

SENATE BILL REPORT

SB 5690

As Reported By Senate Committee On:
Judiciary, February 13, 2007

Title: An act relating to the dissolution of a special taxing district.

Brief Description: Regarding the dissolution of a special taxing district.

Sponsors: Senators Weinstein, McCaslin, Roach, Tom, Kline, Jacobsen and Kohl-Welles.

Brief History:

Committee Activity: Judiciary: 2/07/07, 2/13/07 [DPS].

SENATE COMMITTEE ON JUDICIARY

Majority Report: That Substitute Senate Bill No. 5690 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kline, Chair; Tom, Vice Chair; McCaslin, Ranking Minority Member; Carrell, Hargrove, Roach and Weinstein.

Staff: Lidia Mori (786-7755)

Background: The Seattle Monorail Project (SMP) is a city transportation authority created by the voters in Seattle in 2002. City transportation authorities are separate political subdivisions. The SMP was financed with the proceeds of a Motor Vehicle Excise Tax, also approved by Seattle voters. Between 2002 and 2005, the Seattle Monorail Project worked on the proposed monorail transportation system. When the plans and total financing package were announced, it encountered strong criticism. In a vote on a shortened line in November 2005, voters were informed that if the shorter route was not approved, no monorail would be built and the agency would be dissolved. The vote was not in favor of the shorter route and the process of dissolution began and continued during 2006.

The process of dissolving the SMP has included retiring \$110 million in bonded indebtedness, meeting with public agencies to ascertain interest in SMP's property and assets, selling all parcels of property in a competitive process, and terminating the Motor Vehicle Excise Tax for vehicle registrations due after June 2006. Contracts with vendors and consultants have been terminated and staff has been laid off. In addition, most of the outstanding litigation has been settled and the remainder is being concluded. The public in Seattle was informed, through a notice published in 15 newspapers, that the agency would soon be dissolved and that anyone having a claim should file it before December 4, 2006. An independent audit of 2005 financial statements was completed as well as the State Auditor's 2005 compliance audit and both resulted in "clean" opinions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: A city transportation authority is dissolved and terminated if the events as specified in this Act occur before or after the effective date of the Act. The events include, but are not limited to: (1) a majority of the qualified electors voting at a regular or special election determine that new public monorail transportation facilities must not be built; and (2) the governing body of the authority adopts a resolution and publishes a notice of the proposed dissolution at least once every week for three consecutive weeks in a newspaper of general circulation published in the authority area, and the resolution and notice contain certain required information.

A claim against a city transportation authority is barred if the claimant does not deliver a notice of claim to the authority by the time specified in the Act or the claimant whose claim was rejected by the Authority does not commence a proceeding to enforce the claim within 60 days from receipt of the rejection notice.

The governing body of the authority is authorized to transfer net assets to one or more political subdivisions with instructions as to their use or disposition. The governing body is directed to authorize this transfer in the resolution that dissolves and terminates the authority. The former officers, directors, employees, and agents of the authority are immune from personal liability in connection with any claims brought against them arising from their service to the authority.

EFFECT OF RECOMMENDED SUBSTITUTE (Judiciary): An internal reference was corrected.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The SMP has completely retired the 110 million dollar debt incurred by the project prior to the 2005 vote, sold all of the properties acquired by the project prior to the 2005 vote, terminated the motor vehicle excise tax for vehicle registrations due after June 2006, and resolved virtually all litigation against the agency. We are almost ready to end the project but one final step is the passage of state legislation that formalizes the steps the SMP must take to officially end operations. These steps will protect Seattle taxpayers from any liabilities or obligations that may arise once the agency is dissolved. Governments rarely go out of business and there are no laws or guidelines that govern the way the dissolution process should proceed. SB 5690 will provide those guidelines for the SMP. It is the critical penultimate step in the process of terminating the project.

Persons Testifying: PRO: Beth Goldberg, Seattle Monorail Project Board of Directors; Jonathan Buchter, Tom Parker, Seattle Monorail Project.