HOUSE BILL REPORT
HB 1037

As Reported by House Committee On:
Local Government

Title: An act relating to public facilities districts.

Brief Description: Concerning public facilities district formation.

Sponsors: Representatives Dent and Ybarra.

Brief History:
Committee Activity:
Local Government: 1/17/25, 1/24/25 [DPS].

Brief Summary of Substitute Bill

- Allows for the creation of a public facilities district (district) whose boundary is coextensive with: (1) involved towns or cities; and (2) school districts selected for inclusion in the district within the involved county or counties.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Duerr, Chair; Parshley, Vice Chair; Klicker, Ranking Minority Member; Stuebe, Assistant Ranking Minority Member; Griffey, Hunt and Zahn.

Staff: Michelle Rusk (786-7153).

Background:

Public Facilities District Purpose and Formation.
Public facilities districts (districts) are municipal corporations with independent taxing

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authority. There are two distinct versions of districts that can be created. The first, which is governed by a separate statutory framework, is a countywide district that can be created by a county legislative authority.

The second type of district, and most relevant here, can be created by the legislative authority of any one town or city (city), or the legislative authorities of a combination of counties and cities. This type of district is coextensive with the boundary of the city or cities that formed the district, and the unincorporated area of any counties involved. Districts are governed by a board of directors (board) with the composition and appointing authority for the board varying depending on the legislative authority or authorities involved in the creation of the district.

These districts can acquire, construct, maintain, repair, finance, and operate one or more regional centers and/or recreational facilities other than a ski area. A "regional center" is a convention, conference, or special events center, or a combination of facilities, and related parking facilities that serve a regional population and costs more than $10 million to construct, improve, or rehabilitate, including the cost of debt service.

Summary of Substitute Bill:

Public Facilities District Formation and Governance.
An interlocal agreement to create a public facilities district (district) between a town or city (city) or a contiguous group of cities, and a contiguous county or the counties in which the cities are located, may provide that its boundary is coextensive with the towns or cities and school districts selected for inclusion in the district within the county or counties. This type of district must be governed by a board of directors (board) consisting of a minimum of seven members, selected as follows:

- each city, town, or county's legislative authority may appoint one elected official from its jurisdiction; and
- four members appointed by the legislative authorities of the cities, towns, and county based on recommendations from local organizations, including but not limited to local chambers of commerce, local economic development councils, local labor councils, and neighborhood organizations directly affected by the location of the regional center in their area.

Members must be appointed in accordance with the terms of the interlocal agreement and serve four-year terms. For initial board members, board term length will vary from one to four years.

If a county or counties participated in creating a district with a city or combination of cities and counties, the treasurer of the county where the largest portion of the district is located must serve as the *ex officio* district treasurer. However, the board of a district may instead designate the treasurer of a city or town that participated in creating the district or another

qualified individual as the treasurer for the district. The treasurer possesses all of the powers, responsibilities, and duties of a county treasurer with regard to the district's financial matters and must be bonded for not less than $25,000.

Substitute Bill Compared to Original Bill:

The substitute provides that the boundary of a public facilities district (district) formed by interlocal agreement between a combination of towns or cities and a county or counties is coextensive with the towns or cities and school districts selected for inclusion in the district within the county or counties, instead of the boundary being coextensive with a portion of the unincorporated areas of the included county or counties.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The state laws need to be modified so that communities who want to undertake a project themselves, without coming to the state and requesting money, can do so. Some communities in particular have great project ideas, and just need a little help from the Legislature to modify state law slightly to permit the type of public facilities district (district) they need. Districts are nimble and allow boards to draw from different tax sources and have been used very effectively across the state for event centers, conferences, recreational facilities, and sports facilities. However, the current options for structuring districts put them out of reach for rural communities.

Counties that are long and geographically different, with dispersed populations and rural areas, are challenged in pursuing community projects without the ability to bifurcate or modify their jurisdiction for purposes of a district. Many regions in the state have natural social, political, and administrative boundaries, and the change in this bill will help prioritize unique regional needs and help facilitate the creation of much-needed community centers, recreation centers, and other facilities that benefit our communities.

The Department of Revenue (DOR) does have some issues with this policy, but the bill sponsors in the House are committed to working with the DOR to make the bill workable.

(Opposed) None.

Persons Testifying: Representative Tom Dent, prime sponsor; Nicky Pasi, Mountains to

Sound Greenway Trust; Matthew Lundh, Mayor, City of Cle Elum; Gary Berndt; Claire Nicholls; Paul Kantwill; Gary Berndt; Matthew Lundh; John Belcher; Andrew Lyons; Ann Leichleiter, Boys and Girls Clubs of the Columbia Basin; and Josh Weiss, City of Ellensburg.

Persons Signed In To Testify But Not Testifying: None.