared to be validated and ratified  
2 and a binding obligation upon such school district.

3 **Sec. 2.** RCW 28A.535.050 and 1984 c 186 s 14 are each amended to  
4 read as follows:

5 If the indebtedness of such school district is validated and  
6 ratified, as provided in this chapter, by (~~three-fifths~~) a majority  
7 of the voters voting at such election, the board of directors of such  
8 school district, without any further vote, may borrow money and issue  
9 and sell negotiable bonds therefor in accordance with chapter 39.46  
10 RCW.

11 **Sec. 3.** RCW 84.52.056 and 2010 c 115 s 3 are each amended to  
12 read as follows:

13 (1) Any municipal corporation otherwise authorized by law to  
14 issue general obligation bonds for capital purposes may, at an  
15 election duly held after giving notice thereof as required by law,  
16 authorize the issuance of general obligation bonds for capital  
17 purposes only, which does not include the replacement of equipment,  
18 and provide for the payment of the principal and interest of such  
19 bonds by annual levies in excess of the tax limitations contained in  
20 RCW 84.52.050 (~~to~~) through 84.52.056, inclusive and RCW 84.52.043.  
21 Such an election may not be held more often than twice a calendar  
22 year, and the proposition to issue any such bonds and to exceed the  
23 tax limitation must receive the affirmative vote of a three-fifths  
24 majority of those voting on the proposition and the total number of  
25 (~~persons~~) voters voting at the election must constitute not less  
26 than forty percent of the voters in the municipal corporation who  
27 voted at the last preceding general state election, except that a  
28 proposition by a school district to issue such bonds and to pay the  
29 principal and interest on the bonds by annual tax levies shall be  
30 authorized by receiving the affirmative vote of a majority of the  
31 voters voting on the proposition.

32 (2) Any taxing district has the right by vote of its governing  
33 body to refund any general obligation bonds of said district issued  
34 for capital purposes only, and to provide for the interest thereon  
35 and amortization thereof by annual levies in excess of the tax  
36 limitations provided for in RCW 84.52.050 (~~to~~) through 84.52.056,  
37 inclusive and RCW 84.52.043.

1 (3) For the purposes of this section, "bond" includes a municipal  
2 corporation's obligation to make payments to the state in connection  
3 with a financing contract entered into by the state by or on behalf  
4 of a municipal corporation under chapter 39.94 RCW.

5 **Sec. 4.** RCW 39.36.020 and 2000 c 156 s 1 are each amended to  
6 read as follows:

7 (1) Except as otherwise expressly provided by law or in  
8 subsections (2), (3), and (4) of this section, no taxing district  
9 shall for any purpose become indebted in any manner to an amount  
10 exceeding three-eighths of one percent of the value of the taxable  
11 property in such taxing district without the assent of three-fifths  
12 of the voters therein voting at an election to be held for that  
13 purpose, nor in cases requiring such assent shall the total  
14 indebtedness incurred at any time exceed one and one-fourth percent  
15 on the value of the taxable property therein.

16 (2) (a) (i) Public hospital districts are limited to an  
17 indebtedness amount not exceeding three-fourths of one percent of the  
18 value of the taxable property in such public hospital districts  
19 without the assent of three-fifths of the voters therein voting at an  
20 election held for that purpose.

21 (ii) Counties, cities, and towns are limited to an indebtedness  
22 amount not exceeding one and one-half percent of the value of the  
23 taxable property in such counties, cities, or towns without the  
24 assent of three-fifths of the voters therein voting at an election  
25 held for that purpose.

26 (b) In cases requiring such assent counties, cities, towns, and  
27 public hospital districts are limited to a total indebtedness of two  
28 and one-half percent of the value of the taxable property therein.  
29 However, any county that has assumed the rights, powers, functions,  
30 and obligations of a metropolitan municipal corporation under chapter  
31 36.56 RCW may become indebted to a larger amount for its authorized  
32 metropolitan functions, as provided under chapter 35.58 RCW, but not  
33 exceeding an additional three-fourths of one percent of the value of  
34 the taxable property in the county without the assent of three-fifths  
35 of the voters therein voting at an election held for that purpose,  
36 and in cases requiring such assent not exceeding an additional two  
37 and one-half percent of the value of the taxable property in the  
38 county.

1 (3) School districts are limited to an indebtedness amount not  
2 exceeding three-eighths of one percent of the value of the taxable  
3 property in such district without the assent of (~~three-fifths~~) a  
4 majority of the voters therein voting at an election held for that  
5 purpose. In cases requiring such assent school districts are limited  
6 to a total indebtedness of two and one-half percent of the value of  
7 the taxable property therein.

8 (4) No part of the indebtedness allowed in this chapter shall be  
9 incurred for any purpose other than strictly county, city, town,  
10 school district, township, port district, metropolitan park district,  
11 or other municipal purposes: PROVIDED, That a city or town, with such  
12 assent, may become indebted to a larger amount, but not exceeding two  
13 and one-half percent additional, determined as herein provided, for  
14 supplying such city or town with water, artificial light, and sewers,  
15 when the works for supplying such water, light, and sewers shall be  
16 owned and controlled by the city or town; and a city or town, with  
17 such assent, may become indebted to a larger amount, but not  
18 exceeding two and one-half percent additional for acquiring or  
19 developing open space, park facilities, and capital facilities  
20 associated with economic development: PROVIDED FURTHER, That any  
21 school district may become indebted to a larger amount but not  
22 exceeding two and one-half percent additional for capital outlays.

23 (5) Such indebtedness may be authorized in any total amount in  
24 one or more propositions and the amount of such authorization may  
25 exceed the amount of indebtedness which could then lawfully be  
26 incurred. Such indebtedness may be incurred in one or more series of  
27 bonds from time to time out of such authorization but at no time  
28 shall the total general indebtedness of any taxing district exceed  
29 the above limitation.

30 The term "value of the taxable property" as used in this section  
31 shall have the meaning set forth in RCW 39.36.015.

32 **Sec. 5.** RCW 28A.530.020 and 1996 c 48 s 1 are each amended to  
33 read as follows:

34 (~~(1) The question whether the bonds shall be issued, as provided~~  
35 ~~in RCW 28A.530.010, shall be determined at an election to be held~~  
36 ~~pursuant to RCW 39.36.050. If a majority of the votes cast at such~~  
37 ~~election favor the issuance of such bonds, the board of directors~~  
38 ~~must issue such bonds: PROVIDED, That if the amount of bonds to be~~  
39 ~~issued, together with any outstanding indebtedness of the district~~

1 ~~that only needs a simple majority voter approval, exceeds three-~~  
2 ~~eighths of one percent of the value of the taxable property in said~~  
3 ~~district, as the term "value of the taxable property" is defined in~~  
4 ~~RCW 39.36.015, then three-fifths of the votes cast at such election~~  
5 ~~must be in favor of the issuance of such bonds, before the board of~~  
6 ~~directors is authorized to issue said bonds.~~

7 ~~(2))~~) The resolution adopted by the board of directors calling  
8 ~~((the))~~ an election ~~((in subsection (1) of this section))~~ shall  
9 specify the purposes of the debt financing measure, including the  
10 specific buildings to be constructed or remodeled and any additional  
11 specific purposes as authorized by RCW 28A.530.010. If the debt  
12 financing measure anticipates the receipt of state financing  
13 assistance under chapter 28A.525 RCW, the board resolution also shall  
14 describe the specific anticipated purpose of the state assistance. If  
15 the school board subsequently determines that state or local  
16 circumstances should cause any alteration to the specific  
17 expenditures from the debt financing or of the state assistance, the  
18 board shall first conduct a public hearing to consider those  
19 circumstances and to receive public testimony. If the board then  
20 determines that any such alterations are in the best interests of the  
21 district, it may adopt a new resolution or amend the original  
22 resolution at a public meeting held subsequent to the meeting at  
23 which public testimony was received.

24 **Sec. 6.** RCW 28A.315.285 and 2012 c 186 s 12 are each amended to  
25 read as follows:

26 (1) If a special election is held to vote on a proposal or  
27 alternate proposals to form a new school district, the votes cast by  
28 the registered voters in each component district shall be tabulated  
29 separately. Any such proposition shall be considered approved only if  
30 it receives a majority of the votes cast in each separate district  
31 voting thereon.

32 (2) If a special election is held to vote on a proposal for  
33 adjustment of bonded indebtedness, the entire vote cast by the  
34 registered voters of the proposed new district or of the established  
35 district as the case may be shall be tabulated. Any such proposition  
36 shall be considered approved if ~~((three-fifths or more))~~ a majority  
37 of all votes cast thereon are in the affirmative ~~((and forty percent~~  
38 ~~of))~~ without regard to the total number of voters ~~((who voted at the~~

1 ~~last preceding general election cast a ballot))~~ voting on the  
2 proposition.

3 (3) In the event of approval of a proposition or propositions  
4 voted on at a special election, the educational service district  
5 superintendent shall:

6 (a) Make an order establishing such new school district or such  
7 terms of adjustment of bonded indebtedness or both, as were approved  
8 by the registered voters and shall also order such other terms of  
9 adjustment, if there are any, of property and other assets and of  
10 liabilities other than bonded indebtedness as have been approved by  
11 the state council; and

12 (b) Certify his or her action to the county and school district  
13 officials specified in RCW 28A.315.215. The educational service  
14 district superintendent may designate, with the approval of the  
15 superintendent of public instruction, a name and number different  
16 from that of any component thereof, but must designate the new  
17 district by name and number different from any other district in  
18 existence in the county.

19 (4) The educational service district superintendent shall fix as  
20 the effective date of any order or orders he or she is required to  
21 make by this chapter, the date specified in the order of final  
22 approval of any change in the organization and extent of school  
23 districts or of any terms of adjustment of the assets and liabilities  
24 of school districts subject, for taxing purposes, to the redrawing of  
25 taxing district boundaries under RCW 84.09.030, by the regional  
26 committee.

27 (5) Upon receipt of certification under this section, the  
28 superintendent of each school district that is included in the new  
29 district shall deliver to the superintendent of the new school  
30 district those books, papers, documents, records, and other materials  
31 pertaining to the territory transferred.

32 **Sec. 7.** RCW 82.02.050 and 2015 c 241 s 1 are each amended to  
33 read as follows:

34 (1) It is the intent of the legislature:

35 (a) To ensure that adequate facilities are available to serve new  
36 growth and development;

37 (b) To promote orderly growth and development by establishing  
38 standards by which counties, cities, and towns may require, by  
39 ordinance, that new growth and development pay a proportionate share

1 of the cost of new facilities needed to serve new growth and  
2 development; and

3 (c) To ensure that impact fees are imposed through established  
4 procedures and criteria so that specific developments do not pay  
5 arbitrary fees or duplicative fees for the same impact.

6 (2) Counties, cities, and towns that are required or choose to  
7 plan under RCW 36.70A.040 are authorized to impose impact fees on  
8 development activity as part of the financing for public facilities,  
9 provided that the financing for system improvements to serve new  
10 development must provide for a balance between impact fees and other  
11 sources of public funds and cannot rely solely on impact fees.

12 (3)(a)(i) Counties, cities, and towns collecting impact fees  
13 must, by September 1, 2016, adopt and maintain a system for the  
14 deferred collection of impact fees for single-family detached and  
15 attached residential construction. The deferral system must include a  
16 process by which an applicant for a building permit for a single-  
17 family detached or attached residence may request a deferral of the  
18 full impact fee payment. The deferral system offered by a county,  
19 city, or town under this subsection (3) must include one or more of  
20 the following options:

21 (A) Deferring collection of the impact fee payment until final  
22 inspection;

23 (B) Deferring collection of the impact fee payment until  
24 certificate of occupancy or equivalent certification; or

25 (C) Deferring collection of the impact fee payment until the time  
26 of closing of the first sale of the property occurring after the  
27 issuance of the applicable building permit.

28 (ii) Counties, cities, and towns utilizing the deferral process  
29 required by this subsection (3)(a) may withhold certification of  
30 final inspection, certificate of occupancy, or equivalent  
31 certification until the impact fees have been paid in full.

32 (iii) The amount of impact fees that may be deferred under this  
33 subsection (3) must be determined by the fees in effect at the time  
34 the applicant applies for a deferral.

35 (iv) Unless an agreement to the contrary is reached between the  
36 buyer and seller, the payment of impact fees due at closing of a sale  
37 must be made from the seller's proceeds. In the absence of an  
38 agreement to the contrary, the seller bears strict liability for the  
39 payment of the impact fees.

1 (b) The term of an impact fee deferral under this subsection (3)  
2 may not exceed eighteen months from the date of building permit  
3 issuance.

4 (c) Except as may otherwise be authorized in accordance with (f)  
5 of this subsection (3), an applicant seeking a deferral under this  
6 subsection (3) must grant and record a deferred impact fee lien  
7 against the property in favor of the county, city, or town in the  
8 amount of the deferred impact fee. The deferred impact fee lien,  
9 which must include the legal description, tax account number, and  
10 address of the property, must also be:

11 (i) In a form approved by the county, city, or town;

12 (ii) Signed by all owners of the property, with all signatures  
13 acknowledged as required for a deed, and recorded in the county where  
14 the property is located;

15 (iii) Binding on all successors in title after the recordation;  
16 and

17 (iv) Junior and subordinate to one mortgage for the purpose of  
18 construction upon the same real property granted by the person who  
19 applied for the deferral of impact fees.

20 (d) ~~((+))~~ If impact fees are not paid in accordance with a  
21 deferral authorized by this subsection (3), and in accordance with  
22 the term provisions established in (b) of this subsection (3), the  
23 county, city, or town may institute foreclosure proceedings in  
24 accordance with chapter 61.12 RCW.

25 ~~((+)) If the county, city, or town does not institute  
26 foreclosure proceedings for unpaid school impact fees within forty-  
27 five days after receiving notice from a school district requesting  
28 that it do so, the district may institute foreclosure proceedings  
29 with respect to the unpaid impact fees.))~~

30 (e) (i) Upon receipt of final payment of all deferred impact fees  
31 for a property, the county, city, or town must execute a release of  
32 deferred impact fee lien for the property. The property owner at the  
33 time of the release, at his or her expense, is responsible for  
34 recording the lien release.

35 (ii) The extinguishment of a deferred impact fee lien by the  
36 foreclosure of a lien having priority does not affect the obligation  
37 to pay the impact fees as a condition of final inspection,  
38 certificate of occupancy, or equivalent certification, or at the time  
39 of closing of the first sale.



1 (f) A county, city, or town with an impact fee deferral process  
2 on or before April 1, 2015, is exempt from the requirements of this  
3 subsection (3) if the deferral process delays all impact fees and  
4 remains in effect after September 1, 2016.

5 (g) (i) Each applicant for a single-family residential  
6 construction permit, in accordance with his or her contractor  
7 registration number or other unique identification number, is  
8 entitled to annually receive deferrals under this subsection (3) for  
9 the first twenty single-family residential construction building  
10 permits per county, city, or town. A county, city, or town, however,  
11 may elect, by ordinance, to defer more than twenty single-family  
12 residential construction building permits for an applicant. (~~If the~~  
13 ~~county, city, or town collects impact fees on behalf of one or more~~  
14 ~~school districts for which the collection of impact fees could be~~  
15 ~~delayed, the county, city, or town must consult with the district or~~  
16 ~~districts about the additional deferrals. A county, city, or town~~  
17 ~~considering additional deferrals must give substantial weight to~~  
18 ~~recommendations of each applicable school district regarding the~~  
19 ~~number of additional deferrals. If the county, city, or town~~  
20 ~~disagrees with the recommendations of one or more school districts,~~  
21 ~~the county, city, or town must provide the district or districts with~~  
22 ~~a written rationale for its decision.))~~

23 (ii) For purposes of this subsection (3) (g), an "applicant"  
24 includes an entity that controls the applicant, is controlled by the  
25 applicant, or is under common control with the applicant.

26 (h) Counties, cities, and towns may collect reasonable  
27 administrative fees to implement this subsection (3) from permit  
28 applicants who are seeking to delay the payment of impact fees under  
29 this subsection (3).

30 (i) In accordance with RCW 44.28.812 and 43.31.980, counties,  
31 cities, and towns must cooperate with and provide requested data,  
32 materials, and assistance to the department of commerce and the joint  
33 legislative audit and review committee.

34 (4) The impact fees:

35 (a) Shall only be imposed for system improvements that are  
36 reasonably related to the new development;

37 (b) Shall not exceed a proportionate share of the costs of system  
38 improvements that are reasonably related to the new development; and

39 (c) Shall be used for system improvements that will reasonably  
40 benefit the new development.

1 (5) (a) Impact fees may be collected and spent only for the public  
2 facilities defined in RCW 82.02.090 which are addressed by a capital  
3 facilities plan element of a comprehensive land use plan adopted  
4 pursuant to the provisions of RCW 36.70A.070 or the provisions for  
5 comprehensive plan adoption contained in chapter 36.70, 35.63, or  
6 35A.63 RCW. After the date a county, city, or town is required to  
7 adopt its development regulations under chapter 36.70A RCW, continued  
8 authorization to collect and expend impact fees is contingent on the  
9 county, city, or town adopting or revising a comprehensive plan in  
10 compliance with RCW 36.70A.070, and on the capital facilities plan  
11 identifying:

12 (i) Deficiencies in public facilities serving existing  
13 development and the means by which existing deficiencies will be  
14 eliminated within a reasonable period of time;

15 (ii) Additional demands placed on existing public facilities by  
16 new development; and

17 (iii) Additional public facility improvements required to serve  
18 new development.

19 (b) If the capital facilities plan of the county, city, or town  
20 is complete other than for the inclusion of those elements which are  
21 the responsibility of a special district, the county, city, or town  
22 may impose impact fees to address those public facility needs for  
23 which the county, city, or town is responsible.

24 **Sec. 8.** RCW 82.02.060 and 2023 c 337 s 10 are each amended to  
25 read as follows:

26 The local ordinance by which impact fees are imposed:

27 (1) Shall include a schedule of impact fees which shall be  
28 adopted for each type of development activity that is subject to  
29 impact fees, specifying the amount of the impact fee to be imposed  
30 for each type of system improvement. The schedule shall be based upon  
31 a formula or other method of calculating such impact fees. The  
32 schedule shall reflect the proportionate impact of new housing units,  
33 including multifamily and condominium units, based on the square  
34 footage, number of bedrooms, or trips generated, in the housing unit  
35 in order to produce a proportionally lower impact fee for smaller  
36 housing units. In determining proportionate share, the formula or  
37 other method of calculating impact fees shall incorporate, among  
38 other things, the following:

1 (a) The cost of public facilities necessitated by new  
2 development;

3 (b) An adjustment to the cost of the public facilities for past  
4 or future payments made or reasonably anticipated to be made by new  
5 development to pay for particular system improvements in the form of  
6 user fees, debt service payments, taxes, or other payments earmarked  
7 for or proratable to the particular system improvement;

8 (c) The availability of other means of funding public facility  
9 improvements;

10 (d) The cost of existing public facilities improvements; and

11 (e) The methods by which public facilities improvements were  
12 financed;

13 (2) May provide an exemption for low-income housing, and other  
14 development activities with broad public purposes, including  
15 development of an early learning facility, from these impact fees,  
16 provided that the impact fees for such development activity shall be  
17 paid from public funds other than impact fee accounts;

18 (3) (a) May not impose an impact fee on development activities of  
19 an early learning facility greater than that imposed on commercial  
20 retail or commercial office development activities that generate a  
21 similar number, volume, type, and duration of vehicle trips;

22 (b) When a facility or development has more than one use, the  
23 limitations in this subsection (3) or the exemption applicable to an  
24 early learning facility in subsections (2) and (4) of this section  
25 only apply to that portion that is developed as an early learning  
26 facility. The impact fee assessed on an early learning facility in  
27 such a development or facility may not exceed the least of the impact  
28 fees assessed on comparable businesses in the facility or  
29 development;

30 (4) May provide an exemption from impact fees for low-income  
31 housing or for early learning facilities. Local governments that  
32 grant exemptions for low-income housing or for early learning  
33 facilities under this subsection (4) may either: Grant a partial  
34 exemption of not more than eighty percent of impact fees, in which  
35 case there is no explicit requirement to pay the exempted portion of  
36 the fee from public funds other than impact fee accounts; or provide  
37 a full waiver, in which case the remaining percentage of the exempted  
38 fee must be paid from public funds other than impact fee accounts,  
39 except as provided in (b) of this subsection. These exemptions are  
40 subject to the following requirements:

1 (a) An exemption for low-income housing granted under subsection  
2 (2) of this section or this subsection (4) must be conditioned upon  
3 requiring the developer to record a covenant that, except as provided  
4 otherwise by this subsection, prohibits using the property for any  
5 purpose other than for low-income housing. At a minimum, the covenant  
6 must address price restrictions and household income limits for the  
7 low-income housing, and that if the property is converted to a use  
8 other than for low-income housing, the property owner must pay the  
9 applicable impact fees in effect at the time of conversion;

10 (b) An exemption for early learning facilities granted under  
11 subsection (2) of this section or this subsection (4) may be a full  
12 waiver without an explicit requirement to pay the exempted portion of  
13 the fee from public funds other than impact fee accounts if the local  
14 government requires the developer to record a covenant that requires  
15 that at least 25 percent of the children and families using the early  
16 learning facility qualify for state subsidized child care, including  
17 early childhood education and assistance under chapter 43.216 RCW,  
18 and that provides that if the property is converted to a use other  
19 than for an early learning facility, the property owner must pay the  
20 applicable impact fees in effect at the time of conversion, and that  
21 also provides that if at no point during a calendar year does the  
22 early learning facility achieve the required percentage of children  
23 and families qualified for state subsidized child care using the  
24 early learning facility, the property owner must pay 20 percent of  
25 the impact fee that would have been imposed on the development had  
26 there not been an exemption within 90 days of the local government  
27 notifying the property owner of the breach, and any balance remaining  
28 thereafter shall be a lien on the property; and

29 (c) Covenants required by (a) and (b) of this subsection must be  
30 recorded with the applicable county auditor or recording officer. A  
31 local government granting an exemption under subsection (2) of this  
32 section or this subsection (4) for low-income housing or an early  
33 learning facility may not collect revenue lost through granting an  
34 exemption by increasing impact fees unrelated to the exemption(~~(A~~  
35 ~~school district who receives school impact fees must approve any~~  
36 ~~exemption under subsection (2) of this section or this subsection~~  
37 ~~(4))~~);

38 (5) Shall provide a credit for the value of any dedication of  
39 land for, improvement to, or new construction of any system  
40 improvements provided by the developer, to facilities that are

1 identified in the capital facilities plan and that are required by  
2 the county, city, or town as a condition of approving the development  
3 activity;

4 (6) Shall allow the county, city, or town imposing the impact  
5 fees to adjust the standard impact fee at the time the fee is imposed  
6 to consider unusual circumstances in specific cases to ensure that  
7 impact fees are imposed fairly;

8 (7) Shall include a provision for calculating the amount of the  
9 fee to be imposed on a particular development that permits  
10 consideration of studies and data submitted by the developer to  
11 adjust the amount of the fee;

12 (8) Shall establish one or more reasonable service areas within  
13 which it shall calculate and impose impact fees for various land use  
14 categories per unit of development;

15 (9) May provide for the imposition of an impact fee for system  
16 improvement costs previously incurred by a county, city, or town to  
17 the extent that new growth and development will be served by the  
18 previously constructed improvements provided such fee shall not be  
19 imposed to make up for any system improvement deficiencies; and

20 (10) Must adopt or amend by ordinance, and incorporate into their  
21 development regulations, zoning regulations, and other official  
22 controls the requirements of this section to take effect six months  
23 after the jurisdiction's next periodic comprehensive plan update  
24 required under RCW 36.70A.130.

25 For purposes of this section, "low-income housing" means housing  
26 with a monthly housing expense, that is no greater than thirty  
27 percent of eighty percent of the median family income adjusted for  
28 family size, for the county where the project is located, as reported  
29 by the United States department of housing and urban development.

30 For the purposes of this section, "early learning facility" has  
31 the same meaning as in RCW 43.31.565.

32 **Sec. 9.** RCW 82.02.070 and 2011 c 353 s 8 are each amended to  
33 read as follows:

34 (1) Impact fee receipts shall be earmarked specifically and  
35 retained in special interest-bearing accounts. Separate accounts  
36 shall be established for each type of public facility for which  
37 impact fees are collected. All interest shall be retained in the  
38 account and expended for the purpose or purposes for which the impact  
39 fees were imposed. Annually, each county, city, or town imposing

1 impact fees shall provide a report on each impact fee account showing  
2 the source and amount of all moneys collected, earned, or received  
3 and system improvements that were financed in whole or in part by  
4 impact fees.

5 (2) Impact fees for system improvements shall be expended only in  
6 conformance with the capital facilities plan element of the  
7 comprehensive plan.

8 (3) (~~((a) Except as provided otherwise by (b) of this subsection,~~  
9 ~~impact))~~ Impact fees shall be expended or encumbered for a  
10 permissible use within ten years of receipt, unless there exists an  
11 extraordinary and compelling reason for fees to be held longer than  
12 ten years. Such extraordinary or compelling reasons shall be  
13 identified in written findings by the governing body of the county,  
14 city, or town.

15 (~~((b) School impact fees must be expended or encumbered for a  
16 permissible use within ten years of receipt, unless there exists an  
17 extraordinary and compelling reason for fees to be held longer than  
18 ten years. Such extraordinary or compelling reasons shall be  
19 identified in written findings by the governing body of the county,  
20 city, or town.))~~)

21 (4) Impact fees may be paid under protest in order to obtain a  
22 permit or other approval of development activity.

23 (5) Each county, city, or town that imposes impact fees shall  
24 provide for an administrative appeals process for the appeal of an  
25 impact fee; the process may follow the appeal process for the  
26 underlying development approval or the county, city, or town may  
27 establish a separate appeals process. The impact fee may be modified  
28 upon a determination that it is proper to do so based on principles  
29 of fairness. The county, city, or town may provide for the resolution  
30 of disputes regarding impact fees by arbitration.

31 **Sec. 10.** RCW 82.02.090 and 2023 c 121 s 2 are each amended to  
32 read as follows:

33 The definitions in this section apply throughout this section and  
34 RCW 82.02.050 through 82.02.080 unless the context clearly requires  
35 otherwise.

36 (1) "Development activity" means any construction or expansion of  
37 a building, structure, or use, any change in use of a building or  
38 structure, or any changes in the use of land, that creates additional

1 demand and need for public facilities. "Development activity" does  
2 not include:

3 (a) Buildings or structures constructed by a regional transit  
4 authority; or

5 (b) Buildings or structures constructed as shelters that provide  
6 emergency housing for people experiencing homelessness, or emergency  
7 shelters for victims of domestic violence, as defined in RCW  
8 70.123.020.

9 (2) "Development approval" means any written authorization from a  
10 county, city, or town which authorizes the commencement of  
11 development activity.

12 (3) "Impact fee" means a payment of money imposed upon  
13 development as a condition of development approval to pay for public  
14 facilities needed to serve new growth and development, and that is  
15 reasonably related to the new development that creates additional  
16 demand and need for public facilities, that is a proportionate share  
17 of the cost of the public facilities, and that is used for facilities  
18 that reasonably benefit the new development. "Impact fee" does not  
19 include a reasonable permit or application fee.

20 (4) "Owner" means the owner of record of real property, although  
21 when real property is being purchased under a real estate contract,  
22 the purchaser is considered the owner of the real property if the  
23 contract is recorded.

24 (5) "Project improvements" mean site improvements and facilities  
25 that are planned and designed to provide service for a particular  
26 development project and that are necessary for the use and  
27 convenience of the occupants or users of the project, and are not  
28 system improvements. An improvement or facility included in a capital  
29 facilities plan approved by the governing body of the county, city,  
30 or town is not considered a project improvement.

31 (6) "Proportionate share" means that portion of the cost of  
32 public facility improvements that are reasonably related to the  
33 service demands and needs of new development.

34 (7) "Public facilities" means the following capital facilities  
35 owned or operated by government entities: (a) Public streets, roads,  
36 and bicycle and pedestrian facilities that were designed with  
37 multimodal commuting as an intended use; (b) publicly owned parks,  
38 open space, and recreation facilities; and (c) (~~school facilities,~~  
39 ~~and (d))~~) fire protection facilities.

1 (8) "Service area" means a geographic area defined by a county,  
2 city, town, or intergovernmental agreement in which a defined set of  
3 public facilities provide service to development within the area.  
4 Service areas must be designated on the basis of sound planning or  
5 engineering principles.

6 (9) "System improvements" mean public facilities that are  
7 included in the capital facilities plan and are designed to provide  
8 service to service areas within the community at large, in contrast  
9 to project improvements.

10 **Sec. 11.** RCW 36.70A.211 and 2017 c 129 s 2 are each amended to  
11 read as follows:

12 (1) A county may authorize the siting in a rural area of a school  
13 that serves students from an urban area, even where otherwise  
14 prohibited by a multicounty planning policy, under the following  
15 circumstances:

16 (a) The county has a population of more than eight hundred forty  
17 thousand but fewer than one million five hundred thousand and abuts  
18 at least six other counties;

19 (b) The county must have adopted in its comprehensive plan a  
20 policy concerning the siting of schools in rural areas;

21 (c) Any impacts associated with the siting of such a school are  
22 mitigated as required by the state environmental policy act, chapter  
23 43.21C RCW; and

24 (d) The county must be a participant in a multicounty planning  
25 policy as described in RCW 36.70A.210.

26 (2) A multicounty planning policy in which any county referenced  
27 in subsection (1) of this section is a participant must be amended,  
28 at its next regularly scheduled update, to include a policy that  
29 addresses the siting of schools in rural areas of all counties  
30 subject to the multicounty planning policy.

31 ~~(3) ((A school sited under this section may not collect or impose~~  
32 ~~the impact fees described in RCW 82.02.050.~~

33 ~~(4))~~) This section expires June 30, 2031.

34 NEW SECTION. **Sec. 12.** RCW 82.02.110 (Impact fees—Extending use  
35 of school impact fees) and 2009 c 263 s 2 are each repealed.

36 NEW SECTION. **Sec. 13.** If any provision of this act or its  
37 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.

3 NEW SECTION. **Sec. 14.** This act takes effect if the proposed  
4 amendment to Article VII, section 2, Article VIII, section 6, and  
5 Article IX of the state Constitution (S-0600/25) modifying local  
6 funding authority for school district facilities is validly submitted  
7 to and is approved and ratified by the voters at the next general  
8 election.

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