

HOUSE BILL REPORT

EHB 2873

As Amended by the Senate

Title: An act relating to increasing a city or town debt limit for purposes of financing capital facilities associated with economic development.

Brief Description: Increasing local government debt limits to finance capital facilities.

Sponsors: Representatives Parlette, Scott, Mulliken and Kessler.

Brief History:

Committee Activity:

Local Government: 2/2/00 [DP].

Floor Activity:

Passed House: 2/10/00, 97-0.

Senate Amended.

Passed Senate: 2/29/00, 44-0.

Brief Summary of Bill

- Adds capital facilities associated with economic development to the list of authorized purposes for which a city or town may incur additional indebtedness up to 2.5 percent of the value of taxable property value.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives Mulliken, Republican Co-Chair; Scott, Democratic Co-Chair; Doumit, Democratic Vice Chair; Mielke, Republican Vice Chair; Edwards; Ericksen and Fortunato.

Staff: Scott MacColl (786-7106).

Background:

Taxing districts are prohibited from becoming indebted for an amount exceeding .38 percent of the value of the taxable property in the taxing district without the assent of three-fifths of the voters. If the cap is raised through an election held for that

purpose, the total indebtedness is prohibited from exceeding 1.25 percent on the value of taxable property.

However, certain exceptions to this prohibition including:

- public hospital districts are limited to .75 of 1 percent of the value of taxable property, up to 2.5 percent with a supermajority vote of the people;
- counties, cities and towns are limited to 1.5 percent of the value of taxable property, up to 2.5 percent with a supermajority vote of the people;
- school districts are limited to 1.38 percent of the value of taxable property, up to 2.5 percent with a supermajority vote of the people; and
- the indebtedness allowed is restricted to county, city, town, school district, township, port district, metropolitan park district, or other municipal purposes. However, a city or town with a supermajority vote may extend up to an additional 2.5 percent for providing such services as water, artificial light, and sewers owned and controlled by the city or town. The additional indebtedness may also be used for acquiring or developing open space and park facilities.

Summary of Bill:

The additional 2.5 percent indebtedness allowed to cities and towns for acquiring or developing open space and park facilities is expanded to include capital facilities associated with economic development.

EFFECT OF SENATE AMENDMENT(S): Removes the narrow definition for which city may use the additional authority.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: Debt capacity flexibility for local economic development for the city of Leavenworth is necessary, as the city has dollars available from proceeds yet current restrictions on uses means that the city cannot use that funding for economic development. The city of Leavenworth has a property and funding available to purchase a facility to use as a convention center, however without this flexibility they cannot use the money.

Testimony Against: None.

Testified: Representative Parlette, prime sponsor.