

# HOUSE BILL REPORT

## HB 1303

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### As Amended by the Senate

**Title:** An act relating to metropolitan park districts.

**Brief Description:** Concerning metropolitan park districts.

**Sponsors:** By Representatives Appleton, Woods and B. Sullivan.

#### **Brief History:**

##### **Committee Activity:**

Local Government: 2/3/05, 2/14/05 [DP].

##### **Floor Activity:**

Passed House: 3/7/05, 94-0.

Senate Amended.

Passed Senate: April 4, 2005, 39-0.

#### **Brief Summary of Bill**

- Authorizes any municipal corporation, including a park and recreation district, to transfer its property interests to a metropolitan park district (MPD) and allows a MPD to accept such a transfer of property.
- Authorizes a MPD to assume responsibility for all existing indebtedness associated with the receipt of a property interest from a municipal corporation and allows such indebtedness to be paid by levying taxes or issuing bonds.
- Authorizes a MPD to issue refunding bonds for the purpose of paying the indebtedness associated with a transfer of property and, under certain circumstances, allows such refunding bonds to be treated as "voter-approved" indebtedness.
- Authorizes a MPD to levy annual property taxes, in addition to the district's regular property tax levy, as necessary in order to pay-off refunding bonds.
- Authorizes a park and recreation district to facilitate its own dissolution by designating a successor taxing district and then transferring its property, and the associated debt, to such taxing district.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 7 members: Representatives Simpson, Chair; Clibborn, Vice Chair; Schindler, Ranking Minority Member; Ahern, Assistant Ranking Minority Member; B. Sullivan, Takko and Woods.

**Staff:** Thamas Osborn (786-7129).

**Background:**

Metropolitan Park Districts.

A metropolitan park district (MPD) is a type of special purpose district that may be created for the management, control, improvement, maintenance, and/or acquisition of parks, parkways, boulevards, and recreational facilities. A MPD may include territory located in portions or in all of one or more cities or counties.

To create a MPD, voters who live in the area proposed to be included in the MPD vote on a ballot proposition that authorizes the creation of a park district. The ballot proposition is initiated either (1) by a petition of 15 percent of the voters in the area to be, or (2) by resolution of the governing body of each city, in which all or a portion of the proposed park district is located, and each county, in which all or a portion of the proposed park district is located in the unincorporated portion of the county.

A MPD is authorized to acquire property from a city and/or county within its boundaries for the purpose of creating parks, playgrounds, or parkways. When a MPD acquires property from a city and/or county, it must assume responsibility for all indebtedness associated with such property and must pay-off such debt through either taxes or bond issuance. A MPD is authorized to issue "refunding bonds" in order to meet this debt obligation. "Refunding bonds" are defined by statute to include those bonds "... issued for the purpose of paying the principal of or redemption premiums or interest on any outstanding bonds of the issuer, its predecessor, or related public body."

Park and Recreation Districts.

A park and recreation district is another type of special purpose district that is created to provide leisure time activities, facilities, and recreational facilities as a public service to the residents of the area within its boundaries. Its area may include incorporated and unincorporated property. The process of creating a park and recreation district first requires the submission to the county of a petition signed by 15 percent of the registered voters within the area proposed to encompass the park and recreation district. The board of county commissioners fixes the boundaries and, together with any funding obligations, presents the matter to the voters in the form of a ballot proposition.

The park and recreation district is governed by a board of five elected commissioners with four-year staggered terms. The district may fund its operations by means of excess levies and regular property tax levies. Disposal of property must be by unanimous vote of the district commissioners. The dissolution of a park and recreation district must be conducted in the same manner as required of port districts.

Washington law does not explicitly permit a park and recreation district to transfer an interest in property to a MPD.

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**Summary of Bill:**

Transfer of property from a municipal corporation to a metropolitan park district.

Any municipal corporation, including a park and recreation district, may transfer an interest in real or personal property interest to a MPD without requiring that consideration be received as a condition of such transfer. In turn, a MPD may accept real, personal, and other types of property interests from any municipal corporation.

Assumption of responsibility for indebtedness.

A MPD may assume responsibility for all existing indebtedness associated with the receipt of a property interest from a county or other municipal corporation. The MPD must pay such indebtedness by either levying taxes or issuing bonds and must relieve the county or municipal corporation of liability for the debt.

A metropolitan park district's issuance of refunding bonds.

An issuance of refunding bonds by a MPD to pay-off existing voter approved indebtedness will itself be considered "voter approved indebtedness" provided the following conditions are met:

- the issuance of the refunding bonds is approved through the majority vote of the commissioners of the MPD;
- the boundaries of the MPD are identical to the boundaries of the taxing district in which the voter approval was first obtained;
- the MPD has been officially designated as the successor to the original taxing district in that district's formal resolution declaring its intent to dissolve; and
- the original assumption of indebtedness was properly approved by the requisite number of voters in the original taxing district.

Property taxes levied by a metropolitan park district.

A MPD may levy annual property taxes, in addition to the district's regular property tax levy, as necessary in order to pay any refunding bonds issued in relation to the assumption of the debt related to the receipt of property from a municipal corporation.

Authorization of a successor taxing district a park and recreation district during its dissolution.

A park and recreation district is authorized to facilitate its own dissolution by designating a successor taxing district and then transferring its property, and the associated debt, to such taxing district.

Retroactivity of sections 1 through 3 of the act.

Sections 1 through 3 of the act apply retroactively to MPD elections occurring on or after July 1, 2004.

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**EFFECT OF SENATE AMENDMENT(S):**

The retroactivity provision regarding metropolitan park district elections becomes effective as of May 1, 2004, rather than July 1, 2004.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill is needed to create a statutory scheme that addresses the issues that come up when a MPD acquires the property of a park and recreation district that is dissolving. Current law does not adequately address the procedures necessary for the transfer of assets and liabilities in such cases. The bill creates such procedures and will facilitate the acquisition process. Of particular importance are the provisions that address how an MPD may assume the debts associated with the park district that is being acquired. This process is currently taking place on Bainbridge Island and the provisions of the bill would assist the MPD located there.

**Testimony Against:** None.

**Persons Testifying:** Representative Appleton, prime sponsor; and Kirk Robinson and Mike Ryherd, Bainbridge Island Park & Recreation District.

**Persons Signed In To Testify But Not Testifying:** None.