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**SUBSTITUTE HOUSE BILL 1037**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** House Local Government (originally sponsored by Representatives Dent and Ybarra)

READ FIRST TIME 01/29/25.

1 AN ACT Relating to public facilities districts; and amending RCW  
2 35.57.010 and 36.100.010.

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

4 **Sec. 1.** RCW 35.57.010 and 2023 c 218 s 1 are each amended to  
5 read as follows:

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

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

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

20 (d) The legislative authority of a city located in a county with  
21 a population greater than one million may create a public facilities

1 district, when the city has a total population of less than one  
2 hundred fifteen thousand but greater than eighty thousand and  
3 commences construction of a regional center prior to July 1, 2008.

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

11 (f) The legislative authority of two or more contiguous towns or  
12 cities or the legislative authority of two or more contiguous towns  
13 or cities and the legislative authority of the county or counties in  
14 which the towns or cities are located, each of which participated in  
15 the creation of a public facilities district under (c) of this  
16 subsection, may create an additional public facilities district. Any  
17 previously created district may continue its full corporate existence  
18 and activities notwithstanding the creation and existence of an  
19 additional district within the same geographic area. A public  
20 facilities district formed under this subsection (1)(f) must be  
21 created prior to July 1, 2026. The creation of a public facilities  
22 district under this subsection does not require all of the original  
23 participating towns, cities, or counties that created a public  
24 facilities district under (c) of this subsection to participate in  
25 the formation of the additional public facilities district under this  
26 subsection.

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

30 (b) A public facilities district created by an agreement between  
31 a town or city, or a contiguous group of towns or cities, and a  
32 contiguous county or the county in which they are located, is  
33 coextensive with ~~((the))~~ either: (i) The boundaries of the towns or  
34 cities, and the boundaries of the county or counties as to the  
35 unincorporated areas of the county or counties; or (ii) the  
36 boundaries of the towns or cities, and the boundaries of school  
37 districts selected to be included in the public facilities district  
38 within the county or counties. The boundaries do not include  
39 incorporated towns or cities that are not parties to the agreement  
40 for the creation and joint operation of the district.

1           (3) (a) A public facilities district created by a single city or  
2 town shall be governed by a board of directors consisting of five  
3 members selected as follows: (i) Two members appointed by the  
4 legislative authority of the city or town; and (ii) three members  
5 appointed by legislative authority based on recommendations from  
6 local organizations. The members appointed under (a)(i) of this  
7 subsection, shall not be members of the legislative authority of the  
8 city or town. The members appointed under (a)(ii) of this subsection,  
9 must be based on recommendations received from local organizations  
10 that may include, but are not limited to, the local chamber of  
11 commerce, local economic development council, and local labor  
12 council. The members shall serve four-year terms. Of the initial  
13 members, one must be appointed for a one-year term, one must be  
14 appointed for a two-year term, one must be appointed for a three-year  
15 term, and the remainder must be appointed for four-year terms.

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

36           (c) (i) A public facilities district created by a town or city, or  
37 a contiguous group of towns or cities, and a contiguous county or the  
38 county or counties in which they are located that includes the  
39 entirety of the county or counties within the boundary of the  
40 district, must be governed by a board of directors consisting of

1 seven members selected as follows: ~~((i))~~ (A) Three members  
2 appointed by the legislative authorities of the cities, towns, and  
3 county; and ~~((ii))~~ (B) four members appointed by the legislative  
4 authorities of the cities, towns, and county based on recommendations  
5 from local organizations. The members appointed under (c)(i)(A) of  
6 this subsection shall not be members of the legislative authorities  
7 of the cities, towns, or county. The members appointed under (c)  
8 ~~((ii))~~(i)(B) of this subsection must be based on recommendations  
9 received from local organizations that include, but are not limited  
10 to, the local chamber of commerce, the local economic development  
11 council, the local labor council, and a neighborhood organization  
12 that is directly affected by the location of the regional center in  
13 their area. The members of the board of directors must be appointed  
14 in accordance with the terms of the agreement under chapter 39.34 RCW  
15 for the joint operation of the district and shall serve four-year  
16 terms. Of the initial members, one must be appointed for a one-year  
17 term, one must be appointed for a two-year term, one must be  
18 appointed for a three-year term, and the remainder must be appointed  
19 for four-year terms.

20 (ii) A public facilities district created by a town or city, or a  
21 contiguous group of towns or cities, and a contiguous county or the  
22 county or counties in which they are located that includes less than  
23 the entirety of the unincorporated county or counties within the  
24 boundaries of the district as provided in subsection (2)(b) of this  
25 section, must be governed by a board of directors consisting of a  
26 minimum of seven members selected as follows: (A) Each city, town, or  
27 county's legislative authority may appoint one elected official from  
28 its jurisdiction; and (B) four members appointed by the legislative  
29 authorities of the cities, towns, and county based on recommendations  
30 from local organizations.

31 (iii) The members appointed under (c)(ii)(B) of this subsection  
32 must be based on recommendations received from local organizations  
33 that include, but are not limited to, the local chamber of commerce,  
34 the local economic development council, the local labor council, and  
35 a neighborhood organization that is directly affected by the location  
36 of the regional center in their area. The members of the board of  
37 directors must be appointed in accordance with the terms of the  
38 agreement under chapter 39.34 RCW for the joint operation of the  
39 district and serve four-year terms. Of the initial members, one must  
40 be appointed for a one-year term, one must be appointed for a two

1 year term, one must be appointed for a three-year term, and the  
2 remainder must be appointed for four-year terms.

3 (d) (i) A public facilities district created under subsection  
4 (1)(e) of this section must provide, in the agreement providing for  
5 its creation and operation, that the district must be governed by an  
6 odd-numbered board of directors of not more than nine members who are  
7 also members of the legislative authorities that created the public  
8 facilities district or of the governing boards of the public  
9 facilities districts previously created by those legislative  
10 authorities, or both.

11 (ii) A board of directors formed under this subsection must have  
12 an equal number of members representing each city or town  
13 participating in the public facilities district. If there are  
14 unfilled board member positions after each city or town has appointed  
15 an equal number of board members, the members so appointed must  
16 appoint a number of additional board members necessary to fill any  
17 remaining positions. For a board formed under this subsection to  
18 submit a proposition to the voters under RCW 82.14.048, a majority of  
19 the members representing or appointed by each legislative authority  
20 participating in the public facilities district must agree to submit  
21 the proposition to the voters.

22 (4) A public facilities district is a municipal corporation, an  
23 independent taxing "authority" within the meaning of Article VII,  
24 section 1 of the state Constitution, and a "taxing district" within  
25 the meaning of Article VII, section 2 of the state Constitution.

26 (5) A public facilities district constitutes a body corporate and  
27 possesses all the usual powers of a corporation for public purposes  
28 as well as all other powers that may now or hereafter be specifically  
29 conferred by statute including, but not limited to, the authority to  
30 hire employees, staff, and services, to enter into contracts, and to  
31 sue and be sued.

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

38 (7) If a county or counties participated in the creation of a  
39 public facilities district under this chapter, the treasurer of the  
40 county in which the largest proportion of the district is located

1 shall serve as the ex officio treasurer of the district, unless the  
2 board of the public facilities districts designates the treasurer of  
3 a city or town that participated in the creation of the public  
4 facilities district or other person having the necessary experience  
5 and qualifications to perform the duties of treasurer. Such a  
6 treasurer possesses all of the powers, responsibilities, and duties  
7 of, and is subject to the same restrictions as provided by law for, a  
8 county treasurer with regard to district financial matters. Such  
9 treasurer must be bonded for not less than \$25,000.

10 **Sec. 2.** RCW 36.100.010 and 2010 1st sp.s. c 15 s 2 are each  
11 amended to read as follows:

12 (1) One or more public facilities districts may be created in any  
13 county and must be coextensive with the boundaries of the county.

14 (2) A public facilities district is created upon adoption of a  
15 resolution providing for the creation of such a district by the  
16 county legislative authority in which the proposed district is  
17 located.

18 (3) A public facilities district is a municipal corporation, an  
19 independent taxing "authority" within the meaning of Article VII,  
20 section 1 of the state Constitution, and a "taxing district" within  
21 the meaning of Article VII, section 2 of the state Constitution.

22 (4) Except as provided in RCW 36.100.040 (4) and (5), no taxes  
23 authorized under this chapter may be assessed or levied unless a  
24 majority of the voters of the public facilities district has approved  
25 such tax at a general or special election. A single ballot  
26 proposition may both validate the imposition of the sales and use tax  
27 under RCW 82.14.048 and the excise tax under RCW 36.100.040(1).

28 (5)(a) A public facilities district constitutes a body corporate  
29 and possesses all the usual powers of a corporation for public  
30 purposes as well as all other powers that may now or hereafter be  
31 specifically conferred by statute, including, but not limited to, the  
32 authority to hire employees, staff, and services, to enter into  
33 contracts, including contracts with public and private parties, to  
34 acquire, own, sell, transfer, lease, and otherwise acquire or dispose  
35 of property, to grant concessions under terms approved by the public  
36 facilities district, and to sue and be sued.

37 (b) A public facilities district created by a county with a  
38 population of one million five hundred thousand or more to acquire,  
39 own, and operate a convention and trade center transferred from a

1 public nonprofit corporation may continue to contract with the  
2 Seattle-King county convention and visitors' bureau or its successor  
3 in interest for marketing the convention and trade center facility  
4 and services.

5 (6) A public facilities district may enter into contracts with a  
6 county for the purpose of exercising any powers of a community  
7 renewal agency under chapter 35.81 RCW.

8 (7) The legislative authority of a city or county, the board of  
9 directors of a public nonprofit corporation, or the state of  
10 Washington may transfer property to a public facilities district  
11 created under this chapter, with or without consideration. No  
12 property that is encumbered with debt or that is in need of major  
13 capital renovation may be transferred to the district without the  
14 agreement of the district and revenues adequate to retire the  
15 existing indebtedness.

16 (8) A public facilities district may enter into agreements with  
17 the state, any municipal corporation, or any other governmental  
18 entity for the design, financing, acquisition, development,  
19 construction, reconstruction, lease, remodeling, alteration,  
20 maintenance, equipping, reequipping, repair, operation, or management  
21 of one or more facilities of the parties thereto. Agreements may  
22 provide that any party to the contract designs, finances, acquires,  
23 develops, constructs, reconstructs, remodels, alters, maintains,  
24 equips, reequips, repairs, and operates one or more facilities for  
25 the other party or parties to the contract. A public facilities  
26 district may enter into an agreement with the state, any municipal  
27 corporation, or other public or private entity that will assist a  
28 public facilities district in the financing of all or any part of a  
29 district facility on such terms as may be determined by agreement  
30 between the respective parties, including without limitation by a  
31 loan, guaranty, or other financing agreement.

32 (9) Nothing in this chapter prohibits a county from participating  
33 in the creation and operation of a public facilities district as  
34 provided for in chapter 35.57 RCW.

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