

SENATE BILL REPORT

SB 5053

As Reported by Senate Committee On:
Local Government, February 20, 2025

Title: An act relating to public facilities districts.

Brief Description: Concerning public facilities district formation.

Sponsors: Senator Warnick.

Brief History:

Committee Activity: Local Government: 1/16/25, 2/20/25 [DPS-WM].

Brief Summary of First Substitute Bill

- Requires the board of a public facilities district (PFD) created by a town or city, or group of towns or cities, and a portion of the county or counties in which the towns and cities are located be comprised of a minimum of seven members, including members from the towns or cities and county or counties and four appointed members.
- Establishes that the boundary of a PFD formed by interlocal agreement that includes less than the entire county be coextensive with the towns or cities and school districts selections for inclusion in the PFD.
- Establishes that the formation of a PFD that contains less than the entire county only applies to a county located along the eastern crest of the Cascade mountains with a population of less than 50,000.
- Requires the county treasurer to serve as treasurer of the PFD unless the PFD board designates a different treasurer.

SENATE COMMITTEE ON LOCAL GOVERNMENT

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

Majority Report: That Substitute Senate Bill No. 5053 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Salomon, Chair; Lovelett, Vice Chair; Torres, Ranking Member; Bateman and Goehner.

Staff: Karen Epps (786-7424)

Background: A public facilities district (PFD) is a municipal corporation with independent taxing authority and is a taxing district under the State Constitution. A PFD may be created by a city, group of cities, county, or a group of cities and a county. PFDs are authorized to acquire, build, own, and operate regional centers. Regional centers include a convention, conference, or special events center, or any combination of facilities, and its related parking facilities. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances. A PFD is governed by an appointed board of directors with varying composition and appointing authority.

There are several types of local PFDs that can be created, including:

- a single town or city PFD—created by any town or city located in a county with a population of less than 1 million;
- contiguous group of towns or cities PFD—created when any contiguous group of towns or cities located in a county or counties each with a population of less than 1 million enter an interlocal agreement for the PFD's creation and joint operation;
- city or county joint PFD—created and jointly operated via an interlocal agreement by a town or city, or any contiguous group of towns or cities located in a county with a population of 1 million; and a contiguous county, or the county or counties in which the town or cities are located;
- regional city PFD—created by a city located in a county with a population greater than 1 million, when the city has a total population of less than 115,000 but greater than 80,000 and commences construction of a regional center prior to July 1, 2008;
- multi-city or -town PFD—a new multi-city PFD may only be created by a group of at least three contiguous cities or towns, with a combined population of at least 160,000, each of which must have already established a PFD, and must obtain voter approval to fund the project; and
- local PFD, single town or city PFD—created by a city or town that has also participated in the creation of an additional regional PFD, with three or more contiguous cities or towns, and must obtain voter approval to fund the project.

All types of PFDs may charge fees for the use of its facilities. Each PFD may also impose a variety of taxes to fund its regional center or recreational facility, including an admissions tax not exceeding 5 percent, a vehicle parking tax not exceeding 10 percent, a local sales and use tax of up to 0.033 percent to finance regional centers, a voter-approved local sales and use tax of up to 0.2 percent, and, if applicable, a voter-approved 2 percent lodging excise tax.

Summary of Bill (First Substitute): Until December 31, 2060, a PFD created by a town or city, or a contiguous group of towns or cities, and a contiguous county or the county or counties in which they are located that includes less than the entirety of the unincorporated county or counties within the boundaries of the district, must be governed by a board of directors 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.

Appointed members must be based on recommendations received from local organizations including:

- the local chamber of commerce;
- the local economic development council;
- the local labor council; and
- a neighborhood organization that is directly affected by the location of the regional center in their area.

The members of the board of directors must be appointed in accordance with the terms of the agreement under state law for the joint operation of the district and serve four-year terms. Of the initial members, one must be appointed for a one-year term, one must be appointed for a two-year term, one must be appointed for a three-year term, and the remainder must be appointed for four-year terms.

The agreement creating a PFD between a town or city, or towns and cities, and the county in which they are located may provide for only a portion of the unincorporated areas of the county or counties included within the PFD, so that only the boundaries of school districts selected to be included in the PFD are included in the boundaries of the PFD. The county must be located along the eastern crest of the Cascade mountains with a population of less than 50,000.

If a county or counties participated in the creation of a PFD, the treasurer of the county in which the largest proportion of the district is located must serve as the ex officio treasurer of the district, unless the PFD board designates the treasurer of a city or town that participated in the creation of the PFD or other person having the necessary experience and qualifications to perform the duties of treasurer. The appointed treasurer must be bonded for not less than \$25,000, possess all of the powers, responsibilities, and duties of, and is subject to the same restrictions as provided by law for, a county treasurer with regard to district financial matters.

EFFECT OF CHANGES MADE BY LOCAL GOVERNMENT COMMITTEE (First Substitute):

- Establishes that the boundary of a public facilities district (PFD) 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.

- Establishes that the formation of a district that is less than the entire county only applies to a county located along the eastern crest of the Cascade mountains with a population of less than 50,000.
- Provides that the district expires December 31, 2060.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Kittitas County is looking at solutions for funding a community facility in the Cle Elum area and other surrounding areas. This bill provides a solution to increase access to healthy recreation in the community and greater equity between rural and urban areas. Our community has dreamed of building a community recreation center. We have lost the ability to teach our children to swim and find a place to gather. As a tourist-based economy we rely on sales taxes. We tried a parks district and looked at all funding possibilities but had to settle on the PFD option. The current law puts PFDs out of reach for rural and less populated counties by requiring that the PFD jurisdiction match the boundaries of the entity that creates them. These changes would allow us to have the right taxing district for our community and others like ours by leveraging sales and lodging taxes to support facility operations and fund a portion of the capital required for construction. This is still a work in progress but is important to a lot of communities.

Persons Testifying: PRO: Senator Judy Warnick, Prime Sponsor; Nicky Pasi, Mountains to Sound Greenway Trust; Claire Nicholls, Upper Kittitas County Community Recreation Center Alliance 501(c)(3); Paul Kantwill; Gary Berndt; John Belcher; Matthew Lundh, Mayor, City of Cle Elum; Andrew Lyons; Ann Leichleiter, Boys & Girls Clubs of the Columbia Basin; Josh Weiss, City of Ellensburg; Cory Wright, Kittitas County.

Persons Signed In To Testify But Not Testifying: No one.