
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5514

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Spanel, Carlson, Hale, Gardner, Rasmussen, Winsley, Regala, Costa and Fraser)

READ FIRST TIME 03/28/01.

1 AN ACT Relating to public facilities districts; amending RCW
2 35.57.010, 35.57.020, 36.100.030, and 82.14.390; adding new sections to
3 chapter 35.57 RCW; and adding new sections to chapter 36.100 RCW.

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

5 **Sec. 1.** RCW 35.57.010 and 1999 c 165 s 1 are each amended to read
6 as follows:

7 (1) The legislative authority of any town or city located in a
8 county with a population of less than one million may create a public
9 facilities district. The legislative authorities of any contiguous
10 group of towns or cities located in a county or counties each with a
11 population of less than one million may enter an agreement under
12 chapter 39.34 RCW for the creation and joint operation of a public
13 facilities district. The legislative authority of any town or city, or
14 any 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 the county or counties in which the towns or cities are located may
17 enter into an agreement under chapter 39.34 RCW for the creation and
18 joint operation of a public facilities district.

1 (2) A public facilities district shall be coextensive with the
2 boundaries of the city or town or contiguous group of cities or towns
3 that created the district. A public facilities district created by an
4 agreement between a town or city, or a contiguous group of towns or
5 cities, and the county in which they are located shall be coextensive
6 with the boundaries of the towns or cities, and the boundaries of the
7 county or counties as to the unincorporated areas of the county or
8 counties. The boundaries shall not include incorporated towns or
9 cities that are not parties to the agreement for the creation and joint
10 operation of the district.

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

26 (b) A public facilities district created by (~~{a}~~) a contiguous
27 group of cities and towns shall be governed by a board of directors
28 consisting of seven members selected as follows: (i) Three members
29 appointed by the legislative authorities of the cities and towns; and
30 (ii) four members appointed by the legislative authority based on
31 recommendations from local organizations. The members appointed under
32 (b)(i) of this subsection shall not be members of the legislative
33 authorities of the cities and towns. The members appointed under
34 (b)(ii) of this subsection, shall be based on recommendations received
35 from local organizations that include, but are not limited to the local
36 chamber of commerce, local economic development council, local labor
37 council, and a neighborhood organization that is directly affected by
38 the location of the regional center in their area. The members of the
39 board of directors shall be appointed in accordance with the terms of

1 the agreement under chapter 39.34 RCW for the joint operation of the
2 district and shall serve four-year terms. Of the initial members, one
3 must be appointed for a one- year term, one must be appointed for a
4 two-year term, one must be appointed for a three-year term, and the
5 remainder must be appointed for four-year terms.

6 (c) A public facilities district created by a town or city, or a
7 contiguous group of towns or cities, and the county or counties in
8 which they are located shall be governed by a board of directors
9 consisting of seven members selected as follows: (i) Three members
10 appointed by the legislative authorities of the cities, towns, and
11 county; and (ii) four members appointed by the legislative authority
12 based on recommendations from local organizations. The members
13 appointed under (c)(i) of this subsection shall not be members of the
14 legislative authorities of the cities, towns, or county. The members
15 appointed under (c)(ii) of this subsection shall be based on
16 recommendations received from local organizations that include, but are
17 not limited to, the local chamber of commerce, local economic
18 development council, local labor council, and a neighborhood
19 organization that is directly affected by the location of the regional
20 center in their area. The members of the board of directors shall be
21 appointed in accordance with the terms of the agreement under chapter
22 39.34 RCW for the joint operation of the district and shall serve four-
23 year terms. Of the initial members, one must be appointed for a one-
24 year term, one must be appointed for a two-year term, one must be
25 appointed for a three-year term, and the remainder must be appointed
26 for four-year terms.

27 (4) A public facilities district is a municipal corporation, an
28 independent taxing "authority" within the meaning of Article VII,
29 section 1 of the state Constitution, and a "taxing district" within the
30 meaning of Article VII, section 2 of the state Constitution.

31 (5) A public facilities district shall constitute a body corporate
32 and shall possess all the usual powers of a corporation for public
33 purposes as well as all other powers that may now or hereafter be
34 specifically conferred by statute, including, but not limited to, the
35 authority to hire employees, staff, and services, to enter into
36 contracts, and to sue and be sued.

37 (6) A public facilities district may acquire and transfer real and
38 personal property by lease, sublease, purchase, or sale. No direct or
39 collateral attack on any ((metropolitan)) public facilities district

1 purported to be authorized or created in conformance with this chapter
2 may be commenced more than thirty days after creation by the city
3 and/or county legislative authority.

4 **Sec. 2.** RCW 35.57.020 and 1999 c 165 s 2 are each amended to read
5 as follows:

6 (1) A public facilities district is authorized to acquire,
7 construct, own, remodel, maintain, equip, reequip, repair, finance, and
8 operate one or more regional centers. For purposes of this chapter,
9 "regional center" means a convention, conference, or special events
10 center, or any combination of facilities, and related parking
11 facilities, serving a regional population constructed, improved, or
12 rehabilitated after July 25, 1999, at a cost of at least ten million
13 dollars, including debt service. A "special events center" is a
14 facility or combination of facilities, the primary purpose of which is
15 the presentation of events, activities, performances, or exhibits for
16 the enjoyment of the general public. "Regional center" also includes
17 an existing convention, conference, or special events center, and
18 related parking facilities, serving a regional population, that is
19 improved or rehabilitated after July 25, 1999, where the costs of
20 improvement or rehabilitation are at least ten million dollars,
21 including debt service. A regional center is conclusively presumed to
22 serve a regional population if state and local government investment in
23 the construction, improvement, or rehabilitation of the regional center
24 is equal to or greater than ten million dollars.

25 (2) A public facilities district created under RCW 36.100.010 and
26 a public facilities district created under RCW 35.57.010 located in the
27 same county may enter into agreements under chapter 39.34 RCW to
28 jointly acquire, construct, own, remodel, maintain, equip, reequip,
29 repair, finance, and operate one or more regional centers.

30 (3) A public facilities district may impose charges and fees for
31 the use of its facilities, and may accept and expend or use gifts,
32 grants, and donations for the purpose of a regional center.

33 ~~((+3+))~~ (4) A public facilities district may impose charges, fees,
34 and taxes authorized in RCW 35.57.040, and use revenues derived
35 therefrom for the purpose of paying principal and interest payments on
36 bonds issued by the public facilities district to construct a regional
37 center.

1 ~~((+4))~~ (5) Notwithstanding the establishment of a career, civil,
2 or merit service system, a public facilities district may contract with
3 a public or private entity for the operation or management of its
4 public facilities.

5 ~~((+5))~~ (6) A public facilities district is authorized to use the
6 supplemental alternative public works contracting procedures set forth
7 in chapter 39.10 RCW in connection with the design, construction,
8 reconstruction, remodel, or alteration of any regional center.

9 **Sec. 3.** RCW 36.100.030 and 1999 c 165 s 16 are each amended to
10 read as follows:

11 (1) A public facilities district is authorized to acquire,
12 construct, own, remodel, maintain, equip, reequip, repair, and operate
13 sports facilities, entertainment facilities, convention facilities, or
14 regional centers as defined in RCW 35.57.020, together with contiguous
15 parking facilities. The taxes that are provided for in this chapter
16 may only be imposed for these purposes.

17 (2) A public facilities district created under RCW 36.100.010 and
18 a public facilities district created under RCW 35.57.010 located in the
19 same county may enter into agreements under chapter 39.34 RCW to
20 jointly acquire, construct, own, remodel, maintain, equip, reequip,
21 repair, finance, and operate one or more regional centers.

22 (3) A public facilities district may enter into agreements under
23 chapter 39.34 RCW for the joint provision and operation of such
24 facilities and may enter into contracts under chapter 39.34 RCW where
25 any party to the contract provides and operates such facilities for the
26 other party or parties to the contract.

27 ~~((+3))~~ (4) Notwithstanding the establishment of a career, civil,
28 or merit service system, a public ~~((facility [facilities]))~~ facilities
29 district may contract with a public or private entity for the operation
30 or management of its public facilities.

31 ~~((+4))~~ (5) A public facilities district is authorized to use the
32 supplemental alternative public works contracting procedures set forth
33 in chapter 39.10 RCW in connection with the design, construction,
34 reconstruction, remodel, or alteration of any of its public facilities.

35 ~~((+5))~~ (6) A public facilities district may impose charges and
36 fees for the use of its facilities, and may accept and expend or use
37 gifts, grants, and donations.

1 **Sec. 4.** RCW 82.14.390 and 1999 c 165 s 13 are each amended to read
2 as follows:

3 (1) Except as provided in subsection (6) of this section, the
4 governing body of a public facilities district created under chapter
5 35.57 or 36.100 RCW before January 1, 2001, that commences construction
6 of a new regional center, or improvement or rehabilitation of an
7 existing new regional center, before January 1, 2003, may impose a
8 sales and use tax in accordance with the terms of this chapter. Except
9 as provided in subsection (6) of this section, the governing body of a
10 public facilities district created under chapter 35.57 or 36.100 RCW
11 after December 31, 2001, that commences construction of a new regional
12 center, or improvement or rehabilitation of an existing new regional
13 center, before January 1, 2004, may impose a sales and use tax in
14 accordance with the terms of this chapter beginning July 1, 2002. The
15 tax is in addition to other taxes authorized by law and shall be
16 collected from those persons who are taxable by the state under
17 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
18 within the public facilities district. The rate of tax shall not
19 exceed 0.033 percent of the selling price in the case of a sales tax or
20 value of the article used in the case of a use tax.

21 (2) The tax imposed under subsection (1) of this section shall be
22 deducted from the amount of tax otherwise required to be collected or
23 paid over to the department of revenue under chapter 82.08 or 82.12
24 RCW. The department of revenue shall perform the collection of such
25 taxes on behalf of the county at no cost to the public facilities
26 district.

27 (3) (~~No tax may be collected under this section before August 1,~~
28 ~~2000.~~) The tax imposed in this section shall expire when the bonds
29 issued for the construction of the regional center and related parking
30 facilities are retired, but not more than twenty-five years after the
31 tax is first collected.

32 (4) Moneys collected under this section shall only be used for the
33 purposes set forth in RCW 35.57.020 and must be matched with an amount
34 from other public or private sources equal to thirty-three percent of
35 the amount collected under this section, provided that amounts
36 generated from nonvoter approved taxes authorized under chapter 35.57
37 RCW or nonvoter approved taxes authorized under chapter 36.100 RCW
38 shall not constitute a public or private source. For the purpose of
39 this section, public or private sources includes, but is not limited to

1 cash or in-kind contributions used in all phases of the development or
2 improvement of the regional center, land that is donated and used for
3 the siting of the regional center, cash or in-kind contributions from
4 public or private foundations, or amounts attributed to private sector
5 partners as part of a public and private partnership agreement
6 negotiated by the public facilities district.

7 (5) The combined total tax levied under this section shall not be
8 greater than 0.033 percent. If both a public facilities district
9 created under chapter 35.57 RCW and a public facilities district
10 created under chapter 36.100 RCW impose a tax under this section, the
11 tax imposed by a public facilities district created under chapter 35.57
12 RCW shall be credited against the tax imposed by a public facilities
13 district created under chapter 36.100 RCW.

14 (6) A public facilities district created under chapter 36.100 RCW
15 is not eligible to impose the tax under this section if the legislative
16 authority of the county where the public facilities district is located
17 has imposed a sales and use tax under RCW 82.14.0485 or 82.14.0494.

18 NEW SECTION. **Sec. 5.** A new section is added to chapter 35.57 RCW
19 to read as follows:

20 (1) A public facilities district established in accordance with
21 this chapter shall be dissolved and its affairs liquidated:

22 (a) When directed by a majority of persons in the district voting
23 on the question. An election placing the question before the voters
24 may be called by resolution of the public facilities district governing
25 authority; or

26 (b) At such time that the initial debt issued by the district that
27 is secured by the tax authorized in section 4 of this act has been
28 retired.

29 (2) With dissolution of the public facilities district, any
30 outstanding obligations and bonded indebtedness of the district shall
31 be satisfied or allocated by mutual agreement to the county or counties
32 and component cities of the district.

33 (3) All assets of the district at the time the district is
34 dissolved under this section becomes the property of the city in which
35 the assets are located, or of the county in which the assets are
36 located if in an unincorporated area.

1 NEW SECTION. Sec. 6. A new section is added to chapter 36.100 RCW
2 to read as follows:

3 (1) A public facilities district established in accordance with
4 this chapter after the effective date of this section shall be
5 dissolved and its affairs liquidated:

6 (a) When directed by a majority of persons in the district voting
7 on the question. An election placing the question before the voters
8 may be called by resolution of the public facilities district governing
9 authority; or

10 (b) At such time that the initial debt issued by the district that
11 is secured by the tax authorized in section 4 of this act has been
12 retired.

13 (2) With dissolution of the public facilities district under this
14 section, any outstanding obligations and bonded indebtedness of the
15 district shall be satisfied or allocated by mutual agreement to the
16 county or counties and component cities of the district.

17 (3) All assets of the district at the time the district is
18 dissolved under this section becomes the property of the city in which
19 the assets are located, or of the county in which the assets are
20 located if in an unincorporated area.

21
22 NEW SECTION. Sec. 7. A new section is added to chapter 36.100 RCW
23 to read as follows:

24 (1) A public facilities district that will construct a regional
25 center may apply for an exemption in the form of a remittance of fifty
26 percent of the taxes paid under chapters 82.08, 82.12, and 82.14 RCW on
27 design, site preparation, construction of buildings or other
28 structures, and acquisition of related machinery and equipment, for the
29 regional center.

30 (2) Application shall be made to the department of revenue in a
31 form and manner prescribed by the department of revenue. The
32 application shall contain information regarding the location of the
33 regional center, estimated or actual costs, time schedules for
34 completion and operation, and other information required by the
35 department of revenue. The department of revenue shall approve the
36 application within sixty days if it meets the requirements of this
37 section.

38 (3) The taxes shall be remitted to the public facilities district
39 within one hundred twenty days after the department of revenue is

1 notified by the public facilities district that the regional center is
2 operationally complete. The public facilities district shall provide
3 the department of revenue with invoice details and other information as
4 required by the department in order to determine the amount of tax to
5 be remitted. The remittance may not include any interest on taxes.
6 The remittance amounts shall be distributed from the funds and accounts
7 into which the taxes were deposited. The department of revenue shall
8 notify the state treasurer of the amounts to be distributed from each
9 specific state and local fund or account.

10 (4) Applications and any other information received by the
11 department of revenue under this section are not confidential and are
12 subject to disclosure. Chapter 82.32 RCW applies to the administration
13 of this section.

14 NEW SECTION. **Sec. 8.** A new section is added to chapter 35.57 RCW
15 to read as follows:

16 (1) A public facilities district that will construct a regional
17 center may apply for an exemption in the form of a remittance of fifty
18 percent of the taxes paid under chapters 82.08, 82.12, and 82.14 RCW on
19 design, site preparation, construction of buildings or other
20 structures, and acquisition of related machinery and equipment, for the
21 regional center.

22 (2) Application shall be made to the department of revenue in a
23 form and manner prescribed by the department of revenue. The
24 application shall contain information regarding the location of the
25 regional center, estimated or actual costs, time schedules for
26 completion and operation, and other information required by the
27 department of revenue. The department of revenue shall approve the
28 application within sixty days if it meets the requirements of this
29 section.

30 (3) The taxes shall be remitted to the public facilities district
31 within one hundred twenty days after the department of revenue is
32 notified by the public facilities district that the regional center is
33 operationally complete. The public facilities district shall provide
34 the department of revenue with invoice details and other information as
35 required by the department in order to determine the amount of tax to
36 be remitted. The remittance may not include any interest on taxes.
37 The remittance amounts shall be distributed from the funds and accounts
38 into which the taxes were deposited. The department of revenue shall

1 notify the state treasurer of the amounts to be distributed from each
2 specific state and local fund or account.

3 (4) Applications and any other information received by the
4 department of revenue under this section are not confidential and are
5 subject to disclosure. Chapter 82.32 RCW applies to the administration
6 of this section.

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