S-1443.2		

## SENATE BILL 5982

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State of Washington 56th Legislature 1999 Regular Session

By Senators West, Sheahan, Brown, McCaslin and Hale

Read first time 02/18/1999. Referred to Committee on State & Local Government.

- AN ACT Relating to funding for regional convention, conference, or
- 2 special events centers; amending RCW 82.14.048, 82.14.050, 36.100.060,
  3 36.100.030, and 82.29A.130; adding a new section to chapter 82.14 RCW;
- 4 adding a new chapter to Title 35 RCW; providing an effective date; and
- 5 declaring an emergency.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 7 NEW SECTION. Sec. 1. (1) The legislative authority of any town or
- 8 city located in a county with a population of less than one million may
- 9 create a public facilities district. The legislative authorities of
- 10 any contiguous group of towns or cities located in a county with a
- 11 population of less than one million may enter an agreement under
- 12 chapter 39.34 RCW for the creation and joint operation of a public
- 13 facilities district.
- 14 (2) A public facilities district shall be coextensive with the
- 15 boundaries of the city or town or contiguous group of cities or towns
- 16 that created the district, except that the district shall be
- 17 coextensive with the boundaries of the county or counties in which the
- 18 district is located if a majority of the voters of the county or

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- 1 counties approve the creation of the district in a general election or 2 a special election that may be called for that purpose.
- 3 (3) A public facilities district created by a single city or town 4 shall be governed by a board of directors consisting of the members of 5 the legislative body of the city that created the district. A district 6 created by a contiguous group of cities or towns shall be governed by 7 a board of directors appointed in accordance with the terms of the 8 agreement under chapter 39.34 RCW for the joint operation of the 9 district.
- (4) A public facilities district is a municipal corporation, an independent taxing "authority" within the meaning of Article VII, section 1 of the state Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the state Constitution.
- (5) A public facilities district shall constitute a body corporate and shall possess all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, and to sue and be sued.
- (6) A public facilities district may acquire and transfer real and personal property by lease, sublease, purchase, or sale. No direct or collateral attack on any metropolitan facilities district purported to be authorized or created in conformance with this chapter may be commenced more than thirty days after creation by the city legislative authority.
- 26 Sec. 2. (1) A public facilities district is NEW SECTION. authorized to acquire, construct, own, remodel, maintain, equip, 27 reequip, repair, finance, and operate one or more regional centers. 28 29 For purposes of this act, "regional center" means a convention, 30 conference, or special events center, or any combination of facilities, related parking facilities, serving a regional population 31 constructed, improved, or rehabilitated after the effective date of 32 33 this act at a cost of at least ten million dollars, including debt "Regional center" also includes an existing convention, 34 service. conference, or special events center, and related parking facilities, 35 36 serving a regional population, that is improved or rehabilitated after the effective date of this act where the costs of improvement or 37 rehabilitation are at least ten million dollars, including debt 38

- service. A regional center is conclusively presumed to serve a regional population if state and local government investment in the construction, improvement, or rehabilitation of the regional center is equal to or greater than ten million dollars.
- 5 (2) A public facilities district may impose charges and fees for 6 the use of its facilities, and may accept and expend or use gifts, 7 grants, and donations for the purpose of a regional center.
- 8 (3) A public facilities district may impose taxes authorized in 9 sections 5, 11, and 12 of this act, and use revenues derived therefrom 10 for the purpose of paying principal and interest payments on bonds 11 issued by the public facilities district to construct a regional 12 center.
- (4) Notwithstanding the establishment of a career, civil, or merit service system, a public facilities district may contract with a public or private entity for the operation or management of its public facilities.
- 17 (5) A public facilities district is authorized to use the 18 supplemental alternative public works contracting procedures set forth 19 in chapter 39.10 RCW in connection with the design, construction, 20 reconstruction, remodel, or alteration of any regional center.
- <u>NEW SECTION.</u> **Sec. 3.** (1) A public facilities district may apply 21 22 for deferral of taxes on site preparation, construction of buildings or 23 other structures, and acquisition of related machinery and equipment, 24 for a regional center. Application shall be made to the department of 25 revenue in a form and manner prescribed by the department of revenue. The application shall contain information regarding the location of the 26 27 regional center, estimated or actual costs, time schedules for completion and operation, and other information required by the 28 29 department of revenue. The department of revenue shall approve the 30 application within sixty days if it meets the requirements of this section. 31
- 32 (2) The department of revenue shall issue a sales and use tax 33 deferral certificate for state and local sales and use taxes due under 34 chapters 82.08, 82.12, and 82.14 RCW on the public facility. The use 35 of the certificate shall be governed by rules established by the 36 department of revenue.
- 37 (3) The public facilities district shall begin paying the deferred 38 taxes in the fifth year after the date certified by the department of

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- 1 revenue as the date on which the regional center is operationally
- 2 complete. The first payment is due on December 31st of the fifth
- 3 calendar year after such certified date, with subsequent annual
- 4 payments due on December 31st of the following nine years. Each
- 5 payment shall equal ten percent of the deferred tax.
- 6 (4) The department of revenue may authorize an accelerated 7 repayment schedule upon request of the public facilities district.
- 8 (5) Interest shall not be charged on any taxes deferred under this
- 9 section for the period of deferral, although all other penalties and
- 10 interest applicable to delinquent excise taxes may be assessed and
- 11 imposed for delinquent payments under this section. The debt for
- 12 deferred taxes is not extinguished by insolvency or other failure of
- 13 the public facilities district.
- 14 (6) Applications and any other information received by the
- 15 department of revenue under this section are not confidential and are
- 16 subject to disclosure. Chapter 82.32 RCW applies to the administration
- 17 of this section.
- 18 <u>NEW SECTION.</u> **Sec. 4.** (1) To carry out the purpose of this
- 19 chapter, a public facilities district may issue general obligation
- 20 bonds, not to exceed an amount, together with any outstanding nonvoter-
- 21 approved general obligation indebtedness, equal to one-half of one
- 22 percent of the value of the taxable property within the district, as
- 23 the term "value of the taxable property" is defined in RCW 39.36.015.
- 24 A facilities district additionally may issue general obligation bonds
- 25 for capital purposes only, together with any outstanding general
- 26 obligation indebtedness, not to exceed an amount equal to one and one-
- 27 fourth percent of the value of the taxable property within the
- 28 district, as the term "value of the taxable property" is defined in RCW
- 29 39.36.015, when authorized by the voters of the public facilities
- 30 district pursuant to Article VIII, section 6 of the state Constitution,
- 31 and to provide for the retirement thereof by taxes authorized in this
- 32 act.
- 33 (2) General obligation bonds may be issued with a maturity of up to
- 34 thirty years, and shall be issued and sold in accordance with the
- 35 provisions of chapter 39.46 RCW.
- 36 (3) The general obligation bonds may be payable from the operating
- 37 revenues of the public facilities district in addition to the tax
- 38 receipts of the district.

- NEW SECTION. **Sec. 5.** (1) The board of directors of the public facilities district may impose the following for the purpose of funding a regional center:
- 4 (a) Charges and fees for the use of the regional center and may 5 accept and expend or use gifts, grants, and donations for the purpose 6 of the regional center;
- 7 (b) Sales and use taxes authorized under sections 11 and 12 of this 8 act.
- 9 (2) The revenue from the taxes imposed under this section shall be 10 used only for the purposes authorized by this chapter.
- The board of directors of the public 11 NEW SECTION. Sec. 6. 12 facilities district shall adopt a resolution that may be amended from 13 time to time that shall establish the basic requirements governing 14 methods and amounts of reimbursement payable to such district officials 15 and employees for travel and other business expenses incurred on behalf 16 of the district. The resolution shall, among other things, establish procedures for approving such expenses; the form of the travel and 17 18 expense voucher; and requirements governing the use of credit cards issued in the name of the district. The resolution may also establish 19 procedures for payment of per diem to board members. The state auditor 20 shall, as provided by general law, cooperate with the public facilities 21 22 district in establishing adequate procedures for regulating and 23 auditing the reimbursement of all such expenses.
- 24 NEW SECTION. Sec. 7. The board of directors of the public facilities district shall have authority to authorize the expenditure 25 of funds for the public purposes of preparing and distributing 26 27 information to the general public and promoting, advertising, 28 improving, developing, operating, and maintaining a regional center. 29 Nothing contained in this section may be construed to authorize preparation and distribution of information to the general public for 30 31 the purpose of influencing the outcome of a district election.
- NEW SECTION. Sec. 8. The public facilities district may secure services by means of an agreement with a service provider. The public facilities district shall publish notice, establish criteria, receive and evaluate proposals, and negotiate with respondents under requirements set forth by district resolution.

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

5 <u>NEW SECTION.</u> **Sec. 10.** (1) A public facilities district may issue revenue bonds to fund revenue-generating facilities, or portions of 6 7 facilities, which it is authorized to provide or operate. revenue bonds are to be issued, the board of directors of the district 8 9 shall create or have created a special fund or funds from which, along with any reserves created pursuant to RCW 39.44.140, the principal and 10 11 interest on such revenue bonds shall exclusively be payable. 12 may obligate the district to set aside and pay into the special fund or funds a fixed proportion or a fixed amount of the revenues from the 13 public improvements, projects, or facilities, 14 and all 15 additions, that are funded by the revenue bonds. This amount or proportion shall be a lien and charge against these revenues, subject 16 only to operating and maintenance expenses. The board shall have due 17 18 regard for the cost of operation and maintenance of the public 19 improvements, projects, or facilities, or additions, that are funded by the revenue bonds, and shall not set aside into the special fund or 20 funds a greater amount or proportion of the revenues that in its 21 judgment will be available over and above the cost of maintenance and 22 23 operation and the amount or proportion, if any, of the revenue so 24 previously pledged. The board may also provide that revenue bonds 25 payable out of the same source or sources of revenue may later be issued on a parity with any revenue bonds being issued and sold. 26

27 (2) Revenue bonds issued under this section shall not be an indebtedness of the district issuing the bonds, and the interest and 28 29 principal on the bonds shall only be payable from the revenues lawfully 30 pledged to meet the principal and interest requirements and any reserves created under RCW 39.44.140. The owner or bearer of a revenue 31 bond or any interest coupon issued under this section shall not have 32 any claim against the district arising from the bond or coupon except 33 34 for payment from the revenues lawfully pledged to meet the principal and interest requirements and any reserves created under RCW 39.44.140. 35 36 The substance of the limitations included in this subsection shall be plainly printed, written, or engraved on each bond issued under this 37 38 section.

- (3) Revenue bonds with a maturity in excess of thirty years shall 1 The board of directors of the district shall by 2 not be issued. resolution determine for each revenue bond issue the amount, date, 3 4 form, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, 5 registration privileges, manner of execution, manner of sale, callable 6 provisions, if any, and covenants including the refunding of existing 7 revenue bonds. Facsimile signatures may be used on the bonds and any 8 coupons. Refunding revenue bonds may be issued in the same manner as 9 10 revenue bonds are issued.
- 11 **Sec. 11.** RCW 82.14.048 and 1995 c 396 s 6 are each amended to read 12 as follows:
- The governing board of a public facilities district under chapter 36.100 RCW or chapter 35.--- RCW (sections 1 through 10 of this act) may submit an authorizing proposition to the voters of the district, and if the proposition is approved by a majority of persons voting, fix and impose a sales and use tax in accordance with the terms of this chapter.
- The tax authorized in this section shall be in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the public facilities district. The rate of tax shall equal one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
- Moneys received from any tax imposed under this section shall be used for the purpose of providing funds for the costs associated with the financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, and reequipping of its public facilities.
- NEW SECTION. **Sec. 12.** A new section is added to chapter 82.14 RCW to read as follows:
- 33 (1) The governing body of a public facilities district created 34 under this act that commences construction of a new regional facility, 35 or improvement or rehabilitation of a new regional facility, before 36 January 1, 2003, may impose a sales and use tax in accordance with the 37 terms of this chapter. The tax is in addition to other taxes

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- l authorized by law and shall be collected from those persons who are
- 2 taxable by the state under chapters 82.08 and 82.12 RCW upon the
- 3 occurrence of any taxable event within the public facilities district.
- 4 The rate of tax shall not exceed 0.033 percent of the selling price in
- 5 the case of a sales tax or value of the article used in the case of a
- 6 use tax.
- 7 (2) The tax imposed under subsection (1) of this section shall be
- 8 deducted from the amount of tax otherwise required to be collected or
- 9 paid over to the department of revenue under chapter 82.08 or 82.12
- 10 RCW. The department of revenue shall perform the collection of such
- 11 taxes on behalf of the county at no cost to the public facilities
- 12 district.
- 13 (3) No tax may be collected under this section or RCW 82.14.048
- 14 before August 1, 2000. The tax imposed in this section shall expire
- 15 when the bonds issued for the construction of the regional center and
- 16 related parking facilities are retired, but not more than twenty-five
- 17 years after the tax is first collected.
- 18 (4) Moneys collected under this section shall only be used for the
- 19 purposes set forth in section 2 of this act.
- 20 **Sec. 13.** RCW 82.14.050 and 1991 sp.s. c 13 s 34 are each amended
- 21 to read as follows:
- The counties, cities, and transportation authorities under RCW
- 23 82.14.045 and public facilities districts under chapter 36.100 RCW and
- 24 chapter 35. --- RCW (sections 1 through 10 of this act) shall contract,
- 25 prior to the effective date of a resolution or ordinance imposing a
- 26 sales and use tax, the administration and collection to the state
- 27 department of revenue, which shall deduct a percentage amount, as
- 28 provided by contract, not to exceed two percent of the taxes collected
- 29 for administration and collection expenses incurred by the department.
- 30 The remainder of any portion of any tax authorized by this chapter
- 31 which is collected by the department of revenue shall be deposited by
- 32 the state department of revenue in the local sales and use tax account
- 33 hereby created in the state treasury. Moneys in the local sales and
- 34 use tax account may be spent only for distribution to counties, cities,
- 35 transportation authorities, and public facilities districts imposing a
- 36 sales and use tax. All administrative provisions in chapters 82.03,
- 37 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be
- 38 amended, shall, insofar as they are applicable to state sales and use

- 1 taxes, be applicable to taxes imposed pursuant to this chapter. Except
- 2 as provided in RCW 43.08.190, all earnings of investments of balances
- 3 in the local sales and use tax account shall be credited to the local
- 4 sales and use tax account and distributed to the counties, cities,
- 5 transportation authorities, and public facilities districts monthly.
- 6 **Sec. 14.** RCW 36.100.060 and 1995 1st sp.s. c 14 s 4 are each 7 amended to read as follows:
- 8 (1) To carry out the purpose of this chapter, a public facilities
- 9 district may issue general obligation bonds, not to exceed an amount,
- 10 together with any outstanding nonvoter approved general obligation
- 11 indebtedness, equal to one-half of one percent of the value of taxable
- 12 property within the district, as the term "value of taxable property"
- 13 is defined in RCW 39.36.015. A facilities district additionally may
- 14 issue general obligation bonds for capital purposes only, together with
- 15 any outstanding general obligation indebtedness, not to exceed an
- 16 amount equal to one and one-fourth percent of the value of the taxable
- 17 property within the district, as the term "value of taxable property"
- 18 is defined in RCW 39.36.015, when authorized by the voters of the
- 19 public facilities district pursuant to Article VIII, section 6 of the
- 20 state Constitution, and to provide for the retirement thereof by excess
- 21 property tax levies as provided in this chapter.
- (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 (4) The excise tax imposed pursuant to RCW 36.100.040 shall
- 29 terminate upon final payment of all bonded indebtedness for its public
- 30 facilities, except that the excise tax may be reauthorized by a public
- 31 vote, in the same manner as originally authorized, for funding of
- 32 <u>additional public facilities or a regional center</u>.
- 33 **Sec. 15.** RCW 36.100.030 and 1995 1st sp.s. c 14 s 3 are each
- 34 amended to read as follows:
- 35 (1) A public facilities district is authorized to acquire,
- 36 construct, own, remodel, maintain, equip, reequip, repair, and operate
- 37 sports facilities, entertainment facilities, ((<del>or</del>)) convention

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- 1 facilities, or ((any combination of such facilities)) regional centers
- 2 <u>as defined in section 2 of this act</u>, together with contiguous parking
- 3 facilities. The taxes that are provided for in this chapter may only
- 4 be imposed for these purposes.
- 5 (2) A public facilities district may enter into agreements under
- 6 chapter 39.34 RCW for the joint provision and operation of such
- 7 facilities and may enter into contracts under chapter 39.34 RCW where
- 8 any party to the contract provides and operates such facilities for the
- 9 other party or parties to the contract.
- 10 (3) Notwithstanding the establishment of a career, civil, or merit
- 11 service system, a public facility [facilities] district may contract
- 12 with a public or private entity for the operation or management of its
- 13 public facilities.
- 14 (4) A public facilities district is authorized to use the
- 15 supplemental alternative public works contracting procedures set forth
- 16 in chapter 39.10 RCW in connection with the design, construction,
- 17 reconstruction, remodel, or alteration of any of its public facilities.
- 18 (5) A public facilities district may impose charges and fees for
- 19 the use of its facilities, and may accept and expend or use gifts,
- 20 grants, and donations.
- 21 Sec. 16. RCW 82.29A.130 and 1997 c 220 s 202 (Referendum Bill No.
- 22 48) are each amended to read as follows:
- 23 The following leasehold interests shall be exempt from taxes
- 24 imposed pursuant to RCW 82.29A.030 and 82.29A.040:
- 25 (1) All leasehold interests constituting a part of the operating
- 26 properties of any public utility which is assessed and taxed as a
- 27 public utility pursuant to chapter 84.12 RCW.
- 28 (2) All leasehold interests in facilities owned or used by a
- 29 school, college or university which leasehold provides housing for
- 30 students and which is otherwise exempt from taxation under provisions
- 31 of RCW 84.36.010 and 84.36.050.
- 32 (3) All leasehold interests of subsidized housing where the fee
- 33 ownership of such property is vested in the government of the United
- 34 States, or the state of Washington or any political subdivision thereof
- 35 but only if income qualification exists for such housing.
- 36 (4) All leasehold interests used for fair purposes of a nonprofit
- 37 fair association that sponsors or conducts a fair or fairs which
- 38 receive support from revenues collected pursuant to RCW 67.16.100 and

- allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its political subdivisions: PROVIDED, That this exemption shall not apply to the leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.
- 8 (5) All leasehold interests in any property of any public entity 9 used as a residence by an employee of that public entity who is 10 required as a condition of employment to live in the publicly owned 11 property.
- 12 (6) All leasehold interests held by enrolled Indians of lands owned 13 or held by any Indian or Indian tribe where the fee ownership of such 14 property is vested in or held in trust by the United States and which 15 are not subleased to other than to a lessee which would qualify 16 pursuant to this chapter, RCW 84.36.451 and 84.40.175.

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- (7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW 82.29A.020(2)(b).
- (8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.
- 30 (9) All leasehold interests which give use or possession of the 31 leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or 32 33 lease renewals giving substantially continuous use of possession of the 34 same property to the same lessee shall be deemed a single leasehold 35 interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely 36 37 by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an 38 39 occasional, temporary basis.

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- 1 (10) All leasehold interests under month-to-month leases in 2 residential units rented for residential purposes of the lessee pending 3 destruction or removal for the purpose of constructing a public highway 4 or building.
- (11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.
- 10 (12) All leasehold interests that give use or possession of state 11 adult correctional facilities for the purposes of operating 12 correctional industries under RCW 72.09.100.
- 13 (13) All leasehold interests used to provide organized and supervised recreational activities for disabled persons of all ages in 14 15 a camp facility and for public recreational purposes by a nonprofit 16 organization, association, or corporation that would be exempt from 17 property tax under RCW 84.36.030(1) if it owned the property. If the publicly owned property is used for any taxable purpose, the leasehold 18 19 excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be 20 imposed and shall be apportioned accordingly.
- (14) All leasehold interests in the public or entertainment areas 21 of a baseball stadium with natural turf and a retractable roof or 22 23 canopy that is in a county with a population of over one million, that 24 has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include 25 26 ticket sales areas, ramps and stairs, lobbies and concourses, parking 27 areas, concession areas, restaurants, hospitality and stadium club areas, kitchens or other work areas primarily servicing other public or 28 29 entertainment areas, public rest room areas, press and media areas, 30 control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage 31 areas, loading, staging, and servicing areas, seating areas and suites, 32 33 the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or 34 35 other public usage, and any other personal property used for these "Public or entertainment areas" does not include locker 36 purposes. 37 rooms or private offices exclusively used by the lessee.
- 38 (15) All leasehold interests in the public or entertainment areas 39 of a stadium and exhibition center, as defined in RCW 36.102.010, that

- 1 is constructed on or after January 1, 1998. For the purposes of this
- 2 subsection, "public or entertainment areas" has the same meaning as in
- 3 subsection (14) of this section, and includes exhibition areas.
- 4 (16) All leasehold interests in public facilities districts, as
- 5 provided in chapter 36.100 RCW or chapter 35.--- RCW (sections 1
- 6 through 10 of this act).
- 7 NEW SECTION. Sec. 17. Sections 1 through 10 of this act
- 8 constitute a new chapter in Title 35 RCW.
- 9 <u>NEW SECTION.</u> **Sec. 18.** If any provision of this act or its
- 10 application to any person or circumstance is held invalid, the
- 11 remainder of the act or the application of the provision to other
- 12 persons or circumstances is not affected.
- 13 <u>NEW SECTION.</u> **Sec. 19.** This act is necessary for the immediate
- 14 preservation of the public peace, health, or safety, or support of the
- 15 state government and its existing public institutions, and takes effect
- 16 July 1, 1999.

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