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**Capital Budget Committee**

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**HB 2759**

**Brief Description:** Authorizing the transfer of certain real property and facilities.

**Sponsors:** Representatives Ericks, Pearson, Dunshee, Sells, Roberts and Rodne.

**Brief Summary of Bill**

- Authorizes public bodies to transfer real property and facilities acquired, constructed or improved using Referendum 29 or Referendum 37 bonds to nonprofit corporations.
- Authorizes the nonprofit corporation to sell the property transferred to it with certain limitations.

**Hearing Date:** 1/23/06

**Staff:** Susan Howson (786-7142).

**Background:**

Referendum 29

In 1972, Washington voters approved a \$25 million bond issuance for the planning, acquisition, construction, and improvement of health and social service facilities in the state. Eligible facilities included facilities for social services, adult and juvenile correction or detention, child welfare, day care, drug abuse and alcoholism treatment, mental health, public health, developmental disabilities, and vocational rehabilitation. The proceeds from the sale of bonds were administered by the Department of Social and Health Services (Department). The Department was directed to prepare a comprehensive plan for a system of social and health service facilities for the state and was directed to provide grants or loans to public bodies, including federally recognized tribes, to carry out the intent of the bond issuance. Funds were distributed based on regions identified by the Department.

Referendum 37

In 1979, Washington voters approved a \$25 million bond issuance for the planning, acquisition, construction, renovation, improvement, and equipping of regional and community facilities for the care, training, and rehabilitation of persons with sensory, physical, or mental handicaps. Eligible facilities included nonprofit group training homes, community centers, close to home living units, sheltered workshops, vocational rehabilitation centers, developmental disability training centers, and community homes for the mentally ill. The proceeds from the sale of bonds were administered by the Department. All Washington counties were eligible to receive bond proceeds

and the share distributed to each county was based on a population formula. Fixed assets acquired using these bond proceeds and no longer utilized by the program having custody of the assets could be transferred to other public bodies either in the same county or another county.

In 2005, the Attorney General's Office issued an opinion (AGO 2005 No. 1) relating to the authority of Yakima County to donate land and buildings to a nonprofit corporation operating programs for the developmentally disabled in leased facilities that were acquired or improved using Referendum 29 and 37 bonds. Neither statute contains language authorizing the transfer or donation of assets acquired with these bond proceeds to a private organization. The Attorney General's Office opined that Yakima County does not have the authority to make the donation to the nonprofit entity.

**Summary of Bill:**

Public bodies may transfer real property and facilities acquired, constructed or improved using Referendum 29 or Referendum 37 bonds to nonprofit corporations for the purposes outlined in the referenda. The deed transferring the property must provide for reversion back to the public body if the nonprofit corporation is found to be out of compliance with the provisions of the bill.

The nonprofit corporation is authorized to sell the property transferred to it with certain limitations. Any sale must be subject to prior written approval by the Department. All proceeds from the sale must be applied to the purchase price of a different facility or facilities of equal or greater value than the original facility. The new facility or facilities must be available for use within one year of sale. In addition, the reversion language applies to the new facility or facilities.

In the event the nonprofit corporation is found to be out of compliance, the real property and facilities will revert to the public body. The public body must determine if the assets can be used by another human service program as designated by the Department. Such programs will have priority in obtaining the assets to ensure the purposes of the original referenda are carried out.

**Appropriation:** None.

**Fiscal Note:** Requested on January 23, 2006.

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