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SENATE BILL 5214

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State of Washington

53rd Legislature

1993 Regular Session

By Senators Haugen and Winsley

Read first time 01/18/93. Referred to Committee on Government Operations.

1 AN ACT Relating to local improvement districts; adding a new  
2 section to chapter 35.21 RCW; adding a new section to chapter 35.58  
3 RCW; adding a new section to chapter 36.69 RCW; adding a new section to  
4 chapter 36.73 RCW; adding a new section to chapter 36.83 RCW; adding a  
5 new section to chapter 36.88 RCW; adding a new section to chapter 36.94  
6 RCW; adding a new section to chapter 39.46 RCW; adding a new section to  
7 chapter 52.20 RCW; adding a new section to chapter 53.08 RCW; adding a  
8 new section to chapter 54.16 RCW; adding a new section to chapter 56.20  
9 RCW; adding a new section to chapter 57.16 RCW; adding a new section to  
10 chapter 87.03 RCW; adding a new chapter to Title 39 RCW; and creating  
11 a new section.

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

13 NEW SECTION. **Sec. 1.** PURPOSE. The purpose of this chapter and  
14 section 49 of this act is to provide an optional method clarifying,  
15 simplifying, and making uniform the procedures by which local  
16 governments create local improvement districts, utility local  
17 improvement districts, local utility districts, and road improvement  
18 districts, impose and collect special assessments, and issue and sell  
19 local improvement district bonds and revenue bonds backed by the

1 special assessments. The authority included in this chapter and  
2 section 49 of this act is supplementary and in addition to any  
3 authority otherwise existing. Except as otherwise provided, a local  
4 government may not use any of the authority included in this chapter  
5 and section 49 of this act without complying with this entire chapter  
6 and section 49 of this act and any limitations and restrictions  
7 included in this chapter and section 49 of this act.

8 NEW SECTION. **Sec. 2.** DEFINITIONS. Unless the context clearly  
9 requires otherwise, the definitions in this section apply throughout  
10 this chapter and section 49 of this act.

11 (1) "City" means a city or town.

12 (2) "Costs of public improvements" means all costs of constructing  
13 or providing public improvements financed in whole or in part by a  
14 local improvement district and all related costs associated with  
15 construction or provision of the public improvement, including, but not  
16 limited to, costs for the following services and activities:  
17 Engineering, designing, surveying, appraising, advertising, marketing,  
18 publishing, accounting, clerical, legal, financing, interim financing,  
19 increasing or establishing a guaranty fund or a separate reserve fund  
20 or other security for the payment of principal and interest on bonds,  
21 and acquiring land, rights of way, easements, or other facilities or  
22 rights.

23 (3) "Expenses" means the expenses incurred in foreclosing a lien  
24 and selling real property subject to the lien that are incurred until  
25 the lien is paid in full, including, but not limited to, actual  
26 attorney's expenses based upon salaries and other factors, the expenses  
27 of preparing a certificate of delinquency, the expenses of conducting  
28 a title search, and the expenses in selling the real property.

29 (4) "Governing body" means the council, commission, or other  
30 legislative authority of a local government.

31 (5) "Interested parties" means any person with a record interest in  
32 the real property, including a financial institution of record in the  
33 real property, but does not include the holder of any easement on the  
34 real property or a covenant running with the real property.

35 (6) "Local government" means a county, city, port district, public  
36 utility district, sewer district, water district, irrigation district,  
37 or other municipal corporation or quasi-municipal corporation otherwise  
38 authorized by statute to create local improvement districts.

1 (7) "Local improvement district" means a district created by a  
2 local government where a geographic area or areas are designated as  
3 specially benefited by public improvements, and the costs of the public  
4 improvements are to be defrayed wholly or in part by the imposition of  
5 special assessments on the benefited real property located within the  
6 district. Local improvement districts include utility local  
7 improvement districts created by local governments, local utility  
8 districts created by public utility districts, and road improvement  
9 districts created by counties.

10 (8) "Local improvement district bonds" means bonds, notes, or other  
11 evidences of indebtedness issued by a local government to pay all or  
12 part of the costs of public improvements financed through a local  
13 improvement district, which bonds, notes, or other evidences of  
14 indebtedness are not general indebtedness of the local government but  
15 are special indebtedness of a fund or funds of the local government,  
16 and which bonds, notes, or other evidences of indebtedness are payable  
17 exclusively from special assessments imposed within the local  
18 improvement district, from reserve funds that may be created, from a  
19 guaranty fund that may be created, and from other moneys legally  
20 available for such purposes.

21 (9) "Public improvements" means facilities, utilities, equipment,  
22 plant capacity, and related utility services that the local government  
23 is authorized to finance through the creation of a local improvement  
24 district and that: (a) Are of a public nature; and (b) confer a  
25 special benefit on real property within the local improvement district  
26 beyond the benefits conferred generally to the community.

27 (10) "Resolution" means an enactment by which a governing body  
28 formally adopts legislative provisions and matters of some permanency  
29 and includes ordinances and resolutions as applicable to the local  
30 government.

31 (11) "Special assessment" means a charge imposed upon real property  
32 within a local improvement district that is specially benefited, or  
33 will be specially benefited, from the public improvements financed in  
34 whole or in part through the local improvement district, and which  
35 shall not exceed the increased true and fair value resulting to the  
36 real property from the public improvements that are financed in whole  
37 or in part through the local improvement district.

38 (12) "Utility local improvement district" means a type of local  
39 improvement district used to construct utility public improvements

1 where both special assessments and a portion of the utility rates,  
2 utility charges, or utility fees are pledged to the payment of revenue  
3 bonds or other revenue obligations, instead of local improvement  
4 district bonds, issued to finance all or part of the cost of the  
5 utility public improvements.

6 NEW SECTION. **Sec. 3.** PROPERTY OWNER SIGNATURES. Whenever real  
7 property is proposed to be included in a local improvement district,  
8 and the real property is being purchased on a contract, the contract  
9 purchaser of the real property shall be the person who is eligible to  
10 sign a petition under this chapter relating to that real property  
11 unless the owner had signed the petition prior to the sale.

12 NEW SECTION. **Sec. 4.** OPTIONAL AUTHORIZATION. (1) Any local  
13 government that is authorized by law other than this chapter to create  
14 local improvement districts may create local improvement districts,  
15 impose and collect special assessments related to the local improvement  
16 districts, and issue and sell local improvement district bonds, or  
17 revenue bonds if utility local improvement districts are created, as  
18 provided in this chapter and section 49 of this act. A local  
19 government may create a local improvement district to finance only  
20 those public improvements that the local government is authorized by  
21 law other than this chapter to provide and finance through the  
22 establishment of local improvement districts. Local improvement  
23 districts need not include all real property expected to be specially  
24 benefited and may include noncontiguous areas. When the governing body  
25 of a local government finds that all of the real property within a  
26 proposed local improvement district will be benefited by two or more  
27 separate public improvements as a whole, a local improvement district  
28 may include one or more separate areas even though the public  
29 improvements are not connected or continuous.

30 (2) A local government may use the procedures provided in this  
31 chapter to create a local improvement district outside of its  
32 boundaries, or to include areas located both inside and outside of its  
33 boundaries, if it is authorized to create such local improvement  
34 districts by other laws. The creation of a local improvement district  
35 outside of the boundaries of a local government may be subject to  
36 potential review by a boundary review board under chapter 36.93 RCW.  
37 A petition to initiate a local improvement district that is proposed to

1 include areas located both inside and outside of the local government's  
2 boundaries must include signatures sufficient to initiate two separate  
3 local improvement districts, one including the area inside of the local  
4 government's boundaries and the other including the area outside of the  
5 local government's boundaries. The ability of real property owners to  
6 file objections to stop the creation of such a local improvement  
7 district that is initiated by resolution shall apply separately to the  
8 areas located inside of the local government's boundaries and outside  
9 of the local government's boundaries.

10 NEW SECTION. **Sec. 5.** INITIATION. A local improvement district  
11 may be initiated upon either: (1) The local government governing body  
12 adopting a resolution of intention to create the local improvement  
13 district; or (2) the filing of a petition requesting the local  
14 improvement district, which petition is signed by the owners of at  
15 least a majority of the area within the proposed local improvement  
16 district. The resolution of intention or petition shall describe the  
17 proposed boundaries of the local improvement district and the general  
18 nature and extent of the proposed public improvements proposed to be  
19 financed by the local improvement district in detail sufficient to  
20 apprise the reader of the type of public improvements proposed to be  
21 made, although other public improvements may be financed by the local  
22 improvement district that are not expressly described if these other  
23 public improvements are directly related to, and are of the same nature  
24 as, the described public improvements.

25 A resolution of intention shall also designate the number of the  
26 proposed local improvement district, shall state the initial estimated  
27 costs of the public improvements and the proposed estimated amount or  
28 proportion thereof that will be borne by special assessments imposed  
29 upon real property within the local improvement district, and shall fix  
30 a date, time, and place for a public hearing on the formation of the  
31 proposed local improvement district. Unless an emergency exists, the  
32 date for the initial public hearing shall be at least twenty days and  
33 no more than ninety days from the date when the resolution of intention  
34 is adopted. The initial public hearing may be continued by the  
35 governing body to such time or times and date or dates as it shall  
36 determine.

37 A petition shall be filed with the governing body of the local  
38 government that is requested to create the local improvement district,

1 or the clerk, secretary, or other person designated by the governing  
2 body to accept such a petition. An engineer or other appropriate  
3 person designated by the governing body shall examine the petition for  
4 its adequacy and shall report to the governing body. The governing  
5 body shall formally determine the adequacy of the petition, including  
6 the sufficiency of the signatures, which shall be conclusive upon all  
7 persons. No person may withdraw his or her name from a petition after  
8 it has been filed. If the governing body determines the petition to be  
9 adequate, and that the proposed local improvement district appears to  
10 be in the public interest and the financing of the public improvement  
11 appears to be feasible, it shall adopt a resolution of intention to  
12 create the local improvement district, setting forth all of the details  
13 required to be included when a local improvement district is initiated  
14 by a resolution of intention.

15 NEW SECTION. **Sec. 6.** NOTICE OF PUBLIC HEARING ON CREATION. (1)  
16 Notice of the public hearing shall be published in at least two issues  
17 of a newspaper of general circulation in the proposed local improvement  
18 district, the date of the first publication to be at least fifteen days  
19 prior to the date fixed for the public hearing by the resolution of  
20 intention and the date of the second publication to be at least three  
21 days prior to the date fixed for the public hearing. If the official  
22 newspaper of the local government is not a newspaper of general  
23 circulation in the proposed local improvement district, the notice need  
24 not be published in the official newspaper.

25 Notice of the public hearing also shall be given to the owner or  
26 reputed owner of any lot, tract, or parcel of real property within the  
27 proposed local improvement district by mailing the notice at least  
28 fifteen days before the date fixed for the public hearing to the owner  
29 or reputed owner of the real property as shown on the tax rolls of the  
30 county assessor at the address shown thereon. However, if it appears  
31 that the name of the owner on the tax rolls of the county assessor is  
32 not the owner of the real property or that the address on the tax rolls  
33 is not the current address of the owner whose name is included in the  
34 tax rolls of the county assessor, the local government shall make  
35 reasonable efforts to mail additional notice to the owner of the real  
36 property or to the current address of the owner of the real property.  
37 This includes, but is not limited to, instances where the name and  
38 address of the owner or reputed owner who signs a petition to initiate

1 the local improvement district differs from that contained on the tax  
2 rolls or where a pattern exists on the tax rolls where the name of a  
3 financial institution that makes property tax payments on real property  
4 appears instead of natural persons. Further, if the local government  
5 has actual notice that the real property is being purchased by a real  
6 estate contract, the local government shall mail additional notice to  
7 the contract purchaser. Whenever such notices are mailed, the local  
8 government shall maintain a list of these real property owners or  
9 reputed real property owners and their addresses and if applicable the  
10 contract purchasers and their addresses, which list shall be made  
11 available for public examination.

12 Notice of the public hearing also shall be posted in at least three  
13 conspicuous places in or around the proposed local improvement  
14 district.

15 If the state owns real property in the proposed local improvement  
16 district, notice shall be mailed to the state as provided in chapter  
17 79.44 RCW.

18 (2) Published and mailed notices of the public hearing shall:

19 (a) Indicate whether the proposed local improvement district was  
20 initiated by petition or resolution;

21 (b) Designate the proposed local improvement district by number;

22 (c) Set forth the general nature of the proposed public  
23 improvements, which shall be in the same detail as required in section  
24 5 of this act for the resolution of intention;

25 (d) Indicate the initial estimated costs of the public improvements  
26 and the estimated amount or proportion of the initial estimated costs  
27 proposed to be borne by special assessments imposed upon real property  
28 within the proposed local improvement district;

29 (e) Include a statement that actual special assessments may vary  
30 from special assessment estimates so long as they do not exceed an  
31 amount equal to the increased true and fair value of the real property  
32 in the local improvement district resulting from the public  
33 improvements;

34 (f) Indicate the date, time, and place of the public hearing  
35 designated in the resolution of intention;

36 (g) Indicate that the purpose of this public hearing is to solicit  
37 comments from affected persons on the desirability of proceeding with  
38 the proposed public improvements and the formation of the proposed  
39 local improvement district, the boundaries of the proposed local

1 improvement district, the estimated cost of the public improvements,  
2 the proportion of the estimated cost to be borne by special assessments  
3 imposed upon real property within the proposed local improvement  
4 district, and the alternative or additional method of assessment  
5 provided in RCW 35.51.030, where applicable, but that amount of special  
6 assessments on separate lots, tracts, or parcels of real property will  
7 not be considered at this public hearing and will be considered at a  
8 separate, subsequent hearing; and

9 (h) Provide the times and location where the names of real property  
10 owners are kept on file for public perusal.

11 Posted notices also shall include a vicinity sketch or map  
12 representation of the boundaries of the proposed local improvement  
13 district.

14 (3) Notices sent to each owner or reputed owner by mail shall  
15 describe the general process by which a local improvement district is  
16 created and special assessments are measured, imposed, and collected  
17 and set forth the initial estimated amount of the cost of the public  
18 improvements to be borne by special assessment on the lot, tract, or  
19 parcel of real property owned by the owner or reputed owner.

20 (4) If the local government has designated a committee of the  
21 governing body or an officer to hear complaints and make  
22 recommendations to the full governing body, as provided in section 11  
23 of this act, the notice also shall describe this additional step before  
24 the full governing body may adopt a resolution creating the local  
25 improvement district.

26 NEW SECTION. **Sec. 7.** PUBLIC HEARING, CREATION OF LOCAL  
27 IMPROVEMENT DISTRICT. The governing body of the local government shall  
28 hold a public hearing on the proposed local improvement district at the  
29 date, time, and place designated in the resolution of intention. The  
30 purpose of this public hearing is to solicit comments on the proposed  
31 public improvements and forming the proposed local improvement  
32 district, the boundaries of the proposed local improvement district,  
33 the estimated cost of the proposed public improvements, the proportion  
34 of the cost to be borne by special assessments imposed upon real  
35 property within the proposed local improvement district, and the  
36 alternative or additional method of assessment provided in RCW  
37 35.51.030, where applicable, but the amount of initial estimated



1 special assessments on separate lots, tracts, or parcels of real  
2 property shall not be considered at this public hearing.

3 At this public hearing the governing body shall hear objections  
4 from any person affected by the formation of the proposed local  
5 improvement district. The public hearing may be extended to other  
6 times and dates declared at the public hearing. At or after that  
7 public hearing, the governing body may make such changes in the  
8 boundaries of the proposed local improvement district or such  
9 modification in plans for the proposed public improvements as it deems  
10 necessary, whether or not the local improvement district was initiated  
11 by petition or resolution of intention.

12 An amended resolution of intention must be passed, new notice to  
13 real property owners given in the manner and form and within the time  
14 provided for the original notice, and a new public hearing must be held  
15 if the governing body: (1) Alters the general nature of the proposed  
16 public improvements; (2) increases the amount of the initial estimated  
17 cost of the proposed public improvements to be borne by special  
18 assessment to an amount greater than one hundred twenty-five percent of  
19 the initial estimated cost that was proposed to be borne by special  
20 assessment; or (3) alters the boundaries of the proposed boundaries to  
21 add real property that was not previously included. However, a new  
22 public hearing is not necessary if the owners of all the additional  
23 real property that is sought to be included to the proposed local  
24 improvement district consent in writing to the inclusion and the  
25 inclusion will not increase the special assessments imposed on other  
26 real property in the local improvement district. Further, a new public  
27 hearing is not necessary if the general nature of the proposed public  
28 improvement is altered, or if the initial estimated cost of the  
29 proposed public improvements to be borne by special assessment  
30 increases by more than one hundred twenty-five percent of the initial  
31 estimated cost, if the owners of all the real property in the proposed  
32 local improvement district consent in writing.

33 NEW SECTION. **Sec. 8.** RESOLUTION CREATING LOCAL IMPROVEMENT  
34 DISTRICT. At any time after the public hearing, the governing body of  
35 the local government may adopt a resolution ordering the public  
36 improvements and creating the local improvement district if the  
37 governing body finds that it is in the public interest to proceed with  
38 the creation of the local improvement district and the financing of the

1 public improvements appears to be feasible. The creation of the local  
2 improvement district shall not be effective until at least forty-five  
3 days after the adoption of this resolution. The resolution shall  
4 describe the boundaries of the local improvement district and the  
5 general nature of the public improvements in the same detail as is  
6 required in section 5 of this act, and shall state both the estimated  
7 costs of the public improvements and the estimated amount or proportion  
8 of the costs of the public improvements to be borne by special  
9 assessments imposed upon real property within the proposed local  
10 improvement district. Within fifteen days after the adoption of the  
11 resolution ordering the public improvements and creating the local  
12 improvement district, the local government shall cause the following to  
13 be filed with the officer authorized to collect the special  
14 assessments: (1) A description of the public improvements; (2) the  
15 number of the local improvement district; (3) a copy of the diagram or  
16 print showing the boundaries of the local improvement district; and (4)  
17 the preliminary assessment roll or abstract of the local improvement  
18 district showing: (a) Each lot, tract, or parcel of real property  
19 within the proposed local improvement district that will be specially  
20 benefited by the public improvements; (b) the names and mailing  
21 addresses of the owner or reputed owners of each lot, tract, or parcel  
22 of real property, as shown on the tax rolls of the county assessor; and  
23 (c) the estimated special assessment proposed to be borne by each lot,  
24 tract, or parcel of real property within the local improvement  
25 district.

26 The governing body shall publish a notice that it has adopted a  
27 resolution ordering the public improvements and creating a local  
28 improvement district within fifteen days after the date that the  
29 resolution was adopted. The notice shall be published in a newspaper  
30 of general circulation in the local improvement district. If the  
31 official newspaper of the local government is not of general  
32 circulation in the local improvement district, the notice need not be  
33 published in the official newspaper. If the local improvement district  
34 was initiated by a resolution, the notice shall include a description  
35 of the process provided in section 9 of this act for the owners of real  
36 property within the proposed local improvement district to file written  
37 objections to the proposed local improvement district and cause the  
38 local government to lose the authority to proceed with the local  
39 improvement district, including, where applicable, the extraordinary

1 process by which an emergency can be declared and the local government  
2 can proceed with creating the local improvement district  
3 notwithstanding the timely filing of sufficient objections.

4 After the local improvement district is created, the governing body  
5 shall acquire all necessary real property and easements for the public  
6 improvements, proceed with the public improvements, and pay all costs  
7 of the public improvements.

8 NEW SECTION. **Sec. 9.** OBJECTIONS TO LOCAL IMPROVEMENT DISTRICT  
9 INITIATED UNDER RESOLUTION METHOD. A proposed local improvement  
10 district initiated by resolution shall not be created if written  
11 objections to its formation are filed with the governing body of the  
12 local government within thirty days after the adoption of the  
13 resolution creating the local improvement district, which objections  
14 are signed by the owners of real property within the proposed local  
15 improvement district subject to at least a majority of the total  
16 proposed special assessments, as shown in the preliminary assessment  
17 roll.

18 However, the objections may be overruled and the local improvement  
19 district may be created by the local government if both:

20 (1) The public improvements are: (a) Sanitary sewers where the  
21 local health officer, or the department of ecology, files with the  
22 governing body a report declaring the public health necessity for the  
23 sanitary sewers; (b) water mains where the local health officer, or the  
24 department of social and health services, files with the governing body  
25 a report declaring the public health necessity for the water main; or  
26 (c) fire hydrants where the chief of the city fire department or fire  
27 district within which the fire hydrants will be located files with the  
28 governing body a report declaring the public safety necessity for the  
29 fire hydrants; and

30 (2) A resolution is adopted declaring an emergency and finding the  
31 public improvements to be necessary for the protection of the public  
32 health or public safety as follows: (a) If the proposed local  
33 improvement district is located within a city, the city council adopts  
34 the resolution; (b) if the proposed local improvement district is  
35 located in the unincorporated area of a county, the county legislative  
36 authority adopts the resolution; and (c) if the proposed local  
37 improvement district is located both within an incorporated city and  
38 the unincorporated area of a county, both the county legislative

1 authority and city council adopt such resolutions for the area located  
2 within their respective jurisdictions. Such a resolution must be  
3 adopted by unanimous vote of all the members of the governing body who  
4 are present, which must be at least a quorum of the entire governing  
5 body. This requirement for action by a city council or county  
6 legislative authority applies even if the local government creating the  
7 local improvement district is a local government other than a city or  
8 county.

9 NEW SECTION. **Sec. 10.** WAIVING OBJECTIONS. A real property owner  
10 may enter into an agreement with a local government waiving the  
11 property owner's right under section 9 of this act to protest formation  
12 of a local improvement district. The agreement must specify the public  
13 improvements to be financed by the local improvement district and set  
14 forth the effective term of the agreement, which shall not exceed ten  
15 years. The agreement must be recorded with the auditor of the county  
16 in which the real property is located.

17 A real property owner may not enter into an agreement, as a  
18 condition imposed in connection with proposed property development, or  
19 otherwise, waiving the property owner's rights to object to special  
20 assessments, including the determination of special benefits allocable  
21 to the real property, or waiving the property owner's right of appeal  
22 to the superior court over the decision of the governing body affirming  
23 the final assessment roll.

24 NEW SECTION. **Sec. 11.** COMMITTEE OR OFFICER TO HEAR OBJECTIONS TO  
25 CREATION OF LOCAL IMPROVEMENT DISTRICTS. A governing body of a county  
26 or city may adopt an ordinance or resolution, and the governing body of  
27 any other local government may adopt a resolution, providing for a  
28 committee of the governing body, or an officer, to hold public hearings  
29 on the proposed formation of a local improvement district and hear  
30 objections to the proposed formation as provided in section 7 of this  
31 act. The committee or officer shall make a recommendation to the full  
32 governing body, which need not hold a public hearing on the proposed  
33 creation of the local improvement district. The full governing body may  
34 approve or disapprove the recommendation and, by resolution, order the  
35 public improvements and create the local improvement district. This  
36 resolution shall be subject to the conditions provided in sections 8  
37 and 10 of this act.

1        NEW SECTION.    **Sec. 12.**    LAWSUITS CHALLENGING LOCAL IMPROVEMENT  
2 DISTRICTS.    Except as provided in section 9 of this act, the action and  
3 decision of the governing body to create a local improvement district  
4 shall be final and conclusive.    A lawsuit may not be maintained  
5 challenging the jurisdiction or authority of the governing body to  
6 proceed with the public improvements and create the local improvement  
7 district, or in any way challenging the validity of the actions or  
8 decisions or any proceedings relating to the actions or decisions,  
9 unless the lawsuit is served and filed no later than thirty days after  
10 publication of a notice that the resolution has been adopted ordering  
11 the improvements and creating the local improvement district.

12        NEW SECTION.    **Sec. 13.**    LOCAL IMPROVEMENT STUDY DISTRICTS.    A local  
13 government may create a local improvement study district to finance a  
14 study of the feasibility of creating a local improvement district,  
15 including the following:    (1) Preparation of preliminary plans and  
16 designs for the public improvements proposed to be financed by the  
17 proposed local improvement district; (2) designation of the proposed  
18 boundaries of the proposed local improvement district; (3) estimation  
19 of the total costs of the proposed public improvements; (4) estimation  
20 of the proportion of the total costs of the proposed public  
21 improvements to be borne by special assessments imposed upon real  
22 property within the proposed local improvement district; and (5)  
23 estimation of the amount of the costs of the proposed public  
24 improvements to be allocated to each lot, tract, or parcel of real  
25 property in the proposed local improvement district.

26        A local improvement study district may be initiated by petition or  
27 resolution in the same manner as a local improvement district is  
28 initiated.    Except as provided in this section, the procedure to create  
29 a local improvement study district, and to impose special assessments  
30 to finance the study, is the same as for a local improvement district.

31        The governing body shall consider the proposed local improvement  
32 study district and the final assessment roll at the same public  
33 hearing, which may be continued.    At this public hearing the governing  
34 body shall address the proposed boundaries of the local improvement  
35 study district, the purposes of the local improvement study district,  
36 the total amount proposed to be obtained from special assessments to  
37 finance the study, and the proposed individual special assessments on  
38 each included lot, tract, or parcel of real property to finance the

1 study. Published and posted notices shall describe these subjects, but  
2 need not include a list of the proposed individual special assessments  
3 to finance the study. Notices mailed to each real property owner shall  
4 describe these subjects, including the proposed special assessment for  
5 the lot, tract, or parcel of real property owned by the real property  
6 owner.

7 After the public hearing, the governing body may adopt a resolution  
8 creating the local improvement study district and confirming the final  
9 assessment roll. However, a proposed local improvement study district  
10 that was initiated by resolution shall not be created if a petition  
11 protesting the proposed local improvement study district is timely  
12 filed under section 9 of this act. Any legal challenge to the local  
13 improvement study district or the special assessments must be filed  
14 within forty days of the adoption of the resolution creating the local  
15 improvement study district and confirming the assessment roll.

16 The special assessments shall be imposed in the same manner as  
17 special assessments in local improvement districts are imposed, except  
18 installment payments shall not be allowed and the governing body may  
19 provide for a period to pay the special assessments that exceeds thirty  
20 days.

21 Nothing in this section shall prevent the imposition of special  
22 assessments in a local improvement district for the cost of a  
23 feasibility study as described in this section.

24 The process of using a committee or officer to make recommendations  
25 on the creation of a local improvement district and assessment roll  
26 that is provided in section 11 of this act may be used to create a  
27 local improvement study district and confirm the assessment roll.

28 NEW SECTION. **Sec. 14.** UTILITY LOCAL IMPROVEMENT DISTRICTS,  
29 CREATION. Local governments that are authorized to construct utility  
30 public improvements that will generate periodic utility rates, utility  
31 charges, or utility fees may create a utility local improvement  
32 district to finance all or part of the utility public improvements.  
33 The initiation and formation of a utility local improvement district  
34 and the levying, collecting, and enforcement of special assessments and  
35 installments on special assessments shall be in the same manner and  
36 subject to the same procedures and limitations as the initiation and  
37 formation of local improvement districts and the levying, collecting,

1 and enforcement of special assessments and installments in a local  
2 improvement district.

3 A resolution of intention or petition initiating the formation of  
4 a utility local improvement district, and any other resolutions  
5 relating to the utility local improvement district, must specify that  
6 a utility local improvement district is being formed or is being  
7 proposed to be formed and that the special assessments or installments  
8 shall be for the sole purpose of payment into such revenue bond fund or  
9 funds as may be specified by the governing body for the payment of  
10 revenue bonds used to defray the cost of all or part of such public  
11 utility improvements or into a special fund or funds to defray the  
12 costs of all or part of the utility local improvements. The governing  
13 body also shall pledge a portion of the utility rates, utility charges,  
14 or utility fees derived from the utility public improvements proposed  
15 to be financed in whole or in part by a utility local improvement  
16 district, or from the entire utility system of which the utility public  
17 improvements are part, to be placed into the revenue bond fund for the  
18 payment of revenue bonds used to defray the cost of all or part of such  
19 public utility improvements.

20 Revenue bonds shall be issued and sold in accordance with chapter  
21 39.46 RCW.

22 NEW SECTION. **Sec. 15.** UTILITY LOCAL IMPROVEMENT DISTRICTS,  
23 CONVERSION TO. The governing body of a local government may by  
24 resolution convert any then existing local improvement district into a  
25 utility local improvement district at any time prior to the adoption of  
26 the resolution approving and confirming the final assessment roll of  
27 the local improvement district. The resolution converting the local  
28 improvement district must conform with all the requirements provided in  
29 section 14 of this act for the original creation of a utility local  
30 improvement district.

31 NEW SECTION. **Sec. 16.** ASSESSMENT ROLL, PREPARATION AND PUBLIC  
32 HEARING. (1) The local government shall prepare a proposed final  
33 assessment roll which shall include special assessments equalling the  
34 amount or proportion of the costs of the public improvements to be  
35 borne by the real property within the local improvement district. The  
36 proposed final assessment roll shall list: (a) Each separate lot,  
37 tract, or parcel of real property in the local improvement district;

1 (b) the name and address of the owner or reputed owner of each lot,  
2 tract, or parcel of real property as shown on the tax rolls of the  
3 county assessor; and (c) the special assessment proposed to be imposed  
4 on each lot, tract, or parcel of real property.

5 The local government shall include the additional name and address  
6 of the owner or reputed owner of the real property differing from that  
7 included on the tax rolls of the county assessor where the local  
8 government has actual notice that the name and address of the owner or  
9 reputed owner that appears on the tax rolls is not accurate, or an  
10 additional address for the owner or reputed owner of the real property  
11 where the local government has reason to believe that the address for  
12 the owner or reputed owner on the tax rolls is not accurate. This  
13 includes, but is not limited to, instances where the name and address  
14 of the owner or reputed owner who signs a petition to initiate the  
15 local improvement district differs from that contained on the tax rolls  
16 or where a pattern exists on the tax rolls where the name of a  
17 financial institution that makes property taxes payments on real  
18 property appears instead of natural persons. Further, if the local  
19 government has actual notice that the real property is being purchased  
20 by a real estate contract, the local government shall include the name  
21 and address of the contract purchaser.

22 (2) The governing body shall hold a hearing on the proposed final  
23 assessment roll at the time, date, and place indicated in the notice of  
24 the public hearing provided under section 17 of this act. The  
25 governing body shall act as a board of equalization and hear objections  
26 to the final assessment roll, and may extend the public hearing to  
27 other times and dates declared at the public hearing, at which the  
28 governing body may modify the final proposed assessment roll or any  
29 part thereof, or set the proposed final assessment roll aside and order  
30 a new proposed final assessment roll to be prepared. The issues to be  
31 considered at the hearing shall include only: (a) Whether the special  
32 benefits to real property arising from the public improvements are  
33 greater than the special assessments included on the proposed final  
34 assessment roll for the real property; and (b) the fair proportionality  
35 of the special assessments among the specially benefited lots, tracts,  
36 or parcels of real property within the local improvement district. A  
37 final assessment roll shall be confirmed and approved by resolution of  
38 the governing body.



1 A new or continued hearing shall be held by the governing body if  
2 a proposed final assessment roll is amended to raise any special  
3 assessment appearing on the proposed roll or to include omitted real  
4 property, unless the owners of the real property subject to the  
5 increased special assessments or omitted real property consent in  
6 writing to the increase or inclusion. The new or continued hearing  
7 shall be limited to considering the increased special assessments or  
8 omitted real property. Notices shall be provided to the owners or  
9 reputed owners of the real property subject to the increased special  
10 assessment or omitted from the final proposed assessment roll in the  
11 same manner and form and within the time provided for the original  
12 notice.

13 (3) Objections to a proposed final assessment roll must be made in  
14 writing, shall clearly state the grounds for objections, and shall be  
15 filed with the governing body no later than the close of business on  
16 the business day immediately prior to the hearing. Other objections  
17 shall not be heard. Objections to a special assessment that are not  
18 made as provided in this section shall be deemed waived and shall not  
19 be considered by the governing body or a court on appeal, except to the  
20 extent that a lawsuit is initiated by a real property owner or contract  
21 purchaser of real property who has timely made objections and the  
22 governing body has altered the special assessments but not to the  
23 satisfaction of the property owner or contract purchaser.

24 NEW SECTION. **Sec. 17.** HEARING ON ASSESSMENT ROLL, NOTICE. Notice  
25 of the original hearing on the proposed final assessment roll, and any  
26 hearing held as a result of raising assessments or including omitted  
27 real property, shall be published, posted, and mailed to the owner or  
28 reputed owner of the real property as provided in section 6 of this act  
29 for the public hearing on the formation of the local improvement  
30 district. However, the notice need only state that: (1) A hearing on  
31 the proposed final assessment roll will be held, giving the time, date,  
32 and place of the public hearing; (2) the proposed final assessment roll  
33 is available for public examination, giving the times and location  
34 where the proposed final assessment roll is available for public  
35 examination; (3) the issues that will be considered at the hearing are  
36 limited to: (a) Whether the special benefits to the real property  
37 within the local improvement district arising from the public  
38 improvements are greater than the special assessments included on the

1 proposed final assessment roll for the real property; and (b) the fair  
2 proportionality of the special assessments among the specially  
3 benefited real property within the local improvement district; (4)  
4 objections to the proposed final special assessment must be in writing,  
5 include clear grounds for objections, and must be filed by the close of  
6 business on the business day immediately prior to the hearing; and (5)  
7 failure to so object shall be deemed to waive an objection.

8 Notices mailed to the owners or reputed owners additionally shall  
9 indicate the amount of special assessment proposed to be imposed on the  
10 real property owned by the person so notified.

11 NEW SECTION. **Sec. 18.** ASSESSMENT ROLL, COMMITTEE OR OFFICER. (1)  
12 The governing body of any county or city may adopt an ordinance, and  
13 the governing body of any other local government may adopt a  
14 resolution, providing for a committee of the governing body, or an  
15 officer, to hear objections to the proposed final assessment roll, act  
16 as a board of equalization, and make recommendations to the full  
17 governing body for its approval, without further public hearing.

18 The ordinance or resolution shall provide that: (a) An appeal must  
19 be made in writing to the full governing body by a person protesting  
20 his or her special assessment as recommended by the committee or  
21 officer; (b) within ten days after the hearing at which the committee  
22 or officer recommends the final assessment roll, the local government  
23 must publish a notice stating: (i) The recommendations of the  
24 committee or officer; (ii) the date, time, and place at which the  
25 governing body will consider the recommendations of the committee or  
26 officer; and (iii) that a person protesting his or her recommended  
27 special assessment must file in writing an appeal with the governing  
28 body clearly stating grounds for objections to the recommendations by  
29 the close of business on the business day immediately prior to the day  
30 of the deliberations by the governing body; and (c) notice of the  
31 governing body considering the recommended special assessments must be  
32 mailed to each owner or reputed owner of real property in the local  
33 improvement district, as provided in section 6 of this act for the  
34 public hearing on the formation of the local improvement district, at  
35 least ten days prior to the date of this consideration that includes  
36 the same matters included in the published notice along with the  
37 recommended special assessment for the real property owned by the  
38 property owner. The notice shall be published in a newspaper of

1 general circulation in the local improvement district. If the official  
2 newspaper of the local government is not a newspaper in general  
3 circulation in the local improvement district, the notice need not be  
4 published in the official newspaper.

5 (2) The full governing body by resolution shall: (a) Approve the  
6 recommended final assessment roll; (b) modify the recommended final  
7 assessment roll, as a result of hearing objections, and approve the  
8 modified recommended final assessment roll; or (c) reject the  
9 recommended final assessment roll, or any portion thereof, and return  
10 it to the committee or officer for further public hearings and  
11 recommendations. No objection to the decision of the full governing  
12 body approving the final assessment roll may be considered by a court  
13 unless an objection to the decision has been filed timely with the  
14 governing body as provided in this section.

15 NEW SECTION. **Sec. 19.** SPECIAL ASSESSMENTS, MEASUREMENT. (1) All  
16 real property included within a local improvement district shall be  
17 considered to be the real property specially benefited by the public  
18 improvements and shall be the real property upon which special  
19 assessments are imposed to pay the costs of the public improvements,  
20 unless the local government provides otherwise, or such part of the  
21 costs as may be chargeable against the real property specially  
22 benefited. The special assessments shall be imposed on real property  
23 in accordance with the special benefits conferred on the real property  
24 up to but not in excess of the costs of the public improvements, as  
25 provided in the final assessment roll.

26 Special assessments may be measured by front footage, acreage, or  
27 any other method or combination of methods that are deemed to fairly  
28 reflect special benefits, including the alternative or additional  
29 method provided in RCW 35.51.030. Zones around the public improvements  
30 may be used that reflect different levels of benefit in each zone that  
31 are measured by a front footage, acreage, or other method.

32 Public real property, including real property owned by the state of  
33 Washington, shall be subject to special assessments to the same extent  
34 that private real property is subject to the special assessments.

35 (2) Whenever it is proposed that a local improvement district  
36 finance two or more separate public improvements that are not connected  
37 or continuous, the special assessment rates shall be ascertained on the  
38 basis of the special benefit of the public improvements as a whole to

1 the properties within the entire local improvement district, or on the  
2 basis of the benefit of each unit of the public improvements to the  
3 properties specially benefited by that unit, or by a combination of  
4 both bases. Where no finding is made by the governing body as to the  
5 benefit of the public improvements as a whole to all of the real  
6 property within a local improvement district, the cost and expense of  
7 each continuous unit of the public improvements shall be ascertained  
8 separately, as near as may be, and the special assessment rates shall  
9 be computed on the basis of the cost and expense of each unit.

10 In the event of the initiation of a local improvement district  
11 authorized by this subsection, the governing body may, in its  
12 discretion, eliminate from the local improvement district any unit of  
13 the public improvement that is not connected or continuous and may  
14 proceed with the balance of the public improvements within the local  
15 improvement district, as fully and completely as though the eliminated  
16 unit had not been included within the local improvement district,  
17 without the giving of any notices to the real property owners remaining  
18 within the local improvement district, other than such notices as are  
19 required by the provisions of this chapter to be given subsequent to  
20 such elimination.

21 NEW SECTION. **Sec. 20.** VARIATION OR CONDITIONING OF SPECIAL  
22 ASSESSMENTS. Special assessments may be varied or conditioned as  
23 follows:

24 (1) The local government's engineer or other designated official  
25 may contract with the owner of real property for the property owner to  
26 pay for the costs of preparing engineering plans, surveys, studies,  
27 appraisals, legal services, and other expenses associated with public  
28 improvements to be financed in whole or in part by a proposed local  
29 improvement district, but not including the cost of actually  
30 constructing the public improvements. The owner may be reimbursed for  
31 any prepaid costs from the proceeds of bonds issued by the local  
32 improvement district created to finance the public improvements, from  
33 special assessments associated with the local improvement district  
34 created to finance the public improvements that are paid by other real  
35 property owners, or by a credit in the amount of the advanced costs  
36 against future special assessments imposed against real property  
37 located within the district.

1       The contract shall provide that the real property owner shall not  
2 be reimbursed for any costs that are advanced if a local improvement  
3 district is not formed to construct the specified public improvements  
4 within six years of the date of the contract. The contract shall  
5 provide that any preformation work shall be conducted only under the  
6 direction of the local government's engineer or other appropriate  
7 official.

8       (2) A local government ordering a local improvement that is  
9 financed in whole or in part by the imposition of special assessments  
10 on real property located within a local improvement district may  
11 provide in the resolution creating the local improvement district that  
12 the payment of a special assessment imposed on underdeveloped real  
13 property within the local improvement district may be made by owners of  
14 other real property within the local improvement district, if they so  
15 elect, subject to terms of reimbursement set forth in the resolution.  
16 The terms for reimbursement shall require the owners of underdeveloped  
17 real property on whose behalf payments of special assessments have been  
18 made to reimburse all such special assessment payments to the party who  
19 made them when the real property is developed or redeveloped, together  
20 with interest at a rate specified in the resolution. The resolution  
21 may provide that reimbursement shall be made on a one-time, lump sum  
22 basis, or over a period not to exceed five years. The resolution may  
23 provide that reimbursement shall be made no later than the time of  
24 dissolution of the local improvement district, or may provide that no  
25 reimbursement is due if the underdeveloped real property is not  
26 developed or redeveloped before the dissolution of the local  
27 improvement district. Reimbursement amounts due from underdeveloped  
28 real property under this subsection are liens upon the underdeveloped  
29 real property in the same manner and with like effect as special  
30 assessments made under this chapter. For the purposes of this  
31 subsection, "underdeveloped real property" includes real property that,  
32 in the discretion of the governing body, is undeveloped or is not  
33 developed to its highest and best use and is likely to be developed or  
34 redeveloped before the dissolution of the local improvement district.

35       (3) The governing body may use federal, local, or state funds that  
36 become available to finance the public improvements financed by a local  
37 improvement district after the final assessment roll has been confirmed  
38 to reduce special assessments on a uniform basis that are imposed on  
39 real property within the local improvement district.

1 (4) A local government may credit a special assessment that is  
2 imposed within a local improvement district by the value of any real  
3 property that the real property owner donates to the local government  
4 for use as part of the public improvement.

5 (5) A county or city ordering a public improvement that is financed  
6 in whole or in part by the imposition of special assessments on real  
7 property located within a local improvement district may provide in the  
8 resolution creating the local improvement district that moneys paid or  
9 the cost of improvements constructed by a real property owner in the  
10 local improvement district, in satisfaction of obligations under  
11 chapter 39.92 RCW, shall be credited against the special assessments  
12 imposed upon the owner's real property at the time the credit is made,  
13 if those moneys paid or improvements constructed directly defray the  
14 cost of the specified public improvements financed by the local  
15 improvement district and if credit for such amounts is reflected in the  
16 final assessment roll confirmed for the local improvement district.

17 NEW SECTION. **Sec. 21.** ASSESSMENT ROLL, LAWSUITS. The decision of  
18 a governing body upon any objection to the final assessment roll may be  
19 appealed to the superior court only if the objection had been made  
20 timely in the manner prescribed in this chapter. The appeal shall be  
21 made within ten days after publication of the resolution confirming the  
22 final assessment roll, a summary of the resolution confirming the final  
23 assessment roll, or a notice that the resolution confirming the final  
24 assessment roll has been adopted by filing written notice of the appeal  
25 with the governing body of the local government and the clerk of the  
26 superior court in the county in which the real property is situated.  
27 The notice of appeal shall describe the real property and set forth the  
28 objections of the appellant to the special assessment. The notice of  
29 appeal filed with the governing body shall include a request that the  
30 transcript described in this section be produced by an officer of the  
31 local government within ten days.

32 Within ten days from the filing of such notice of appeal with the  
33 clerk of the superior court, the appellant shall file with the clerk of  
34 the court a transcript consisting of the final assessment roll and his  
35 or her objections thereto, together with the resolution confirming such  
36 final assessment roll and the record of the local government governing  
37 body and the committee or officer, if any, with reference to the  
38 special assessment, which transcript, upon payment of the necessary

1 fees therefor, shall be furnished by an officer of the local government  
2 and by him or her certified to contain full, true, and correct copies  
3 of all matters and proceedings required to be included in the  
4 transcript. The fees shall be the same as the fees payable to the  
5 county clerk for the preparation and certification of transcripts on  
6 appeal to the supreme court or the court of appeals in civil actions.

7 At the time of the filing of the notice of appeal with the clerk of  
8 the superior court a sufficient bond in the sum of five hundred dollars  
9 for each lot, tract, or parcel of real property for which the special  
10 assessment is being appealed, but not to exceed ten percent of the  
11 special assessment for each lot, tract, or parcel of real property,  
12 with sureties thereon as provided by law for appeals in civil cases,  
13 shall be filed as a condition to prosecution of the appeal without  
14 delay, and if unsuccessful, to pay all costs and expenses incurred by  
15 the local government because of the appeal. The court may order the  
16 appellant, upon application therefor, to execute and file such  
17 additional bond or bonds as the necessity of the case may require.

18 Within three business days after such transcript is filed in the  
19 superior court, the appellant shall give written notice to the local  
20 government governing body, and chief legal officer thereof, that such  
21 transcript was filed. The notice shall state a time, not less than  
22 three business days from the service thereof, when the appellant will  
23 call up the cause for hearing.

24 The superior court shall, at this time or at such further time as  
25 may be fixed by order of the court, hear and determine such appeal  
26 without a jury, and such cause shall have preference over all civil  
27 causes pending in the court, except proceedings under an act relating  
28 to eminent domain in such local government and actions of forcible  
29 entry and detainer. The judgment of the court shall confirm, correct,  
30 modify, or annul the special assessment insofar as the same affects the  
31 real property of the appellant. A certified copy of the decision of  
32 the court shall be filed with the officer having custody of the final  
33 assessment roll, and he or she shall modify and correct such final  
34 assessment roll in accordance with the decision.

35 An appeal shall lie to the court of appeals or the supreme court  
36 from the judgment of the superior court, if the appeal is taken within  
37 fifteen days after the date of the entry of the judgment of the  
38 superior court, and the record and opening brief of the appellant in  
39 the cause shall be filed in the court of appeals or the supreme court

1 within sixty days after the appeal is taken by notice as provided in  
2 this section. The time for filing the record and serving and filing of  
3 briefs may be extended by order of the superior court, or by  
4 stipulation of the parties concerned. The court of appeals or the  
5 supreme court on such appeal may correct, modify, confirm, or annul the  
6 special assessment insofar as the same affects the real property of the  
7 appellant. A certified copy of the order of the court of appeals or  
8 the supreme court upon such appeal shall be filed with the officer  
9 having custody of such final assessment roll, who shall thereupon  
10 modify and correct such final assessment roll in accordance with such  
11 decision.

12 NEW SECTION. **Sec. 22.** SPECIAL ASSESSMENTS, COLLECTION. Special  
13 assessments and any installments on special assessments shall be  
14 collected by the treasurer of the local government. However, any local  
15 government with a treasurer other than the county treasurer may  
16 contract with the county treasurer, and the county treasurer may  
17 contract, for the collection of special assessments, and any  
18 installments on special assessments, imposed on real property within  
19 the county. The county treasurer may include the collection of special  
20 assessments or installments on special assessments with the collection  
21 of property taxes.

22 The treasurer shall publish a notice that the assessment roll has  
23 been confirmed, that the special assessments are to be collected, and  
24 that all or any portion of the special assessments may be paid within  
25 a prepayment period of thirty days from the date of publication of the  
26 notice, or more than thirty days if specified in the notice, without  
27 penalty, interest, or expenses. The notice shall be published in a  
28 newspaper of general circulation in the local improvement district. If  
29 the official newspaper of the local government is not a newspaper of  
30 general circulation in the local improvement district, the notice need  
31 not be published in the official newspaper.

32 Within ten days of the newspaper publication, the treasurer shall  
33 mail a notice to each owner or reputed owner of real property whose  
34 name appears on the assessment roll, at the address shown on the  
35 assessment roll, for each lot, tract, or parcel of real property  
36 described on the list, stating the nature of the special assessment, a  
37 description of the real property subject to the special assessment, the  
38 total amount of the special assessment due, that all or a portion of



1 the special assessment may be paid during the prepayment period without  
2 penalty, interest, or expenses. The remaining unpaid portion of the  
3 special assessment shall be paid in installments. The determination of  
4 the local government whether the payment is received in full shall be  
5 conclusive.

6 NEW SECTION. **Sec. 23.** SPECIAL ASSESSMENTS, PAYMENT, INSTALLMENTS.  
7 All or any portion of a special assessment may be paid without  
8 interest, penalty, or costs during the prepayment period and placed  
9 into a special fund to defray the costs of the public improvement. The  
10 remainder shall be paid in installments as provided in a resolution  
11 adopted by the governing body, but the last installment shall be due at  
12 least two years before the maximum term of the bonds issued to pay for  
13 the public improvements, if bonds are issued.

14 The resolution of the governing body approving the final assessment  
15 roll shall establish an amount of interest that will be imposed on late  
16 special assessment installments and the penalty, in addition to the  
17 interest, that will be imposed on late special assessment installments,  
18 which shall not be less than five percent of the delinquent special  
19 assessment installment.

20 The owner of any real property charged with a special assessment  
21 may redeem the real property from all liability for the unpaid amount  
22 of the installments by paying, to the treasurer, the remaining portion  
23 of the unpaid special assessment that is attributable to principal on  
24 the local improvement district bonds or revenue bonds, and the interest  
25 on the installment due at the next installment payment date, or the  
26 remaining amount of the special assessment and any interest and  
27 penalties due on the delinquent special assessment if bonds are not  
28 issued.

29 NEW SECTION. **Sec. 24.** FINAL ASSESSMENT ROLL, FILED. The final  
30 assessment roll shall be filed with the treasurer who shall immediately  
31 post the final assessment roll in an index of local improvement special  
32 assessments against the real properties on which special assessments  
33 have been imposed.

34 NEW SECTION. **Sec. 25.** SPECIAL ASSESSMENTS, LIEN. The special  
35 assessment imposed upon real property in the final assessment roll, as  
36 confirmed by resolution of the governing body approving the final

1 assessment roll, shall be a lien upon the real property assessed from  
2 the time the final assessment roll is placed in the hands of the  
3 treasurer for collection, but as between the grantor and grantee, or  
4 vendor and vendee of any real property, when there is no express  
5 agreement as to payment of the special assessments against the real  
6 property, it shall be assumed that the special assessments were imposed  
7 thirty days after the filing of the diagram or print and the estimated  
8 cost of the public improvements to be borne by the real property as  
9 provided in section 8 of this act thereby creating the obligation as to  
10 the payment of the special assessment. Interest at a rate established  
11 by resolution of the governing body, penalty at a rate established by  
12 resolution of the governing body of not less than five percent, and  
13 expenses shall be included in and shall be a part of the special  
14 assessment lien.

15 Except for a general tax lien and a prior established special  
16 assessment lien, the special assessment lien shall be paramount and  
17 superior to any other lien or encumbrance that was created before, or  
18 is created after, the special assessment lien is created.

19 NEW SECTION. **Sec. 26.** SPECIAL ASSESSMENTS, VALIDITY. A special  
20 assessment shall be valid and enforceable and the special assessment  
21 lien on the real property assessed shall be valid if the governing body  
22 of the local government imposed the special assessment in good faith  
23 and without fraud.

24 NEW SECTION. **Sec. 27.** SPECIAL ASSESSMENTS, REASSESSMENT.  
25 Whenever special assessments for a local improvement district are not  
26 valid in whole or in part for want of form, insufficiency, informality,  
27 irregularity, or nonconformance with the provisions of law, the  
28 governing body may reimpose the special assessments and enforce their  
29 collection in accordance with the provisions of law in effect at the  
30 time the reimposition is made. The authority to reimpose special  
31 assessments shall apply to original special assessments, special  
32 assessments upon omitted real property, and supplemental special  
33 assessments.

34 The resolution ordering the reimposition of the special assessments  
35 must be adopted within ten years from the date the original special  
36 assessments for the same public improvements were finally held to be  
37 invalid.

1 The fact that the contract has been let or that the public  
2 improvements have been made and completed in whole or in part shall not  
3 prevent the reimposition of special assessments.

4 All sums paid on each former attempted special assessment shall be  
5 credited against the special assessment that is reimposed on the same  
6 real property.

7 NEW SECTION. **Sec. 28.** SPECIAL ASSESSMENTS, OMISSIONS. If real  
8 property located in a local improvement district has been omitted from  
9 the final assessment roll due to mistake or inadvertence or for any  
10 cause real property which, except for being omitted, would have been  
11 subject to special assessment, the governing body, upon its own motion,  
12 or upon the application of the owner of any real property in the local  
13 improvement district which has been assessed for the public  
14 improvements, may proceed to impose special assessments on the real  
15 property so omitted in accordance with the special benefits accruing to  
16 it by reason of the public improvements in proportion to the special  
17 assessments imposed upon other real property in the local improvement  
18 district.

19 NEW SECTION. **Sec. 29.** SPECIAL ASSESSMENTS, SUPPLEMENTAL. The  
20 governing body shall impose supplemental special assessments on  
21 specially benefited real property if, by reason of mistake or  
22 inadvertence or for any other cause, the amount of special assessments  
23 that was imposed is not equal to that portion of the costs of the  
24 public improvements determined at the time of the creation of the local  
25 improvement district to be payable from special assessments. All  
26 specially benefited real property may be subject to the supplemental  
27 special assessments, even if it was not included in the original local  
28 improvement district.

29 Supplemental special assessments shall be made in accordance with  
30 the provisions of law existing at the time of the imposition of the  
31 supplemental special assessments.

32 The resolution ordering supplemental special assessments must be  
33 adopted by the governing body within ten years from the date that it  
34 was finally determined that the total amount of valid special  
35 assessments imposed on account of the public improvements was  
36 insufficient to pay the whole cost or that portion of the cost of the  
37 public improvements to be paid by special assessment.

1        NEW SECTION.        **Sec. 30.**        SPECIAL ASSESSMENTS, PROCEDURE FOR  
2 REASSESSING, OMISSIONS, SUPPLEMENTAL.        Every reassessment, special  
3 assessment on omitted real property, and supplemental special  
4 assessment shall be imposed upon the real property which has been or  
5 will be specially benefited by the public improvements financed in  
6 whole or in part by the local improvement district, as provided in  
7 sections 19 and 20 of this act.

8        All of the provisions of law relating to the filing of assessment  
9 rolls, time and place for hearing thereon, notice of hearing, the  
10 hearing upon the roll, the confirmation of the assessment roll, the  
11 time when the special assessments become a lien upon the real property  
12 assessed, the proceedings on appeal from any such special assessments,  
13 the method of collecting the special assessments, and all proceedings  
14 for enforcing the lien thereof shall apply to reassessments, special  
15 assessments on omitted real property, or supplemental special  
16 assessments as in the case of original special assessments.

17        NEW SECTION.        **Sec. 31.**        SPECIAL ASSESSMENTS, SEGREGATION.        The  
18 governing body of a local government may order the segregation of a  
19 special assessment that was imposed on any real property whenever the  
20 real property against which the special assessment was imposed has been  
21 sold in part or divided.        If an installment has been made, the  
22 segregation shall apportion the remaining installments on the parts or  
23 the lots, tracts, or parcels of real property that have been created.  
24 Each segregation shall be in recordable form.

25        The owner of real property who desires a special assessment against  
26 the real property segregated shall apply to the governing body of the  
27 local government which imposed the special assessment.        If the  
28 governing body determines that a segregation should be made, it shall  
29 order by resolution the local government treasurer to segregate the  
30 special assessment on the original assessment roll as directed in the  
31 resolution.        The segregation may be made on the same basis as the  
32 original special assessment was imposed or by any other method deemed  
33 to fairly reflect special benefits to the segregated parts, and the  
34 total of the segregated parts of the special assessment shall equal the  
35 amount of the special assessment unpaid before segregation.        The  
36 resolution shall describe the original tract and the amount and date of  
37 the original special assessment and shall define the boundaries of the  
38 segregated parts and the amount of the special assessment imposed on

1 each part. A certified copy of the resolution shall be delivered to  
2 the treasurer who shall proceed to segregate the special assessment  
3 upon being tendered a fee of two hundred fifty dollars for each part  
4 that is segregated. In addition to such charge the governing body may  
5 require as a condition to the order of segregation that the person  
6 seeking it pay the local government the reasonable engineering, legal,  
7 administrative, and clerical costs incident to making the segregation.

8 NEW SECTION. **Sec. 32.** LIENS ON SPECIAL ASSESSMENTS, DELINQUENCY,  
9 COMMENCEMENT OF ACTIONS. If one year's payment of installments on a  
10 special assessment has been delinquent for one year or more, the local  
11 government shall proceed with the foreclosure of the delinquent special  
12 assessment or delinquent installment or installments thereof by  
13 proceedings brought in its own name in the superior court of the county  
14 in which the real property subject to such special assessment is  
15 located.

16 The proceedings shall not be commenced unless the treasurer has  
17 notified the persons whose names appear on the final assessment roll as  
18 owners of the real property charged with the special assessment or  
19 installments which are delinquent, at the address last known to the  
20 treasurer, and all other interested parties about the commencement of  
21 the proceedings. Notice shall be by certified mail sent at least  
22 thirty days before the proceedings commence. If the person whose name  
23 appears on the tax rolls of the county assessor as owner of the real  
24 property, or the address shown for the owner, differs from that  
25 appearing on the final assessment roll, then the treasurer shall also  
26 mail a copy of the notice to that person or that address. The notice  
27 shall state the amount due upon each separate lot, tract, or parcel of  
28 real property and the date after which the proceedings will be  
29 commenced. The treasurer shall file the affidavit of the person who  
30 mailed the notices with the clerk of the superior court at the time of  
31 commencement of the foreclosure proceeding. This affidavit shall be  
32 conclusive proof of compliance with the requirements of this section.

33 NEW SECTION. **Sec. 33.** LIENS ON SPECIAL ASSESSMENTS, MANDATORY  
34 COMMENCEMENT OF ACTION. An action to collect a special assessment or  
35 any installment or installments on a special assessment, or to enforce  
36 the special assessment lien, whether brought by the local government or  
37 by any person having the right to bring such action, must be commenced

1 within ten years after the special assessment becomes delinquent or  
2 within ten years after the last installment becomes delinquent if the  
3 special assessment is payable in installments. However, the time  
4 during which payment of principal in special assessments imposed by a  
5 city is deferred as to economically disadvantaged real property owners,  
6 as provided in RCW 35.50.030, shall not be a part of the time limited  
7 for the commencement of action.

8 NEW SECTION. **Sec. 34.** LIENS ON SPECIAL ASSESSMENTS, INSTALLMENT  
9 DELINQUENCY. The enforcement of the lien on any delinquent installment  
10 of a special assessment shall not prevent the enforcement of the lien  
11 of any subsequent delinquent installment.

12 At its discretion, a local government may require the entire  
13 special assessment to become due and payable and may collect the entire  
14 remaining special assessment by foreclosure if an installment of the  
15 special assessment is delinquent. The payment of all delinquent  
16 installments together with interest, penalty, and expenses at any time  
17 before entry of judgment in foreclosure shall extend the time of  
18 payment on the remainder of the special assessment as if there had been  
19 no delinquency or foreclosure. Except when the local government is  
20 foreclosing on real property for two or more delinquent installments  
21 that include the last installment, the treasurer shall cause the  
22 foreclosure action against the real property to be dismissed if all the  
23 delinquent installments are paid at any time before sale, together with  
24 all associated interest, penalty, and expenses.

25 NEW SECTION. **Sec. 35.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,  
26 COMPLAINT. In foreclosing special assessment liens, a local government  
27 shall proceed by filing a complaint in the superior court of the county  
28 in which the real property subject to the special assessment is  
29 located. The complaint shall be sufficient if it alleges or specifies:  
30 (1) A resolution was adopted authorizing the public improvements and  
31 creating the local improvement district; (2) the public improvements  
32 were completed; (3) special assessments were imposed and confirmed; (4)  
33 the date of delinquency of the special assessment, or the installment  
34 or installments on the special assessment, for the enforcement of which  
35 the action is brought; and (5) the delinquent special assessment, or  
36 installment or installments, have not been paid.

1 NEW SECTION. **Sec. 36.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,  
2 NOTICE AND SUMMONS. In foreclosing special assessment liens, the  
3 notice and summons shall be substantially in the following form:

4 "SUPERIOR COURT OF WASHINGTON  
5 FOR [ ..... ] COUNTY  
6 ..... }  
7 PLAINTIFF, } No.  
8 v. }  
9 ..... } SUMMONS FOR FORECLOSURE  
10 } OF SPECIAL  
11 DEFENDANT. } ASSESSMENT LIEN

12 To the Defendant: A lawsuit has been started against you in the  
13 above entitled court by ....., plaintiff. Plaintiff's claim is  
14 stated in the written complaint, a copy of which is served upon you  
15 with this notice and summons. The purpose of this lawsuit is to  
16 foreclose a lien for delinquent assessments on your interest in the  
17 following described real property:

18 (legal description)  
19 which is located at:  
20 (street address).

21 The amount of delinquent special assessments that are due on the  
22 real property is . . . . ., plus interest, penalties, and expenses of  
23 the local government foreclosing the lien and selling the property.  
24 The interest is . . . . . percent (...%) per annum computed monthly  
25 from the date of delinquency until the full amount of the lien is paid.  
26 The penalties are . . . . . percent (...%) of the amount of the  
27 delinquent assessments or installments. The expenses of the local  
28 government in pursuing the delinquency until full amount is paid, could  
29 include, but are not limited to, expenses for attorneys and a title  
30 search.

31 In order to defend against this lawsuit, you must respond to the  
32 complaint by stating your defense in writing, and by serving a copy  
33 upon the person signing this summons within 20 days after the service  
34 of this summons, excluding the day of service, or a default judgment  
35 may be entered against you without notice. A default judgment is one  
36 where plaintiff is entitled to what he or she asks for because you have

1 not responded. If you serve a notice of appearance on the undersigned  
2 person, you are entitled to notice before a default judgment may be  
3 entered.

4 IMPORTANT NOTICE

5 If judgment is taken against you, either by default or after  
6 hearing by the court, your real property will be sold at public  
7 auction.

8 You may prevent the sale by paying the full amount of the judgment  
9 at any time prior to the sale.

10 If your real property is sold, you may redeem the real property at  
11 any time up to two years after the date of the sale, by paying the  
12 amount for which the real property was sold, plus interest and  
13 expenses.

14 If you wish to seek the advice of an attorney in this matter, you  
15 should do so promptly so that your written response, if any, may be  
16 served on time.

17 (signed).....  
18 .....

19 Print or Type Name  
20 ( ) Plaintiff ( ) Plaintiff's  
21 Attorney

22 P.O. Address .....

23 Dated ..... Telephone Number ....."

24 Prior to providing the notice and summons, the treasurer shall  
25 conduct a title search to determine all interested parties.

26 NEW SECTION. Sec. 37. LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,  
27 SUMMONS, RESIDENTIAL PROPERTY. In foreclosing special assessments, if  
28 the lot, tract, or parcel of real property contains a residential  
29 structure, the summons shall be served upon the defendants in the  
30 manner required by RCW 4.28.080. For all other lots, tracts, or  
31 parcels of real property the summons shall be served by either personal  
32 service on the defendants as provided in chapter 4.28 RCW or by  
33 certified mail.



1        NEW SECTION.    **Sec. 38.**    LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,  
2    LAWSUITS.    In foreclosing special assessment liens, it is not necessary  
3    to bring a separate suit for each of the lots, tracts, or parcels of  
4    real property that is subject to a delinquent special assessment, or a  
5    delinquent installment, or for each separate local improvement  
6    district.    The local government may proceed in the same action against  
7    all or any of the lots, tracts, or parcels of real property upon which  
8    special assessments or installments are delinquent under any and all  
9    final assessment rolls in one or more local improvement districts that  
10   have been created by the local government.    Each interested party shall  
11   be made a defendant in the action.    The persons whose names appear on  
12   the final assessment roll and assessor's tax rolls as owners of any  
13   other real property that is subject to delinquent special assessments  
14   or delinquent installments shall be made defendants in the action.

15        The final assessment roll and the resolution confirming the final  
16   assessment roll, or duly authenticated copies of the final assessment  
17   roll and confirming resolution, shall be prima facie evidence of the  
18   regularity and legality of the proceedings connected therewith and the  
19   burden of proof shall be on the defendants.

20        NEW SECTION.    **Sec. 39.**    LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,  
21   TRIAL, JUDGMENT, APPEALS.    The action foreclosing a special assessment  
22   lien shall be tried by the court without a jury.    If the interested  
23   parties in any particular real property default, the court may enter  
24   judgment of foreclosure and sale as to such parties and real property  
25   and the action may proceed as to the remaining defendants and real  
26   property.    Judgment and order of sale may be entered as to any one or  
27   more separate lots, tracts, or parcels of real property involved in the  
28   action and the court shall retain jurisdiction to others.

29        The judgment shall specify separately the amount of the special  
30   assessment or installments with interest, penalty, and expenses.    The  
31   judgment shall have the effect of a separate judgment as to each lot,  
32   tract, or parcel of real property described in the judgment, and any  
33   appeal shall not invalidate or delay the judgment except as to the real  
34   property concerning which the appeal is taken.    In the judgment the  
35   court shall order the real property that is described in the judgment  
36   to be sold by the treasurer or by the county sheriff and an order of  
37   sale shall issue for the enforcement of the judgment.

1 In all other respects, the trial, judgment, and appeals to the  
2 court of appeals or supreme court shall be governed by the statutes  
3 governing the foreclosure of mortgages on real property.

4 At least thirty days prior to the sale of the real property, a copy  
5 of the notice of sale shall be mailed by certified mail to each  
6 interested party as to that lot, tract, or parcel of real property.

7 In lieu of a separate notice of the sale, notice of the sale may be  
8 included in the notice and summons described in section 36 of this act.

9 In all other respects the procedure for sale shall be conducted in  
10 the same manner as real property tax sales described in RCW 84.64.080.

11 NEW SECTION. **Sec. 40.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,  
12 SALES, RIGHT OF REDEMPTION. Each sale of real property in an action  
13 foreclosing special assessments liens shall be subject to the right of  
14 redemption within two years from the date of sale. If the proceeds of  
15 the sale of real property exceed the delinquent special assessment or  
16 installments and the interest, penalty, and expenses, the excess shall  
17 be remitted to the record owner of the real property prior to the sale  
18 or conveyance.

19 NEW SECTION. **Sec. 41.** LIENS ON SPECIAL ASSESSMENTS, ACQUISITION  
20 OF REAL PROPERTY. Real property bid in by the local government or  
21 struck off to it pursuant to proceedings for the foreclosure of a  
22 special assessment lien shall be held in trust by the local government  
23 for the fund of the local improvement district, or the revenue bond  
24 fund into which special assessments in utility local improvement  
25 districts are pledged, to be paid for the benefit of which the real  
26 property was sold. Any real property so held in trust shall be exempt  
27 from taxation for general state, county, and municipal purposes during  
28 the period that it is so held.

29 The local government may relieve itself of its trust relation to a  
30 local improvement district fund or revenue bond fund into which special  
31 assessments are pledged to be paid as to any lot, tract, or parcel of  
32 real property by paying into the fund the amount of the delinquent  
33 special assessment or delinquent installments for which the real  
34 property was sold and all accrued interest, together with interest to  
35 the time of the next call of bonds against the fund at the rate  
36 provided on the bonds. The local government shall hold the real  
37 property discharged of the trust when this payment is made.

1 A local government may lease or sell and convey any such real  
2 property held in trust by it, by virtue of the conveyance thereof to it  
3 by a special assessment deed. The sale may be public or private and  
4 for such price and upon such terms as may be determined by resolution  
5 of the governing body. After first reimbursing any funds from which  
6 moneys on account of any real property may have been advanced, all  
7 proceeds resulting from lease or sale of the real property shall  
8 ratably belong and be refunded to the record owner of the real property  
9 prior to a sale or conveyance.

10 NEW SECTION. **Sec. 42.** GENERAL TAX FORECLOSURES, SPECIAL  
11 ASSESSMENTS, PROCEDURE. In county foreclosures for delinquency in the  
12 payment of general taxes, the county treasurer shall mail a copy of the  
13 published summons to the treasurer of every local government within  
14 which any real property involved in the foreclosure proceeding is  
15 situated. The copy of the summons shall be mailed within fifteen days  
16 after its first publication, but the county treasurer's failure to do  
17 so shall not affect the jurisdiction of the court nor the priority of  
18 the tax sought to be foreclosed.

19 If any real property situated in a local government is offered for  
20 sale for general taxes, the local government may protect the lien or  
21 liens of any special assessment or installment outstanding against all  
22 or part of such real property by purchasing the real property or taking  
23 other actions.

24 If a local government has bid in any real property on sale for the  
25 special assessment, it may satisfy the lien of any outstanding general  
26 taxes upon the real property by payment of the face amount of such  
27 taxes and costs, without penalty or interest, but this shall not apply  
28 where certificates of delinquency against the real property have been  
29 issued to private persons.

30 If real property is struck off to or bid in by a county at a sale  
31 for general taxes, and is subject to special assessment in any local  
32 government, or has been taken over by the local government on the  
33 foreclosure of the special assessment, the local government may acquire  
34 the real property from the county at any time before resale and receive  
35 a deed for the real property upon paying the face amount of such taxes  
36 and costs, without penalty or interest.

37 Whenever real property struck off to or bid in by a county at a  
38 sale for general taxes is subsequently sold by the county, the proceeds

1 of the sale shall first be applied to discharge in full the lien or  
2 liens for general taxes for which the real property was sold. The  
3 remainder, or such portion thereof as may be necessary, shall be paid  
4 to the local government to discharge all special assessment liens  
5 against the real property. The surplus, if any, shall be distributed  
6 as provided in chapter 84.64 RCW.

7 NEW SECTION. **Sec. 43.** BONDS, ISSUANCE AND SALE. Local  
8 improvement district bonds, and revenue bonds if a utility improvement  
9 district is created, shall be issued and sold in accordance with  
10 chapter 39.46 RCW. Local improvement district bonds, or revenue bonds  
11 if a utility local improvement district is created, may be issued to  
12 obtain money sufficient to cover that portion of the special  
13 assessments that are not paid within the prepayment period provided in  
14 section 23 of this act.

15 NEW SECTION. **Sec. 44.** LOCAL IMPROVEMENT DISTRICT GUARANTY FUND,  
16 CREATION. (1) Any local government authorized to issue local  
17 improvement district bonds shall create a fund for the purpose of  
18 guaranteeing, to the extent of the fund, the payment of the principal  
19 of and interest on local improvement district bonds that it issues  
20 under this chapter or that it has issued under this chapter. A cash  
21 balance of at least five percent of the principal amount of all  
22 outstanding local improvement district bonds shall be maintained in the  
23 guaranty fund. Moneys to establish and maintain a guaranty fund may be  
24 obtained from: (a) Utility rates and charges imposed by the local  
25 government; (b) the proceeds of the sale of any real property held in  
26 trust by the guaranty fund; (c) any surplus remaining in another local  
27 improvement district bond fund that is not required to be retained in  
28 the other local improvement district bond fund; (d) a portion of the  
29 proceeds obtained from selling local improvement district bonds; (e) a  
30 portion of any prepaid special assessments that are not needed to  
31 redeem local improvement district bonds; (f) any surplus remaining in  
32 any reserve fund established for local improvement district bonds after  
33 the bonds have been redeemed; (g) other moneys legally available for  
34 such purposes; and (h) earnings from investing money in the guaranty  
35 fund. Where applicable, the local government may bind and obligate  
36 itself to establish, collect, and maintain utility system rates and

1 charges at such levels to provide revenues sufficient to maintain the  
2 guaranty fund.

3 (2) Whenever any local improvement district bond matures that is  
4 guaranteed by a guaranty fund, or an interest payment is due, and there  
5 is insufficient money in the appropriate local improvement district  
6 bond redemption fund to make principal and interest payments on the  
7 local improvement district bonds, the treasurer shall make the payments  
8 by the guaranty fund by issuing and delivering a warrant drawn upon the  
9 local improvement guaranty fund.

10 (3) The local government may issue warrants against the guaranty  
11 fund, drawing interest at a rate it determines, to meet any liability  
12 accrued against the guaranty fund whenever the cash balance in the  
13 local improvement guaranty fund is insufficient for the required  
14 purposes. Interest bearing warrants must be issued upon demand of the  
15 owners of any local improvement district bonds eligible for such  
16 payments that are guaranteed by this section and section 49 of this  
17 act, or to pay for any certificates of delinquency for a delinquent  
18 installment or installments of special assessments as provided in  
19 subsection (4) of this section. Guaranty fund warrants shall be a  
20 first lien in their order of issuance upon money deposited into the  
21 guaranty fund.

22 (4) Within ten days after the date of delinquency of any  
23 installment of a special assessment imposed for the purpose of paying  
24 the local improvement bonds of any local government guaranteed under  
25 this section and section 49 of this act, the local government treasurer  
26 shall compile a statement of all installments delinquent, together with  
27 the amount of accrued interest and penalty appurtenant to each of those  
28 installments. The treasurer shall immediately purchase certificates of  
29 delinquency for all such delinquent installments. Payment for all such  
30 certificates of delinquency shall be made from the local improvement  
31 guaranty fund, and if there is insufficient money in the fund to pay  
32 for such certificates of delinquency, the treasurer shall accept the  
33 local improvement guaranty fund warrants in payment for the  
34 certificates of delinquency. All such certificates of delinquency  
35 shall be issued in the name of the local improvement guaranty fund, and  
36 all guaranty fund warrants issued in payment of the certificates of  
37 delinquency shall be issued in the name of the appropriate local  
38 improvement district fund. Whenever any market is available and the  
39 governing body so directs, the treasurer shall sell any certificates of

1 delinquency belonging to the local improvement guaranty fund, but any  
2 such sale may not be for less than face value thereof plus accrued  
3 interest from the date of issuance to date of sale.

4 Certificates of delinquency shall be issued by the treasurer,  
5 bearing a rate of interest per annum determined by the treasurer but  
6 not exceeding twelve percent, shall be in each instance for the face  
7 value of the delinquent installment, plus accrued interest to date of  
8 issuance of the certificate of delinquency, plus a penalty of five  
9 percent of such face value, and shall set forth:

10 (a) The description of the real property assessed;

11 (b) The date the installment of the special assessment became  
12 delinquent; and

13 (c) The name of the owner or reputed owner, if known.

14 A certificate of delinquency may be redeemed by the owners of the  
15 real property assessed at any time up to one year from the date of  
16 foreclosing the certificate of delinquency.

17 If any certificate of delinquency is not redeemed by the first day  
18 of January after its issuance, the treasurer shall then proceed to  
19 foreclose the certificate of delinquency in the manner specified in  
20 this chapter for the foreclosure of special assessment liens. The  
21 treasurer shall execute and deliver a deed conveying fee simple title  
22 to the real property described in the foreclosed certificate of  
23 delinquency if the certificate of delinquency is not redeemed within  
24 the succeeding year.

25 NEW SECTION. **Sec. 45.** LOCAL IMPROVEMENT DISTRICT GUARANTY FUND,  
26 PAYMENTS. Whenever there is paid out of a guaranty fund any amount on  
27 account of the principal of or interest on a local improvement district  
28 bond, or on account of purchase of certificates of delinquency, the  
29 local government, as trustee for the fund, shall be subrogated to all  
30 rights of the owner of the bond relating to the payments made to the  
31 owner of the bond and all rights of the owner of the bond on the  
32 special assessment or special assessments underlying the same, which  
33 shall become a part of the guaranty fund. As among the several issues  
34 of local improvement district bonds guaranteed by the guaranty fund, no  
35 preference exists, but interest or principal payments shall be made  
36 from the guaranty fund to prevent default and may be made in advance of  
37 default to the extent that installments are delinquent.

1 Money from a guaranty fund may be used to purchase real property at  
2 county tax foreclosure sales or from the county after foreclosure in  
3 cases where the real property is subject to unpaid special assessments  
4 securing bonds guaranteed under sections 44 and 49 of this act if the  
5 governing body of the local government determines that the purchase is  
6 necessary to protect the guaranty fund. In such cases the fund shall  
7 be subrogated to all rights of the local government. After so  
8 acquiring title to real property, the local government as trustee of  
9 the guaranty fund may lease or resell and convey the real property in  
10 the manner that the local government's real property is authorized to  
11 be leased or resold and for such prices and on such terms as may be  
12 determined by resolution of the governing body.

13 NEW SECTION. **Sec. 46.** LID GUARANTY FUND, CASH BALANCES. The  
14 governing body of a local government may transfer money from its local  
15 improvement bond guaranty fund to its general or current expense fund  
16 if an amount of money is retained in the guaranty fund equal to at  
17 least ten percent of value of outstanding local improvement district  
18 bonds that are guaranteed by the guaranty fund and the governing body  
19 makes written findings that the remaining money in the guaranty fund is  
20 reasonably sufficient to protect:

21 (1) The outstanding local improvement district bonds that are  
22 guaranteed by the guaranty fund; and

23 (2) Any additional local improvement district bonds that will be  
24 guaranteed by the guaranty fund that the local government anticipates  
25 issuing in the succeeding year.

26 NEW SECTION. **Sec. 47.** RESERVE FUNDS. The governing body of a  
27 local government issuing local improvement district bonds financing a  
28 single local improvement district may create a reserve fund to secure  
29 the payment of the principal of and interest on these bonds that is in  
30 addition to the local improvement district bond guaranty fund  
31 established under section 44 of this act. A reserve fund may not  
32 exceed fifteen percent of the principal amount of the bonds. The  
33 reserve fund may be provided for from the proceeds of the local  
34 improvement district bonds, from special assessment payments, or from  
35 any other money legally available for such purposes.

36 After the payment of administrative costs, a sum in proportion to  
37 the ratio between the part of the original special assessment against

1 a given lot, tract, or parcel of real property in a local improvement  
2 district assessed to create a reserve fund, if any, and the total  
3 original amount of such special assessment, plus a proportionate share  
4 of any interest accrued in the reserve fund, shall be credited and  
5 applied, respectively, to any nondelinquent portion of the principal of  
6 that assessment and any nondelinquent installment interest on that  
7 assessment paid by a property owner, but in no event may the principal  
8 amount of bonds outstanding exceed the principal amount of assessments  
9 outstanding. Whether the payment is made during the prepayment period  
10 provided for in section 23 of this act or after the prepayment period  
11 and whenever all or part of a remaining nondelinquent assessment or any  
12 nondelinquent installment payment of principal and interest is paid,  
13 the reserve fund balance shall be reduced accordingly as each such sum  
14 is thus credited and applied to a nondelinquent principal payment and  
15 a nondelinquent interest payment. Each payment of a nondelinquent  
16 assessment or any nondelinquent installment payment of principal and  
17 interest shall be reduced by the amount of the credit.

18 The balance of a reserve fund remaining after payment in full and  
19 retirement of all local improvement bonds secured by the fund shall be  
20 transferred to the local government's guaranty fund.

21 NEW SECTION. **Sec. 48.** JOINT PROJECTS. A local government may  
22 contract with any other local government, or with the state of  
23 Washington, for the following purposes:

24 (1) To have the acquisition or construction of the whole or any  
25 part of the public improvements performed by another local government  
26 or by the state of Washington;

27 (2) To pay, from special assessments on real property within a  
28 local improvement district or from the proceeds of local improvement  
29 district bonds, the whole or any part of the expense of the public  
30 improvements ordered, constructed, acquired, or owned by another local  
31 government; or

32 (3) To integrate the planning, financing, construction,  
33 acquisition, management, or operation, or any combination thereof, of  
34 the public improvements of one local government with the planning,  
35 financing, construction, acquisition, management, or operation, or any  
36 combination thereof, of the public improvements of another local  
37 government or the state on such terms and conditions as may be agreed  
38 upon mutually including, but not limited to, the allocation of the



1 costs of the public improvements and the allocation of planning,  
2 financing, construction, management, operation, or other  
3 responsibilities.

4 NEW SECTION. **Sec. 49.** LID BONDS, GENERALLY. A new section is  
5 added to chapter 39.46 RCW to read as follows:

6 (1) Local improvement district bonds issued by local governments  
7 under the authorities provided by chapter 39.-- RCW (sections 1 through  
8 48 of this act) shall be subject to this section. The maximum term of  
9 local improvement district bonds shall be the lesser of thirty years or  
10 the estimated average economic life of the public improvements financed  
11 by the local improvement district bonds, as determined by the governing  
12 body.

13 Whenever local improvement district bonds are proposed to be  
14 issued, the governing body of the local government shall create a  
15 special local improvement fund for the local improvement district from  
16 which all or a portion of the costs of the public improvements shall be  
17 paid. Local improvement district bonds shall not be issued in excess  
18 of the amount of unpaid special assessments after the prepayment period  
19 for the payment of special assessments without interest, penalties, or  
20 expenses and the amount of the paid special assessments that will be  
21 deposited into a reserve fund. Local improvement district bonds shall  
22 not be issued prior to ten days after the prepayment period for the  
23 payment of special assessments without interest, penalties, or  
24 expenses.

25 Local improvement district bonds shall be payable exclusively from  
26 the local improvement fund, the local improvement bond guaranty fund  
27 that the local government creates under section 44 of this act, and a  
28 separate reserve fund or other security for the payment of principal  
29 and interest as provided in section 47 of this act.

30 (2) Local improvement district bonds shall not constitute a general  
31 indebtedness of the local government issuing the bonds nor an  
32 obligation, general or special, of the state. The owner of any local  
33 improvement district bond shall not have any claim for the payment  
34 thereof against the local government that issues the local improvement  
35 district bonds except for payment from the special assessments made for  
36 the public improvements for which the local improvement district bond  
37 was issued, from proceeds of additional local improvement district  
38 bonds that may be issued and sold to finance the public improvements,

1 from the local improvement guaranty fund, and from a reserve fund or  
2 other security if created under section 48 of this act. The local  
3 government shall not be liable to the owner of any local improvement  
4 district bond for any loss to the local improvement guaranty fund  
5 occurring in the lawful operation of the fund. The owner of a local  
6 improvement district bond shall not have any claim against the state  
7 arising from the local improvement district bond, special assessments,  
8 or the operation of the guaranty fund or a reserve fund. Tax revenues  
9 shall not be used directly or indirectly to pay, secure, or guarantee  
10 the payment of the principal of or interest on local improvement  
11 district bonds.

12 The substance of the limitations included in this subsection shall  
13 be plainly printed, written, engraved, or reproduced: (a) On each  
14 local improvement district bond that is a physical instrument; (b) in  
15 each published notice offering local improvement district bonds for  
16 sale; and (c) in each disclosure statement of the local government that  
17 is associated with those local improvement district bonds.

18 (3) If the local government fails to make any principal or interest  
19 payments on any local improvement district bond or to collect promptly  
20 any special assessment, or installment or installments, securing the  
21 bonds when due, the owner of the local improvement district bond may  
22 obtain a writ of mandamus from any court of competent jurisdiction  
23 requiring the local government to collect the special assessment or  
24 installments, foreclose on the related lien, and make payments out of  
25 the local improvement fund, guaranty fund, or reserve fund if one  
26 exists. Any number of owners of local improvement district bonds may  
27 join as plaintiffs.

28 NEW SECTION. Sec. 50. A new section is added to chapter 35.21 RCW  
29 to read as follows:

30 A city or town may conform with the provisions of chapter 39.-- RCW  
31 (sections 1 through 48 of this act) and section 49 of this act as an  
32 alternative to the procedures contained in chapters 35.43 through 35.54  
33 RCW concerning local improvement districts, special assessments, and  
34 local improvement district bonds, or utility local improvement  
35 districts, special assessments, and revenue bonds payable in part from  
36 special assessments.

1        NEW SECTION.    **Sec. 51.** A new section is added to chapter 35.58 RCW  
2 to read as follows:

3        A metropolitan municipal corporation may conform with the  
4 provisions of chapter 39.-- RCW (sections 1 through 48 of this act) and  
5 section 49 of this act as an alternative to the procedures authorized  
6 in RCW 35.58.500 concerning local improvement districts, special  
7 assessments, and local improvement district bonds, or utility local  
8 improvement districts, special assessments, and revenue bonds payable  
9 in part from special assessments.

10       NEW SECTION.    **Sec. 52.** A new section is added to chapter 36.69 RCW  
11 to read as follows:

12       A park and recreation district may conform with the provisions of  
13 chapter 39.-- RCW (sections 1 through 48 of this act) and section 49 of  
14 this act as an alternative to the procedures authorized in RCW  
15 36.69.200 through 36.69.305 concerning local improvement districts,  
16 special assessments, and local improvement district bonds.

17       NEW SECTION.    **Sec. 53.** A new section is added to chapter 36.73 RCW  
18 to read as follows:

19       A transportation benefit district may conform with the provisions  
20 of chapter 39.-- RCW (sections 1 through 48 of this act) and section 49  
21 of this act as an alternative to the procedures authorized in RCW  
22 36.73.080 concerning local improvement districts, special assessments,  
23 and local improvement district bonds.

24       NEW SECTION.    **Sec. 54.** A new section is added to chapter 36.83 RCW  
25 to read as follows:

26       A service district may conform with the provisions of chapter 39.--  
27 RCW (sections 1 through 48 of this act) and section 49 of this act as  
28 an alternative to the procedures authorized in RCW 36.83.050 concerning  
29 local improvement districts, special assessments, and local improvement  
30 district bonds.

31       NEW SECTION.    **Sec. 55.** A new section is added to chapter 36.88 RCW  
32 to read as follows:

33       A county may conform with the provisions of chapter 39.-- RCW  
34 (sections 1 through 48 of this act) and section 49 of this act as an  
35 alternative to the procedures authorized in this chapter concerning

1 road improvement districts, special assessments, and road improvement  
2 district bonds.

3 NEW SECTION. **Sec. 56.** A new section is added to chapter 36.94 RCW  
4 to read as follows:

5 A county may conform with the provisions of chapter 39.-- RCW  
6 (sections 1 through 48 of this act) and section 49 of this act as an  
7 alternative to the procedures authorized in this chapter concerning  
8 local improvement districts, special assessments, and local improvement  
9 district bonds, or utility local improvement districts, special  
10 assessments, and revenue bonds payable in part from special  
11 assessments.

12 NEW SECTION. **Sec. 57.** A new section is added to chapter 52.20 RCW  
13 to read as follows:

14 A fire protection district may conform with the provisions of  
15 chapter 39.-- RCW (sections 1 through 48 of this act) and section 49 of  
16 this act as an alternative to the procedures authorized in this chapter  
17 concerning local improvement districts, special assessments, and local  
18 improvement district bonds.

19 NEW SECTION. **Sec. 58.** A new section is added to chapter 53.08 RCW  
20 to read as follows:

21 A port district may conform with the provisions of chapter 39.--  
22 RCW (sections 1 through 48 of this act) and section 49 of this act as  
23 an alternative to the procedures authorized in RCW 53.08.050 concerning  
24 local improvement districts, special assessments, and local improvement  
25 district bonds.

26 NEW SECTION. **Sec. 59.** A new section is added to chapter 54.16 RCW  
27 to read as follows:

28 A public utility district may conform with the provisions of  
29 chapter 39.-- RCW (sections 1 through 48 of this act) and section 49 of  
30 this act as an alternative to the procedures authorized in RCW  
31 54.16.120 through 54.16.170 concerning local utility districts, special  
32 assessments, and local improvement district bonds.

33 NEW SECTION. **Sec. 60.** A new section is added to chapter 56.20 RCW  
34 to read as follows:

1 A sewer district may conform with the provisions of chapter 39.--  
2 RCW (sections 1 through 48 of this act) and section 49 of this act as  
3 an alternative to the procedures authorized in this chapter concerning  
4 utility local improvement districts, special assessments, and revenue  
5 bonds payable in part from special assessments.

6 NEW SECTION. **Sec. 61.** A new section is added to chapter 57.16 RCW  
7 to read as follows:

8 A water district may conform with the provisions of chapter 39.--  
9 RCW (sections 1 through 48 of this act) and section 49 of this act as  
10 an alternative to the procedures authorized in this chapter and RCW  
11 57.20.030 through 57.20.090 concerning local improvement districts,  
12 special assessments, and local improvement district bonds, or utility  
13 local improvement districts, special assessments, and revenue bonds  
14 payable in part from special assessments.

15 NEW SECTION. **Sec. 62.** A new section is added to chapter 87.03 RCW  
16 to read as follows:

17 An irrigation district may conform with the provisions of chapter  
18 39.-- RCW (sections 1 through 48 of this act) and section 49 of this  
19 act as an alternative to the procedures authorized in RCW 87.03.480  
20 through 87.03.527 concerning local improvement districts, special  
21 assessments, and local improvement district bonds.

22 NEW SECTION. **Sec. 63.** HEADINGS. Section headings as used in this  
23 act do not constitute any part of the law.

24 NEW SECTION. **Sec. 64.** CODIFICATION. Sections 1 through 48 of  
25 this act shall constitute a new chapter in Title 39 RCW.

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