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**Local Government Committee**

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**HB 2218**

**Brief Description:** Concerning lake and beach management districts.

**Sponsors:** Representatives Haigh, MacEwen and Blake.

**Brief Summary of Bill**

- Authorizes lake management districts and beach management districts to be created for the purpose of financing the acquisition of real property or property rights within or outside of a district.
- Grants counties specific powers related to the acquisition of real property or property rights within or outside of a lake management district or beach management district.
- Authorizes counties to issue lake management district or beach management district revenue bonds.

**Hearing Date:** 1/20/14

**Staff:** Ethan Moreno (786-7386).

**Background:**

Purpose and Financing.

In accordance with adopted legislative intent articulating general goals objectives, any county, subject to approval of a ballot measure by qualified property owners, may create a lake management district or a beach management district to finance the improvement and maintenance of lakes or beaches wholly or partially within the boundaries of the county. While lake management districts and beach management districts share many common governing provisions, current law states that beach management districts may be specifically created for the purpose of controlling and removing aquatic plants or vegetation. Lake or beach management districts may be created for any needed period of time.

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

Special assessments or rates and charges to finance lake or beach improvement and maintenance activities may be imposed on all property included within a lake or beach management district.

Examples of permitted improvement and maintenance activities include:

- controlling or removing aquatic plants and vegetation;
- improving water quality;
- studying lake or marine water quality problems and solutions; and
- related administrative, engineering, legal, and operational costs, including the costs of creating the lake or beach management district.

The special assessments or rates and charges may be imposed annually for the duration of the lake or beach management district. However, the county legislative authority may stop the imposition of annual special assessments if, in its opinion, the public interest will be served by doing so.

Counties, subject to specific requirements, may also issue lake or beach management district bonds. In doing so, a county may create a lake or beach management district bond guaranty fund (fund) for each issuance of lake or beach management district bonds. A portion of the bond proceeds may be placed into the fund. Unused moneys remaining in the fund during the last two years of the installments must be used to proportionally reduce the required level of installments, and must be transferred into the special fund into which installment payments are placed.

#### Creation Provisions.

The process to create a lake or beach management district may be initiated by the adoption of a resolution of intention by a county legislative authority, or through the filing of a landowner petition meeting specified requirements. Following compliance with required public notice and hearing requirements, the county legislative authority may adopt a resolution submitting the question of creating the lake or beach management district exclusively to the owners of land within the proposed district. The resolution must satisfy specified requirements, including having a plan describing the proposed lake or beach improvement and maintenance activities, the number of years the district will exist, a description of the rates and charges (if rates and charges are to be imposed), and a statement indicating that revenue bonds may be issued and payable from the rates and charges.

The election determining whether to create a lake or beach management district is conducted according to specific requirements outside of general election laws, including the use of weighted ballots that grant property owners one vote for each dollar of estimated special assessment or rate and charge proposed to be imposed on their property. If the ballot proposal receives a simple majority vote in favor of creating the district, the county legislative authority must adopt a resolution creating the district.

Following the creation of a lake or beach management district, the county must satisfy specific administrative responsibilities. For example, within 15 days after a county creates a lake or beach management district, the county must file with the county treasurer a description of the lake or beach improvement and maintenance activities proposed and to be financed by the district. The county must also file a diagram or print showing the boundaries of the lake or beach management district, and a preliminary special assessment roll showing the land to be benefited and the estimated cost and expense of the improvement and maintenance activities to be borne by each lot, tract, parcel of land, or other property.

## **Summary of Bill:**

Numerous provisions related to the creation, operation, and financing of lake management districts and beach management districts are modified or established.

### Purpose and Financing.

Legislative intent language related to the establishment of lake management districts and beach management districts is modified to specify that the legislature finds that it is in the public interest to promote the conservation and stewardship of shorelines and upland properties adjoining lakes and beaches in order to meet delineated objectives, including:

- conserving natural or scenic resources;
- protecting riparian habitats and water quality;
- promoting conservation of soils, wetlands, shorelines, or tidal marshes; and
- enhance the value of lakes or beaches to the public as well as the benefit of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries, or other open space.

In addition to being created for the improvement and maintenance of lakes and beaches wholly or partially within a county, lake management or beach management districts may also be created to finance the acquisition of real property or property rights within or outside of a lake or beach management district, and to promote the conservation and stewardship of shorelines and upland properties adjoining lakes or beaches for conservation or for minimal development. The acquisition of real property or property rights includes the authority to acquire conservation easements.

"Improvement" as the term is used in lake and beach management district provisions, is defined to include, among other things, the acquisition of real property and property rights within or outside a district for specified lake or beach management purposes.

The list of permitted improvement and maintenance activities that may be financed with special assessments or rates and charges imposed on property with the lake or beach management district is expanded to permit the acquisition of real property and property rights.

Provisions governing the authority of a county legislative authority to stop the imposition of annual special assessments are modified to specify that the legislative authority may not do so if lake or beach management district bonds are outstanding or if an existing contract might otherwise be impaired.

### Creation Provisions.

Provisions governing the resolution a county legislative authority may adopt to submit the question of creating a lake or beach management district to the owners of land within the proposed district are modified. If rates and charges are to be imposed, the resolution must include a description of the "proposed" rates and charges, rather than only "the rates and charges."

Regarding county administrative responsibilities following the creation of a lake or beach management district, the county is granted 30 days, rather than 15, to file with the county

treasurer a description of the lake or beach improvement and maintenance activities proposed and to be financed by the district.

Authority to Issue Revenue Bonds.

Counties are expressly authorized to issue lake or beach management district revenue bonds. The provisions governing the issuance of revenue bonds are generally those used for the issuance of nonrevenue bonds. Additional revenue bond governance provisions are established, including provisions specifying that:

- Revenue bonds may be payable from special assessments and from rates and charges of the lake or beach management district.
- County indebtedness limitations provided in statute are not affected by a county assisting in the financing of improvements to lakes or beaches wholly or partially within the county, including lakes or beaches within a lake or beach management district.
- A county may deposit amounts into a lake or beach management guaranty fund (fund) from any money legally available for that purpose.
- Any amounts remaining in the fund after the repayment of all revenue bonds and the payment of assessment installments, may be applied to lake or beach improvement and maintenance activities, or to other county purposes.

Powers Associated with the Acquisition of Real Property or Property Rights.

A county, in connection with the acquisition of real property or property rights within or outside of a lake or beach management district, is granted specific powers related to the acquisition authority. Examples of these powers include county authority to:

- own real property and property rights, including, without limitation, conservation easements;
- transfer real property and property rights to another state or local government entity;
- contract with a public or private entity, including without limitation, a financial institution with trust powers, a municipal corporation, or a nonprofit corporation, to hold real property or property rights in trust for the purposes of the lake or beach management district, and, in connection with those services, to pay the reasonable costs of that financial institution or nonprofit corporation; and
- impose terms, conditions, and encumbrances upon real property or property rights acquired in respect of a lake or beach management district.

Before a lake or beach management district in existence as of the effective date of the legislation may exercise the previously specified powers, the legislative authority of the county must satisfy certain procedural and public hearing requirements.

If, in accordance with these granted powers, a county transfers real property or property rights to a financial institution, municipal corporation, or nonprofit corporation to hold that property or property rights in trust for purposes of the lake or beach management district, the terms of the transfer must meet specific requirements, including specifying that the financial institution, municipal corporation, or nonprofit corporation may not sell, pledge, or hypothecate the property or property rights for any purpose.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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