
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5001

State of Washington

68th Legislature

2023 Regular Session

By Senate Transportation (originally sponsored by Senators Hawkins, Hunt, Nguyen, and J. Wilson)

READ FIRST TIME 02/06/23.

1 AN ACT Relating to public facilities districts created by at
2 least two city or county legislative authorities; and amending RCW
3 35.57.010, 35.57.020, and 82.14.048.

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

5 **Sec. 1.** RCW 35.57.010 and 2010 c 192 s 1 are each amended to
6 read as follows:

7 (1)(a) The legislative authority of any town or city located in a
8 county with a population of less than one million may create a public
9 facilities district.

10 (b) The legislative authorities of any contiguous group of towns
11 or cities located in a county or counties each with a population of
12 less than one million may enter an agreement under chapter 39.34 RCW
13 for the creation and joint operation of a public facilities district.

14 (c) The legislative authority of any town or city, or any
15 contiguous group of towns or cities, located in a county with a
16 population of less than one million and the legislative authority of
17 a contiguous county, or the legislative authority of the county or
18 counties in which the towns or cities are located, may enter into an
19 agreement under chapter 39.34 RCW for the creation and joint
20 operation of a public facilities district.

1 (d) The legislative authority of a city located in a county with
2 a population greater than one million may create a public facilities
3 district, when the city has a total population of less than one
4 hundred fifteen thousand but greater than eighty thousand and
5 commences construction of a regional center prior to July 1, 2008.

6 (e) At least three contiguous towns or cities with a combined
7 population of at least one hundred sixty thousand, each of which
8 previously created a public facilities district under (a) of this
9 subsection, may create an additional public facilities district. The
10 previously created districts may continue their full corporate
11 existence and activities notwithstanding the creation and existence
12 of the additional district within the same geographic area.

13 (f) The legislative authority of two or more contiguous towns or
14 cities or the legislative authority of two or more contiguous towns
15 or cities and the legislative authority of the county or counties in
16 which the towns or cities are located, each of which participated in
17 the creation of a public facilities district under (c) of this
18 subsection, may create an additional public facilities district. Any
19 previously created district may continue its full corporate existence
20 and activities notwithstanding the creation and existence of an
21 additional district within the same geographic area. A public
22 facilities district formed under this subsection (1)(f) must be
23 created prior to July 1, 2026.

24 (2)(a) A public facilities district is coextensive with the
25 boundaries of the city or town or contiguous group of cities or towns
26 that created the district.

27 (b) A public facilities district created by an agreement between
28 a town or city, or a contiguous group of towns or cities, and a
29 contiguous county or the county in which they are located, is
30 coextensive with the boundaries of the towns or cities, and the
31 boundaries of the county or counties as to the unincorporated areas
32 of the county or counties. The boundaries do not include incorporated
33 towns or cities that are not parties to the agreement for the
34 creation and joint operation of the district.

35 (3)(a) A public facilities district created by a single city or
36 town shall be governed by a board of directors consisting of five
37 members selected as follows: (i) Two members appointed by the
38 legislative authority of the city or town; and (ii) three members
39 appointed by legislative authority based on recommendations from
40 local organizations. The members appointed under (a)(i) of this

1 subsection, shall not be members of the legislative authority of the
2 city or town. The members appointed under (a)(ii) of this subsection,
3 must be based on recommendations received from local organizations
4 that may include, but are not limited to, the local chamber of
5 commerce, local economic development council, and local labor
6 council. The members shall serve four-year terms. Of the initial
7 members, one must be appointed for a one-year term, one must be
8 appointed for a two-year term, one must be appointed for a three-year
9 term, and the remainder must be appointed for four-year terms.

10 (b) A public facilities district created by a contiguous group of
11 cities and towns must be governed by a board of directors consisting
12 of seven members selected as follows: (i) Three members appointed by
13 the legislative authorities of the cities and towns; and (ii) four
14 members appointed by the legislative authorities of the cities and
15 towns based on recommendations from local organizations. The members
16 appointed under (b)(i) of this subsection shall not be members of the
17 legislative authorities of the cities and towns. The members
18 appointed under (b)(ii) of this subsection, must be based on
19 recommendations received from local organizations that include, but
20 are not limited to, the local chamber of commerce, local economic
21 development council, local labor council, and a neighborhood
22 organization that is directly affected by the location of the
23 regional center in their area. The members of the board of directors
24 must be appointed in accordance with the terms of the agreement under
25 chapter 39.34 RCW for the joint operation of the district and shall
26 serve four-year terms. Of the initial members, one must be appointed
27 for a one-year term, one must be appointed for a two-year term, one
28 must be appointed for a three-year term, and the remainder must be
29 appointed for four-year terms.

30 (c) A public facilities district created by a town or city, or a
31 contiguous group of towns or cities, and a contiguous county or the
32 county or counties in which they are located, must be governed by a
33 board of directors consisting of seven members selected as follows:
34 (i) Three members appointed by the legislative authorities of the
35 cities, towns, and county; and (ii) four members appointed by the
36 legislative authorities of the cities, towns, and county based on
37 recommendations from local organizations. The members appointed under
38 (c)(i) of this subsection shall not be members of the legislative
39 authorities of the cities, towns, or county. The members appointed
40 under (c)(ii) of this subsection must be based on recommendations

1 received from local organizations that include, but are not limited
2 to, the local chamber of commerce, the local economic development
3 council, the local labor council, and a neighborhood organization
4 that is directly affected by the location of the regional center in
5 their area. The members of the board of directors must be appointed
6 in accordance with the terms of the agreement under chapter 39.34 RCW
7 for the joint operation of the district and shall serve four-year
8 terms. Of the initial members, one must be appointed for a one-year
9 term, one must be appointed for a two-year term, one must be
10 appointed for a three-year term, and the remainder must be appointed
11 for four-year terms.

12 (d) (i) A public facilities district created under subsection
13 (1)(e) of this section must provide, in the agreement providing for
14 its creation and operation, that the district must be governed by an
15 odd-numbered board of directors of not more than nine members who are
16 also members of the legislative authorities that created the public
17 facilities district or of the governing boards of the public
18 facilities districts previously created by those legislative
19 authorities, or both.

20 (ii) A board of directors formed under this subsection must have
21 an equal number of members representing each city or town
22 participating in the public facilities district. If there are
23 unfilled board member positions after each city or town has appointed
24 an equal number of board members, the members so appointed must
25 appoint a number of additional board members necessary to fill any
26 remaining positions. For a board formed under this subsection to
27 submit a proposition to the voters under RCW 82.14.048, a majority of
28 the members representing or appointed by each legislative authority
29 participating in the public facilities district must agree to submit
30 the proposition to the voters (~~;~~ however, the board may not submit a
31 proposition to the voters prior to January 1, 2011).

32 (4) A public facilities district is a municipal corporation, an
33 independent taxing "authority" within the meaning of Article VII,
34 section 1 of the state Constitution, and a "taxing district" within
35 the meaning of Article VII, section 2 of the state Constitution.

36 (5) A public facilities district constitutes a body corporate and
37 possesses all the usual powers of a corporation for public purposes
38 as well as all other powers that may now or hereafter be specifically
39 conferred by statute (~~(7)~~) including, but not limited to, the

1 authority to hire employees, staff, and services, to enter into
2 contracts, and to sue and be sued.

3 (6) A public facilities district may acquire and transfer real
4 and personal property by lease, sublease, purchase, or sale. No
5 direct or collateral attack on any public facilities district
6 purported to be authorized or created in conformance with this
7 chapter may be commenced more than thirty days after creation by the
8 city and/or county legislative authority.

9 **Sec. 2.** RCW 35.57.020 and 2019 c 341 s 1 are each amended to
10 read as follows:

11 (1)(a) A public facilities district is authorized to acquire,
12 construct, own, remodel, maintain, equip, reequip, repair, finance,
13 and operate one or more regional centers. For purposes of this
14 chapter, "regional center" means a convention, conference, or special
15 events center, or any combination of facilities, and related parking
16 facilities, serving a regional population constructed, improved, or
17 rehabilitated after July 25, 1999, at a cost of at least ten million
18 dollars, including debt service. "Regional center" also includes an
19 existing convention, conference, or special events center, and
20 related parking facilities, serving a regional population, that is
21 improved or rehabilitated after July 25, 1999, where the costs of
22 improvement or rehabilitation are at least ten million dollars,
23 including debt service. A "special events center" is a facility,
24 available to the public, used for community events, sporting events,
25 trade shows, and artistic, musical, theatrical, or other cultural
26 exhibitions, presentations, or performances. A regional center is
27 conclusively presumed to serve a regional population if state and
28 local government investment in the construction, improvement, or
29 rehabilitation of the regional center is equal to or greater than ten
30 million dollars.

31 (b) A public facilities district created under RCW
32 35.57.010(1)(e):

33 (i) Is authorized, in addition to the authority granted under (a)
34 of this subsection, to acquire, construct, own, remodel, maintain,
35 equip, reequip, repair, finance, and operate one or more recreational
36 facilities other than a ski area;

37 (ii) If exercising its authority under (a) or (b)(i) of this
38 subsection, must obtain voter approval to fund each recreational
39 facility or regional center pursuant to RCW 82.14.048(4)(a); and

1 (iii) Possesses all of the powers with respect to recreational
2 facilities other than a ski area that all public facilities districts
3 possess with respect to regional centers under subsections (3), (4),
4 and (7) of this section.

5 (c) A public facilities district created under
6 RCW 35.57.010(1)(a) by a city or town that participated in the
7 creation of an additional public facilities district under
8 RCW 35.57.010(1)(e):

9 (i) Is authorized, in addition to the authority granted under (a)
10 of this subsection, to acquire, construct, own, remodel, maintain,
11 equip, reequip, repair, finance, and operate one or more recreational
12 facilities other than a ski area;

13 (ii) If exercising its authority under (c)(i) of this subsection,
14 must obtain voter approval to fund each recreational facility
15 pursuant to RCW 82.14.048(4)(a); and

16 (iii) Possesses all of the powers with respect to recreational
17 facilities other than a ski area that all public facilities districts
18 possess with respect to regional centers.

19 (d) A public facilities district created under RCW
20 35.57.010(1)(f) is authorized, in lieu of the authority granted under
21 (a) of this subsection, to acquire, construct, own, remodel,
22 maintain, equip, reequip, repair, finance, and operate regional
23 aquatics and sports facilities, including the purchase, acquisition,
24 construction, repairing, remodeling, and operation of community pools
25 within the district. Additionally, a public facilities district
26 created under RCW 35.57.010(1)(f) may provide funding for
27 transportation improvements directly associated with facilitating
28 motor vehicle and pedestrian access to regional aquatics and sports
29 facilities, which includes funding for new construction,
30 reconstruction, expansion, and maintenance of pedestrian trails, city
31 streets, county roads, and state highways. However, the
32 transportation improvements must be aligned with applicable state,
33 regional, or local transportation plans.

34 (2) A public facilities district may enter into contracts with
35 any city or town for the purpose of exercising any powers of a
36 community renewal agency under chapter 35.81 RCW.

37 (3) A public facilities district may impose charges and fees for
38 the use of its facilities, and may accept and expend or use gifts,
39 grants, and donations for the purpose of a regional center.

1 (4) A public facilities district may impose charges, fees, and
2 taxes authorized in RCW 35.57.040, and use revenues derived therefrom
3 for the purpose of paying principal and interest payments on bonds
4 issued by the public facilities district to construct a regional
5 center.

6 (5) Notwithstanding the establishment of a career, civil, or
7 merit service system, a public facilities district may contract with
8 a public or private entity for the operation or management of its
9 public facilities.

10 (6) A public facilities district is authorized to use the
11 supplemental alternative public works contracting procedures set
12 forth in chapter 39.10 RCW in connection with the design,
13 construction, reconstruction, remodel, or alteration of any regional
14 center.

15 (7) A city or town in conjunction with any special agency,
16 authority, or other district established by a county or any other
17 governmental agency is authorized to use the supplemental alternative
18 public works contracting procedures set forth in chapter 39.10 RCW in
19 connection with the design, construction, reconstruction, remodel, or
20 alteration of any regional center funded in whole or in part by a
21 public facilities district.

22 (8) Any provision required to be submitted for voter approval
23 under this section(~~(7)~~) may not be submitted for voter approval prior
24 to January 1, 2011.

25 **Sec. 3.** RCW 82.14.048 and 2012 c 4 s 6 are each amended to read
26 as follows:

27 (1) The following definitions apply throughout this section
28 unless the context clearly requires otherwise.

29 (a) "Distressed public facilities district" means a public
30 facilities district that has defaulted on bond anticipation notes or
31 bonds in excess of forty million dollars on or before April 1, 2012;
32 and

33 (b) "Anchor jurisdiction" means a city that has entered into an
34 agreement to form a public facilities district under RCW
35 35.57.010(1)(c) that constitutes a distressed public facilities
36 district under this chapter and in which the largest asset of such
37 public facilities district is located.

38 (2)(a) The governing board of a public facilities district under
39 chapter 36.100 or 35.57 RCW may submit an authorizing proposition to

1 the voters of the district, and if the proposition is approved by a
2 majority of persons voting, impose a sales and use tax in accordance
3 with the terms of this chapter.

4 (b) In addition to the tax authorized pursuant to (a) of this
5 subsection and in addition to any other authority conferred by law,
6 the legislative authority of an anchor jurisdiction may impose a
7 sales and use tax within the geographical boundaries of the anchor
8 jurisdiction in accordance with the terms of this chapter without
9 submitting an authorizing proposition to the voters of the anchor
10 jurisdiction or the distressed public facilities district.

11 (3) The tax authorized in this section is in addition to any
12 other taxes authorized by law and must be collected from those
13 persons who are taxable by the state under chapters 82.08 and 82.12
14 RCW upon the occurrence of any taxable event within the public
15 facilities district. The rate of tax may not exceed two-tenths of one
16 percent of the selling price in the case of a sales tax, or value of
17 the article used, in the case of a use tax. A public facilities
18 district formed under RCW 35.57.010(1)(e) may not impose the tax
19 authorized under this section at a rate that exceeds two-tenths of
20 one percent minus the rate of the highest tax authorized by this
21 section that is imposed by any other public facilities district
22 within its boundaries. A public facilities district formed under RCW
23 35.57.010(1)(f) may impose the tax authorized under this section at a
24 rate of not more than two-tenths of one percent regardless of the tax
25 imposed under this section by any other public facilities district
26 within its boundaries. An anchor jurisdiction may impose the tax
27 authorized by subsection (2)(b) of this section at a rate not to
28 exceed two-tenths of one percent, regardless of whether any other
29 public facilities district (including a distressed public facilities
30 district) within its boundaries imposes the tax authorized by this
31 section or the rate of such tax imposed by the public facilities
32 district. If a public facilities district formed under RCW
33 35.57.010(1)(e) has imposed a tax under this section and issued or
34 incurred obligations pledging that tax, so long as those obligations
35 are outstanding no other public facilities district within its
36 boundaries may thereafter impose a tax under this section at a rate
37 that would reduce the rate of the tax that was pledged to the
38 repayment of those obligations. A public facilities district that
39 imposes a tax under this section is responsible for the payment of
40 any costs incurred for the purpose of administering the provisions of

1 this section, RCW 35.57.010(1)(e), and 35.57.020(1)(b), including any
2 administrative costs associated with the imposition of the tax under
3 this section incurred by either the department of revenue or local
4 government, or both.

5 (4)(a) Moneys received by a public facilities district from any
6 tax imposed by the public facilities district under the authority of
7 this section must be used for the purpose of providing funds for the
8 costs associated with the financing, refinancing, design,
9 acquisition, construction, equipping, operating, maintaining,
10 remodeling, repairing, and reequipping of its public facilities, and
11 for transportation improvements directly associated with facilitating
12 motor vehicle and pedestrian access to its public facilities to the
13 extent allowed in RCW 35.57.020(1)(d).

14 (b) Moneys received by an anchor jurisdiction from any tax
15 imposed by the anchor jurisdiction under the authority of this
16 section must be used for the purpose of providing funds for the costs
17 associated with the financing, refinancing, design, acquisition,
18 construction, equipping, operating, maintaining, remodeling,
19 repairing, and reequipping of the public facilities of the distressed
20 public facilities district, and for all litigation, investigation,
21 and related costs and expenses incurred by the anchor jurisdiction
22 toward resolving matters related to the defaults of the distressed
23 public facilities district. To the extent the distressed public
24 facilities district owes money to an anchor jurisdiction, the anchor
25 jurisdiction may apply money from the sales tax imposed under this
26 section to any such obligations. Any sales tax imposed by an anchor
27 jurisdiction under this section must terminate no later than thirty
28 years after it is first imposed.

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