SENATE BILL REPORT
SB 6158

As of January 18, 2024

Title: An act relating to public facilities districts.

Brief Description: Concerning public facilities districts.

Sponsors: Senators Wilson, J. and Dozier.

Brief History:

Committee Activity: Local Government, Land Use & Tribal Affairs: 1/18/24.

Brief Summary of Bill

- Extends the authorization for two state-shared local sales and use taxes for regional centers from 40 years to 65 years, assuming bonds have not yet been retired.
- Provides that a member of the board of directors of a public facilities district may receive compensation of $100 per day, rather than $50 per day, not to exceed $6,000 a year.

SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

Staff: Karen Epps (786-7424)

Background: A public facilities district (PFD) is a municipal corporation with independent taxing authority and is a taxing district under the state constitution. A PFD may be created by a city, group of cities, county, or a group of cities and a county. PFDs are authorized to acquire, build, own, and operate regional centers. Regional centers include a convention, conference, or special events center, or any combination of facilities, and its related parking facilities. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural

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exhibitions, presentations, or performances.

There are several types of local PFDs that can be created, including:

- a single-town or city PFD—created by any town or city located in a county with a population of less than 1 million;
- contiguous group of towns/cities PFD—created when any contiguous group of towns or cities located in a county or counties each with a population of less than 1 million enter an interlocal agreement for the PFD's creation and joint operation;
- city/county joint PFD—created and jointly operated via an interlocal agreement by a town or city, or any contiguous group of towns or cities located in a county with a population of 1 million; and a contiguous county, or the county or counties in which the town or cities are located;
- regional city PFD—created by a city located in a county with a population greater than 1 million, when the city has a total population of less than 115,000 but greater than 80,000 and commences construction of a regional center prior to July 1, 2008;
- multi-city/town PFD—a new multi-city PFD may only be created by a group of at least three contiguous cities or towns, with a combined population of at least 160,000, each of which must have already established a PFD, and must obtain voter approval to fund the project;
- local PFD, single town or city PFD—created by a city or town that has also participated in the creation of an additional regional PFD, with three or more contiguous cities or towns, and must obtain voter approval to fund the project; and
- contiguous group of towns/cities or towns/cities/counties PFD—created by any contiguous towns or cities or towns, cities, and the county or counties in the towns or cities are located, each of which also previously participated in the creation of a regional PFD, and must obtain voter approval to fund the project.

All types of PFDs may charge fees for the use of its facilities. Each PFD may also impose a variety of taxes to fund its regional center or recreational facility, including an admissions tax not exceeding 5 percent, a vehicle parking tax not exceeding 10 percent, a local sales and use tax of up to 0.033 percent to finance regional centers, a voter-approved local sales and use tax of up to 0.2 percent, and, if applicable, a voter-approved 2 percent lodging excise tax.

Authority to levy the PFD sales and use tax for regional centers is limited to districts that were created by certain dates and commenced the construction, improvement, rehabilitation, or expansion of eligible projects prior to certain dates. Once imposed, the tax may remain in place until bonds that finance the construction of the facility are retired, but in no case may the tax be levied for longer than 40 years.

PFDs with at least one regional center where construction occurred before January 1, 2004, are also authorized to levy an additional local sales and use tax of 0.02 percent to finance the construction, improvement, rehabilitation, or expansion of regional theaters. Once imposed, the tax may remain in place until bonds that finance the construction of the facility are retired, but in no case may the tax be levied for longer than 40 years.

PFDs are governed by a five-, seven-, or nine-member board of directors who are appointed to office. Directors serve staggered four-year terms of office. Directors of county PFDs may receive compensation of $50 per day for attending meetings or conferences on behalf of the district, not to exceed $3,000 per year.

Summary of Bill: The maximum timeframes within which the PFDs are authorized to levy two local sales and use taxes, one to finance the construction of regional centers and one to finance the construction of regional theaters, are extended from 40 years to 65 years, provided that bonds have not yet retired.

A member of the board of directors of a county PFD may receive compensation of $100 per day, rather than $50 per day, not to exceed $6,000 a year.

Appropriation: None.

Fiscal Note: Requested on January 15, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This bill will extend from 40 to 65 years the use and application of the existing sales tax credit. The bill also raises the rate for board members from $50 to $100 per day, which has not changed since 1995. This bill provides great benefit to existing PFDs. This bill will extend the 0.33 percent credit against the state sales tax. This bill will allow PFDs to fund new construction, pay for deferred maintenance, and catch up with lost revenue due to the pandemic. The bill will allow PFDs to refinance by extending the term of the revenue stream. PFDs are very important to local economic success. There is a request to change "the regional center" to "a regional center" as some PFDs have multiple projects and facilities. Expansion and development of new facilities brings local revenue. COVID caused a lot of PFD buildings to close, maintenance and repairs to be postponed, and employees to be laid off. This extension in sales tax will help PFDs keep up with its master plan. The extension in sales tax is needed so PFDs can ensure they will get the bonding capacity that they need for their projects. This bill would help with recovery for PFDs after losing revenue during the pandemic. Some PFDs are facing competition from outside the state and really need this extension so they can get their competitive edge back.

Persons Testifying: PRO: Senator Jeff Wilson, Prime Sponsor; Jim Hedrick, Association of Washington State Public Facility Districts (AWSPFD); Betty Erickson, Cowlitz County PFD, Chiar AWSFPD Board; Janet Pope, Lynnwood Public Facilities District; Corey Pierson, Executive Director Three Rivers Convention Center.

Persons Signed In To Testify But Not Testifying: No one.