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**SENATE BILL 5452**

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**State of Washington**

**56th Legislature**

**1999 Regular Session**

**By** Senators Bauer, Deccio, Benton, Goings, Winsley, Rasmussen, Franklin, Eide, Zarelli, Wojahn and Hale

Read first time 01/22/1999. Referred to Committee on State & Local Government.

1 AN ACT Relating to funding for regional convention, conference, or  
2 special events centers; amending RCW 82.14.050; adding new sections to  
3 chapter 82.14 RCW; adding a new chapter to Title 35 RCW; providing an  
4 effective date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** (1) The legislative authority of any town or  
7 city located in a county with a population of less than one million may  
8 create a public facilities district. The legislative authorities of  
9 any contiguous group of towns or cities located in a county with a  
10 population of less than one million may enter an agreement under  
11 chapter 39.34 RCW for the creation and joint operation of a public  
12 facilities district.

13 (2) A public facilities district shall be coextensive with the  
14 boundaries of the city or town or contiguous group of cities or towns  
15 that created the district, except that the district shall be  
16 coextensive with the boundaries of the county or counties in which the  
17 district is located if a majority of the voters of the county or  
18 counties approve the creation of the district in a general election or  
19 a special election that may be called for that purpose.

1 (3) A public facilities district created by a single city or town  
2 shall be governed by a board of directors consisting of the members of  
3 the legislative body of the city that created the district, except that  
4 the legislative body of the largest city in a county with a population  
5 of more than three hundred thousand but less than four hundred thousand  
6 may, in the sole discretion, provide by ordinance that the district  
7 shall be governed by the same individuals that comprise the board of  
8 directors of a public facilities district created under chapter 36.100  
9 RCW. A district created by a contiguous group of cities or towns shall  
10 be governed by a board of directors appointed in accordance with the  
11 terms of the agreement under chapter 39.34 RCW for the joint operation  
12 of the district.

13 (4) A public facilities district is a municipal corporation, an  
14 independent taxing "authority" within the meaning of Article VII,  
15 section 1 of the state Constitution, and a "taxing district" within the  
16 meaning of Article VII, section 2 of the state Constitution.

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

23 (6) A public facilities district may acquire and transfer real and  
24 personal property by lease, sublease, purchase, or sale. No direct or  
25 collateral attack on any metropolitan facilities district purported to  
26 be authorized or created in conformance with this chapter may be  
27 commenced more than thirty days after creation by the city legislative  
28 authority.

29 NEW SECTION. **Sec. 2.** (1) A public facilities district is  
30 authorized to acquire, construct, own, remodel, maintain, equip,  
31 reequip, repair, and operate one or more regional centers. For  
32 purposes of this act, "regional center" means a convention, conference,  
33 or special events center, or any combination of facilities, and related  
34 parking facilities, serving a regional population constructed,  
35 improved, or rehabilitated after the effective date of this act at a  
36 cost of at least ten million dollars, including debt service.  
37 "Regional center" also includes an existing convention, conference, or  
38 special events center, and related parking facilities, serving a

1 regional population, that is improved or rehabilitated after the  
2 effective date of this act where the costs of improvement or  
3 rehabilitation are at least ten million dollars, including debt  
4 service. A regional center is conclusively presumed to serve a  
5 regional population if state and local government investment in the  
6 construction, improvement, or rehabilitation of the regional center is  
7 equal to or greater than ten million dollars.

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

11 (3) A public facilities district may impose taxes authorized in  
12 sections 3 through 5 of this act, and use revenues derived therefrom  
13 for the purpose of paying principal and interest payments on bonds  
14 issued by the public facilities district to construct a regional  
15 center.

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

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

24 NEW SECTION. **Sec. 3.** A public facilities district may impose an  
25 excise tax on the sale of or charge made for the furnishing of lodging  
26 by a hotel, rooming house, tourist court, motel, or trailer camp, and  
27 the granting of any similar license to use real property, as  
28 distinguished from the renting or leasing of real property, except that  
29 no such tax may be levied on any premises having fewer than forty  
30 lodging units. The rate of the tax shall not exceed two percent and  
31 the proceeds of the tax shall only be used for the purposes set forth  
32 in section 2 of this act. This excise tax shall not be imposed until  
33 the district has approved the proposal to acquire, design, and  
34 construct a regional center. The department of revenue shall perform  
35 the collection of the tax on behalf of the public facility district at  
36 no cost.

37 No tax may be collected under this section before August 1, 1999.  
38 The tax imposed in this section shall expire when the bonds issued for

1 the construction of the regional center are retired, but not more than  
2 twenty years after the tax is first collected.

3 NEW SECTION. **Sec. 4.** (1) A public facilities district may levy an  
4 ad valorem property tax, in excess of the one percent limitation, upon  
5 the property within the district for a one-year period to be used for  
6 operating or capital purposes whenever authorized by the voters of the  
7 district pursuant to RCW 84.52.052 and Article VII, section 2(a) of the  
8 state Constitution.

9 (2) A public facilities district may provide for the retirement of  
10 voter-approved general obligation bonds, issued for capital purposes  
11 only, by levying bond retirement ad valorem property tax levies, in  
12 excess of the one percent limitation, whenever authorized by the voters  
13 of the district pursuant to Article VII, section 2(b) of the state  
14 Constitution and RCW 84.52.056.

15 NEW SECTION. **Sec. 5.** (1) A public facilities district may apply  
16 for deferral of taxes on site preparation, construction of buildings or  
17 other structures, and acquisition of related machinery and equipment,  
18 for a regional center. Application shall be made to the department of  
19 revenue in a form and manner prescribed by the department of revenue.  
20 The application shall contain information regarding the location of the  
21 regional center, estimated or actual costs, time schedules for  
22 completion and operation, and other information required by the  
23 department of revenue. The department of revenue shall approve the  
24 application within sixty days if it meets the requirements of this  
25 section.

26 (2) The department of revenue shall issue a sales and use tax  
27 deferral certificate for state and local sales and use taxes due under  
28 chapters 82.08, 82.12, and 82.14 RCW on the public facility. The use  
29 of the certificate shall be governed by rules established by the  
30 department of revenue.

31 (3) The public facilities district shall begin paying the deferred  
32 taxes in the fifth year after the date certified by the department of  
33 revenue as the date on which the regional center is operationally  
34 complete. The first payment is due on December 31st of the fifth  
35 calendar year after such certified date, with subsequent annual  
36 payments due on December 31st of the following nine years. Each  
37 payment shall equal ten percent of the deferred tax.

1 (4) The department of revenue may authorize an accelerated  
2 repayment schedule upon request of the public facilities district.

3 (5) Interest shall not be charged on any taxes deferred under this  
4 section for the period of deferral, although all other penalties and  
5 interest applicable to delinquent excise taxes may be assessed and  
6 imposed for delinquent payments under this section. The debt for  
7 deferred taxes is not extinguished by insolvency or other failure of  
8 the public facilities district.

9 (6) Applications and any other information received by the  
10 department of revenue under this section are not confidential and are  
11 subject to disclosure. Chapter 82.32 RCW applies to the administration  
12 of this section.

13 NEW SECTION. **Sec. 6.** The board of directors of the public  
14 facilities district shall adopt a resolution that may be amended from  
15 time to time that shall establish the basic requirements governing  
16 methods and amounts of reimbursement payable to such district officials  
17 and employees for travel and other business expenses incurred on behalf  
18 of the district. The resolution shall, among other things, establish  
19 procedures for approving such expenses; the form of the travel and  
20 expense voucher; and requirements governing the use of credit cards  
21 issued in the name of the district. The resolution may also establish  
22 procedures for payment of per diem to board members. The state auditor  
23 shall, as provided by general law, cooperate with the public facilities  
24 district in establishing adequate procedures for regulating and  
25 auditing the reimbursement of all such expenses.

26 NEW SECTION. **Sec. 7.** The board of directors of the public  
27 facilities district shall have authority to authorize the expenditure  
28 of funds for the public purposes of preparing and distributing  
29 information to the general public and promoting, advertising,  
30 improving, developing, operating, and maintaining a regional center.  
31 Nothing contained in this section may be construed to authorize  
32 preparation and distribution of information to the general public for  
33 the purpose of influencing the outcome of a district election.

34 NEW SECTION. **Sec. 8.** The public facilities district may secure  
35 services by means of an agreement with a service provider. The public  
36 facilities district shall publish notice, establish criteria, receive

1 and evaluate proposals, and negotiate with respondents under  
2 requirements set forth by district resolution.

3 NEW SECTION. **Sec. 9.** In addition to provisions contained in  
4 chapter 39.04 RCW, the public facilities district is authorized to  
5 follow procedures contained in RCW 43.19.1906 and 43.19.1911 for all  
6 purchases, contracts for purchase, and sales.

7 NEW SECTION. **Sec. 10.** (1) To carry out the purpose of this  
8 chapter, a public facilities district may issue general obligation  
9 bonds, not to exceed an amount, together with any outstanding nonvoter-  
10 approved general obligation indebtedness, equal to one-half of one  
11 percent of the value of the taxable property within the district, as  
12 the term "value of the taxable property" is defined in RCW 39.36.015.  
13 A facilities district additionally may issue general obligation bonds  
14 for capital purposes only, together with any outstanding general  
15 obligation indebtedness, not to exceed an amount equal to one and one-  
16 fourth percent of the value of the taxable property within the  
17 district, as the term "value of the taxable property" is defined in RCW  
18 39.36.015, when authorized by the voters of the public facilities  
19 district pursuant to Article VIII, section 6 of the state Constitution,  
20 and to provide for the retirement thereof by excess property tax levies  
21 as provided in this chapter.

22 (2) General obligation bonds may be issued with a maturity of up to  
23 thirty years, and shall be issued and sold in accordance with the  
24 provisions of chapter 39.46 RCW.

25 (3) The general obligation bonds may be payable from the operating  
26 revenues of the public facilities district in addition to the tax  
27 receipts of the district.

28 NEW SECTION. **Sec. 11.** (1) A public facilities district may issue  
29 revenue bonds to fund revenue generating facilities, or portions of  
30 facilities, which it is authorized to provide or operate. Whenever  
31 revenue bonds are to be issued, the board of directors of the district  
32 shall create or have created a special fund or funds from which, along  
33 with any reserves created pursuant to RCW 39.44.140, the principal and  
34 interest on such revenue bonds shall exclusively be payable. The board  
35 may obligate the district to set aside and pay into the special fund or  
36 funds a fixed proportion or a fixed amount of the revenues from the

1 public improvements, projects, or facilities, and all related  
2 additions, that are funded by the revenue bonds. This amount or  
3 proportion shall be a lien and charge against these revenues, subject  
4 only to operating and maintenance expenses. The board shall have due  
5 regard for the cost of operation and maintenance of the public  
6 improvements, projects, or facilities, or additions, that are funded by  
7 the revenue bonds, and shall not set aside into the special fund or  
8 funds a greater amount or proportion of the revenues that in its  
9 judgment will be available over and above the cost of maintenance and  
10 operation and the amount or proportion, if any, of the revenue so  
11 previously pledged. The board may also provide that revenue bonds  
12 payable out of the same source or sources of revenue may later be  
13 issued on a parity with any revenue bonds being issued and sold.

14 (2) Revenue bonds issued pursuant to this section shall not be an  
15 indebtedness of the district issuing the bonds, and the interest and  
16 principal on the bonds shall only be payable from the revenues lawfully  
17 pledged to meet the principal and interest requirements and any  
18 reserves created pursuant to RCW 39.44.140. The owner or bearer of a  
19 revenue bond or any interest coupon issued pursuant to this section  
20 shall not have any claim against the district arising from the bond or  
21 coupon except for payment from the revenues lawfully pledged to meet  
22 the principal and interest requirements and any reserves created  
23 pursuant to RCW 39.44.140. The substance of the limitations included  
24 in this subsection shall be plainly printed, written, or engraved on  
25 each bond issued pursuant to this section.

26 (3) Revenue bonds with a maturity in excess of thirty years shall  
27 not be issued. The board of directors of the district shall by  
28 resolution determine for each revenue bond issue the amount, date,  
29 form, terms, conditions, denominations, maximum fixed or variable  
30 interest rate or rates, maturity or maturities, redemption rights,  
31 registration privileges, manner of execution, manner of sale, callable  
32 provisions, if any, and covenants including the refunding of existing  
33 revenue bonds. Facsimile signatures may be used on the bonds and any  
34 coupons. Refunding revenue bonds may be issued in the same manner as  
35 revenue bonds are issued.

36 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14 RCW  
37 to read as follows:

1       The governing board of a public facilities district created under  
2 this act may impose a sales and use tax in accordance with the terms of  
3 this chapter. The tax authorized in this section shall be in addition  
4 to any other taxes authorized by law and shall be collected from those  
5 persons who are taxable by the state under chapters 82.08 and 82.12 RCW  
6 upon the occurrence of any taxable event within the public facilities  
7 district. The rate of tax shall be equal to 0.1 percent of the selling  
8 price in the case of a sales tax or value of the article used in the  
9 case of a use tax. The proceeds of the tax shall only be used for the  
10 purposes set forth in section 2 of this act.

11       No tax may be collected under this section before August 1, 1999.  
12 The tax imposed in this section shall expire when the bonds issued for  
13 the construction of the regional center are retired, but not more than  
14 twenty years after the tax is first collected.

15       NEW SECTION. **Sec. 13.** A new section is added to chapter 82.14 RCW  
16 to read as follows:

17       (1) The governing body of a public facilities district created  
18 under this act that commences construction of a new regional facility,  
19 or improvement or rehabilitation of a new regional facility, before  
20 January 1, 2003, may impose a sales and use tax in accordance with the  
21 terms of this chapter. Additionally, the governing board of a public  
22 facilities district created under this act shall have the authority to  
23 impose a sales and use tax in accordance with the terms of this chapter  
24 if all final plans, specifications, building design, and architectural  
25 drawings related to a new facility or the improvement and  
26 rehabilitation of an existing facility have been approved and adopted  
27 by the governing board prior to January 1, 2003, and construction of  
28 same has commenced by January 1, 2004. The tax is in addition to other  
29 taxes authorized by law and shall be collected from those persons who  
30 are taxable by the state under chapters 82.08 and 82.12 RCW upon the  
31 occurrence of any taxable event within the public facilities district.  
32 The rate of tax shall not exceed 0.033 percent of the selling price in  
33 the case of a sales tax or value of the article used in the case of a  
34 use tax.

35       (2) The tax imposed under subsection (1) of this section shall be  
36 deducted from the amount of tax otherwise required to be collected or  
37 paid over to the department of revenue under chapter 82.08 or 82.12  
38 RCW. The department of revenue shall perform the collection of such



1 taxes on behalf of the county at not cost to the public facilities  
2 district.

3 (3) No tax may be collected under this section before August 1,  
4 2000. The tax imposed in this section shall expire when the bonds  
5 issued for the construction of the regional center and related parking  
6 facilities are retired, but not more than twenty years after the tax is  
7 first collected.

8 (4) Moneys collected under this section shall only be used for the  
9 purposes set forth in section 2 of this act.

10 **Sec. 14.** RCW 82.14.050 and 1991 sp.s. c 13 s 34 are each amended  
11 to read as follows:

12 The counties, cities, and transportation authorities under RCW  
13 82.14.045 and public facilities districts under chapter 36.100 RCW and  
14 this act shall contract, prior to the effective date of a resolution or  
15 ordinance imposing a sales and use tax, the administration and  
16 collection to the state department of revenue, which shall deduct a  
17 percentage amount, as provided by contract, not to exceed two percent  
18 of the taxes collected for administration and collection expenses  
19 incurred by the department. The remainder of any portion of any tax  
20 authorized by this chapter which is collected by the department of  
21 revenue shall be deposited by the state department of revenue in the  
22 local sales and use tax account hereby created in the state treasury.  
23 Moneys in the local sales and use tax account may be spent only for  
24 distribution to counties, cities, transportation authorities, and  
25 public facilities districts imposing a sales and use tax. All  
26 administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32  
27 RCW, as they now exist or may hereafter be amended, shall, insofar as  
28 they are applicable to state sales and use taxes, be applicable to  
29 taxes imposed pursuant to this chapter. Except as provided in RCW  
30 43.08.190, all earnings of investments of balances in the local sales  
31 and use tax account shall be credited to the local sales and use tax  
32 account and distributed to the counties, cities, transportation  
33 authorities, and public facilities districts monthly.

34 NEW SECTION. **Sec. 15.** Sections 1 through 11 of this act  
35 constitute a new chapter in Title 35 RCW.

1        NEW SECTION.    **Sec. 16.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 17.**    This act is necessary for the immediate  
6 preservation of the public peace, health, or safety, or support of the  
7 state government and its existing public institutions, and takes effect  
8 July 1, 1999.

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