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**SUBSTITUTE HOUSE BILL 1371**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** House Local Government (originally sponsored by Representatives Eslick, Pollet, Irwin, Appleton, Griffey, Stokesbary, Senn, Thai, and Doglio)

AN ACT Relating to the creation of parks benefit districts; adding a new section to chapter 35.21 RCW; adding a new section to chapter 35.61 RCW; adding a new section to chapter 36.69 RCW; adding a new section to chapter 82.14 RCW; and adding a new chapter to Title 36 RCW.

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

NEW SECTION. **Sec.**  The legislature finds that Washington state will continue to see significant population growth, with the most recent office of financial management forecasts estimating nearly two million more people by the year 2040. In the face of this dramatic growth, the legislature finds that it is more important than ever to help preserve, maintain, and enhance local parks, trails, and open spaces that are key contributors to the state's quality of life.

The legislature further finds that local parks and recreation agencies confronted with growth, impacted heavily by the great recession, and with limited resources are seeing a rapidly growing maintenance backlog that mirrors the experience of Washington state parks.

The legislature also finds that local parks agencies are dealing with a tremendous growth in the number of sports participants and a corollary of sharp increases in demand for local athletic fields, including a nearly three hundred percent increase in adult sports participation being experienced by one eastern Washington community.

Therefore, it is the intent of the legislature to establish additional statutory tools to help local parks and recreation agencies better address maintenance backlogs, preserve quality open spaces, and expand and improve athletic fields to accommodate the influx of adult and youth sports participants who are vying for use of those fields. This goal can be better achieved by enabling local parks and recreation agencies to establish parks benefit districts in much the same way that the legislature empowered cities and counties to form transportation benefit districts.

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

The legislative authority of a city may establish a parks benefit district subject to the provisions of this act.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

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

(2) "District" means a parks benefit district created under this chapter.

NEW SECTION. **Sec.**  (1) The legislative authority of a county, city, metropolitan park district under chapter 35.61 RCW, or park and recreation district under chapter 36.69 RCW may establish a parks benefit district within the county or city area for the purpose of acquiring, constructing, improving, providing, and funding park maintenance and improvement within the district. The park maintenance and improvements shall be owned or administered by: (a) The county of jurisdiction if located in an unincorporated area; (b) the city of jurisdiction if located in an incorporated area; (c) the metropolitan park district if located within that service area; or (d) the park district if located in that service area. Park maintenance and improvements shall be administered and maintained as other public park maintenance and improvements.

(2) The members of the legislative authority proposing to establish the district, acting ex officio and independently, shall constitute the governing body of the district.

(3) The treasurer of the jurisdiction proposing to establish the district shall act as the ex officio treasurer of the district unless an interlocal agreement states otherwise.

(4) The electors of the district shall all be registered voters residing within the district.

NEW SECTION. **Sec.**  (1) A district is a quasi-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.

(2) A district constitutes a body corporate and possesses 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, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the jurisdiction that established the district apply to the district.

(3) To carry out the purposes of this chapter, and subject to the provisions of section 7 of this act, a district is authorized to impose a sales and use tax in accordance with section 22 of this act.

NEW SECTION. **Sec.**  (1) The legislative authorities proposing to establish a district, modify the boundaries of an existing district, or dissolve an existing district, when all indebtedness of the district has been retired and anticipated responsibilities have been satisfied, shall conduct a hearing at the time and place specified in a notice published at least once, not less than ten days before the hearing, in a newspaper of general circulation within the proposed district. This notice shall be in addition to any other notice required by law to be published. The notice shall, where applicable, specify the functions or activities proposed to be provided or funded, or the additional functions or activities proposed to be provided or funded, by the district. Additional notice of the hearing may be given by mail, by posting within the proposed district, or in any manner the legislative authorities deem necessary to notify affected persons. All hearings shall be public and the legislative authorities shall hear objections from any person affected by the formation, modification of the boundaries, or dissolution of the district.

(2)(a) Following a hearing held pursuant to subsection (1) of this section, the legislative authorities may establish a district, modify the boundaries or functions of an existing district, or dissolve an existing district, if the legislative authorities find the action to be in the public interest and adopt an ordinance providing for the action.

(b) The ordinance establishing a district shall specify the functions and parks maintenance and improvements to be exercised or funded and establish the boundaries of the district. Subject to the provisions of section 18 of this act, functions or parks maintenance and improvements proposed to be provided or funded by the district may not be expanded beyond those specified in the notice of hearing, unless additional notices are made, further hearings on the expansion are held, and further determinations are made that it is in the public interest to so expand the functions or parks maintenance and improvements proposed to be provided or funded.

NEW SECTION. **Sec.**  (1) Except as provided in subsection (4) of this section, taxes, fees, and charges may not be imposed by a district without approval of a majority of the voters in the district voting on a proposition at a general or special election. The proposition must include a specific description of: (a) The park maintenance or improvements proposed by the district; and (b) the proposed taxes, fees, and charges imposed by the district to raise revenue to fund the maintenance and improvement, as applicable.

(2) Voter approval under this section must be accorded substantial weight regarding the validity of a park maintenance and improvement.

(3) A district may not increase any taxes, fees, or charges imposed under this chapter once the taxes, fees, or charges take effect, except if authorized by the district voters pursuant to section 22 of this act.

(4) A district that includes all the territory within the boundaries of the jurisdiction or jurisdictions establishing the district may impose, by a majority vote of the governing board of the district, a fee or charge in accordance with section 13 of this act, or a fee or charge in accordance with section 9 of this act.

NEW SECTION. **Sec.**  (1) To carry out the purposes of this chapter and notwithstanding RCW 39.36.020(1), a district may issue general obligation bonds, not to exceed an amount, together with any other outstanding nonvoter-approved general obligation indebtedness, equal to one and one-half percent of the value of taxable property within the district, as the term "value of the taxable property" is defined in RCW 39.36.015. A district may additionally issue general obligation bonds for capital purposes only, together with any outstanding general obligation indebtedness, not to exceed an amount equal to five percent of the value of the taxable property within the district, as the term "value of the taxable property" is defined in RCW 39.36.015, when authorized by the voters of the district pursuant to Article VIII, section 6 of the state Constitution.

(2) General obligation bonds with a maturity in excess of thirty years shall not be issued. The governing body of the district shall by resolution determine for each general obligation bond issue the amount, date, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, manner of execution, manner of sale, callable provisions, if any, covenants, and form, including registration as to principal and interest, registration as to principal only, or bearer. Registration may include, but not be limited to: (a) A book entry system of recording the ownership of a bond whether or not physical bonds are issued; or (b) recording the ownership of a bond together with the requirement that the transfer of ownership may only be effected by the surrender of the old bond and either the reissuance of the old bond or the issuance of a new bond to the new owner. Facsimile signatures may be used on the bonds and any coupons. Refunding general obligation bonds may be issued in the same manner as general obligation bonds are issued.

(3) Whenever general obligation bonds are issued to fund specific projects or enterprises that generate revenues, charges, user fees, or special assessments, the district may specifically pledge all or a portion of the revenues, charges, user fees, or special assessments to refund the general obligation bonds. The district may also pledge any other revenues that may be available to the district.

(4) In addition to general obligation bonds, a district may issue revenue bonds to be issued and sold in accordance with chapter 39.46 RCW.

(5) Revenue generated by impact fees shall not be used to guarantee or retire bonds issued under this section.

NEW SECTION. **Sec.**  (1) A district may form a parks improvement district to provide any park maintenance and improvement it has the authority to provide, impose special assessments on all property specially benefited by the park maintenance and improvement, and issue special assessment bonds or revenue bonds to fund the costs of the park maintenance and improvement. Parks improvement districts shall be created and administered, and assessments shall be made and collected, in the manner and to the extent provided by law to cities and towns pursuant to chapters 35.43, 35.44, 35.49, 35.50, 35.51, 35.53, and 35.54 RCW. However, the duties devolving upon the city or town treasurer under these chapters shall be imposed upon the district treasurer for the purposes of this section. A parks improvement district may only be formed under this section pursuant to the petition method under RCW 35.43.120 and 35.43.125.

(2) The governing body of a district shall by resolution establish for each special assessment bond issue the amount, date, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, if any, covenants, and form, including registration as to principal and interest, registration as to principal only, or bearer. Registration may include, but not be limited to: (a) A book entry system of recording the ownership of a bond whether or not physical bonds are issued; or (b) recording the ownership of a bond together with the requirement that the transfer of ownership may only be effected by the surrender of the old bond and either the reissuance of the old bond or the issuance of a new bond to the new owner. Facsimile signatures may be used on the bonds and any coupons. The maximum term of any special assessment bonds shall not exceed thirty years beyond the date of issue. Special assessment bonds issued pursuant to this section shall not be an indebtedness of the district issuing the bonds, and the interest and principal on the bonds shall only be payable from special assessments made for the improvement for which the bonds were issued and any park maintenance and improvement guaranty fund that the district has created. The owner or bearer of a special assessment bond or any interest coupon issued pursuant to this section shall not have any claim against the district arising from the bond or coupon except for the payment from special assessments made for the maintenance and improvement for which the bonds were issued and any park maintenance and improvement guaranty fund the district has created. The district issuing the special assessment bonds is not liable to the owner or bearer of any special assessment bond or any interest coupon issued pursuant to this section for any loss occurring in the lawful operation of its park maintenance and improvement guaranty fund. The substance of the limitations included in this subsection shall be plainly printed, written, or engraved on each special assessment bond issued pursuant to this section.

(3) Assessments shall reflect any credits given by a district for real property or property right donations made pursuant to RCW 47.14.030.

(4) The governing body may establish, administer, and pay money into a park maintenance and improvement guaranty fund, in the manner and to the extent provided by law to cities and towns under chapter 35.54 RCW, to guarantee special assessment bonds issued by the district.

NEW SECTION. **Sec.**  Where physical bonds are issued pursuant to section 8 or 9 of this act, the bonds shall be printed, engraved, or lithographed on good bond paper and the manual or facsimile signatures of both the treasurer and chairperson of the governing body shall be included on each bond.

NEW SECTION. **Sec.**  (1) The proceeds of any bond issued pursuant to section 8 or 9 of this act may be used to pay costs incurred on a bond issue related to the sale and issuance of the bonds. These costs include payments for fiscal and legal expenses, obtaining bond ratings, printing, engraving, advertising, and other similar activities.

(2) In addition, proceeds of bonds used to fund capital projects may be used to pay the necessary and related engineering, architectural, planning, and inspection costs.

NEW SECTION. **Sec.**  A district may accept and expend or use gifts, grants, and donations.

NEW SECTION. **Sec.**  (1)(a) Subject to the provisions in section 7 of this act, a district may formally request that a city or county, on its behalf, impose a fee or charge on the construction or reconstruction of residential buildings, residential portions of mixed-use buildings, or on the development, subdivision, classification, or reclassification of land for residential building purposes, only if done in accordance with chapter 39.92 RCW.

(b) In making the formal request specified in (a) of this subsection, a district must conduct an analysis of capital facilities needs related to new growth and a recommended rate schedule to serve such growth and make system improvements under RCW 82.02.060. The city or county that is served by the district shall enter into an interlocal agreement pursuant to chapter 39.34 RCW whereby the city or county shall administer the fee and remit proceeds from such fee to the district under the rate schedule chosen by the city or county.

(2) Any fee or charge imposed under this section shall be used exclusively for park system improvements. The fees or charges imposed must be reasonably necessary as a result of the impact of development, construction, or classification or reclassification of land on identified park needs.

(3) If a county or city within the district area is levying a fee or charge for park maintenance and improvement, the fee or charge shall be credited against the amount of the fee or charge imposed by the district.

(4) Any property subject to the fees used to fund system improvements under this section may not be assessed parks improvement district charges pursuant to section 9 of this act.

NEW SECTION. **Sec.**  A district has the same powers as a county or city to contract for park maintenance and improvement projects and to enter into reimbursement contracts provided for in chapter 35.72 RCW.

NEW SECTION. **Sec.**  Counties, cities, and other jurisdictions may give funds to districts for the purposes of financing park maintenance and improvement under this chapter.

NEW SECTION. **Sec.**  (1) The district governing body shall develop a material change policy to address major plan changes that affect project delivery or the ability to finance the plan. The policy must at least address material changes to cost, scope, and schedule; the level of change that will require governing body involvement; and how the governing body will address those changes. At a minimum, in the event that a park's maintenance and improvement cost exceeds its original cost by more than twenty percent as identified in a district's original finance plan, the governing body shall hold a public hearing to solicit comment from the public regarding how the cost change should be resolved.

(2) A district shall issue an annual report, indicating the status of park maintenance and improvement costs, park maintenance and improvement expenditures, revenues, and construction schedules to the public and to newspapers of record in the district.

NEW SECTION. **Sec.**  The rule of strict construction does not apply to this chapter and this chapter shall be liberally construed to permit the accomplishment of its purposes.

NEW SECTION. **Sec.**  The legislative authority of a county may establish a district subject to the provisions of this act.

NEW SECTION. **Sec.**  Sections 1 and 3 through 18 of this act constitute a new chapter in Title 36 RCW.

NEW SECTION. **Sec.**  A new section is added to chapter 35.61 RCW to read as follows:

The authority of a metropolitan park district may establish a parks benefit district subject to the provisions of this act.

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

The authority of a park and recreation district may establish a parks benefit district subject to the provisions of this act.

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

(1) Subject to the provisions in section 7 of this act, a parks benefit district under this act may fix and impose a sales and use tax in accordance with the terms of this chapter.

(2) The tax authorized in this section is 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 boundaries of the district.

(a) If both a county and a city within the boundaries of the county exercise the authority provided in this section, the city must collect the excise tax within its incorporated boundaries, and the county must collect the excise tax within the unincorporated areas.

(b) If both a county and a metropolitan park district or park district within the boundaries of the county exercise the authority provided in this section, the metropolitan park district or park district must collect the excise tax within its incorporated boundaries, and the county must collect the excise tax within the unincorporated areas.

(c) If both a city and a metropolitan park district or park district within the boundaries of the county exercise the authority provided in this section, the metropolitan park district or park district must collect the excise tax within its incorporated boundaries, and the city must collect the excise tax within its incorporated areas.

(d) If multiple agencies within the same service area gain approval by voters to exercise the authority provided in this section, they are directed to enter into an interlocal agreement pursuant to chapter 39.34 RCW to determine how to distribute the collections among the jurisdictions.

(3) The rate of tax shall not exceed 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.

(4) Except as provided in subsection (5) of this section, the tax may not be imposed for a period exceeding ten years. This tax, if not imposed under the conditions of subsection (5) of this section, may be extended for a period not exceeding ten years with an affirmative vote of the voters voting at the election.

(5) The voter-approved sales tax initially imposed under this section after July 1, 2019, may be imposed for a period exceeding ten years if the moneys received under this section are dedicated for the repayment of indebtedness incurred in accordance with the requirements of this act.

(6) Money received from the tax imposed under this section must be spent in accordance with the requirements of this act and the district may deduct no more than three percent of the tax collected for administration and collection expenses incurred by it.

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