

# HOUSE BILL REPORT

## HB 1377

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**As Reported by House Committee On:**  
Community & Economic Development & Trade

**Title:** An act relating to the authority of towns, cities, and counties to form public facilities districts for recreational facilities when one or more of the towns, cities, or counties have previously formed public facility districts.

**Brief Description:** Regarding public facilities district formation and authority.

**Sponsors:** Representatives Klippert, Haler, Angel and Walsh.

**Brief History:**

**Committee Activity:**

Community & Economic Development & Trade: 1/28/09, 2/16/09 [DPS].

**Brief Summary of Substitute Bill**

- Allows a contiguous group of cities or their counties to form an additional public facilities district for developing recreational facilities notwithstanding that the city or county has previously formed one or more public facilities districts within the same geographic boundaries.
- Clarifies that the new public facilities district may not impose a sales or use tax that exceeds 0.2 percent minus the rate of the highest tax already authorized by any other public facilities district within its boundaries.

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**HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE**

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Liias, Orcutt, Parker, Probst and Sullivan.

**Staff:** Kate Moeur White (786-5793); Chris Cordes (786-7103)

**Background:**

A Public Facilities District (PFD) may be created by either a city or a county. City PFDs may develop and operate regional centers. A regional center is a convention, conference, or

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special events center, or any combination, constructed, improved, or rehabilitated at a cost of at least \$10 million. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances.

County PFDs may develop and operate sports facilities, entertainment facilities, convention facilities, and regional centers. Districts formed after January 1, 2000, may develop and operate recreational facilities other than ski areas.

A PFD is governed by an appointed board of directors, with varying composition and appointing authority.

The PFDs may impose a variety of taxes to fund their regional facilities. For example, the PFDs may levy an admissions tax not exceeding 5 percent, a vehicle parking tax not exceeding 10 percent, a voter-approved 0.2 percent sales tax, and, for a county PFD, a voter-approved 2 percent lodging tax.

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### **Summary of Substitute Bill:**

Certain contiguous groups of cities or their counties, one or more of which previously formed a PFD, may form an additional PFD. Such PFDs must be comprised of a minimum of two legislative authorities, including a maximum of three contiguous cities solely or in combination with a maximum of two contiguous counties. Any existing PFD within the same geographic boundaries maintains its full corporate existence and activities notwithstanding the newly formed PFD.

This new PFD may acquire, construct, own, remodel, maintain, equip, reequip, repair, finance, and operate one or more recreational facilities other than a ski area.

The new PFDs may be governed and operated by a board of directors founded using the already established method, consisting of seven board members, or by a new method, consisting of up to nine board members. Membership on boards with nine members must be divided evenly between the legislative authorities that created the PFD. If an even number of legislative authorities creates a PFD, an additional board member must be appointed by the members.

If more than one PFD exists within the same geographic boundaries, the new PFD may not impose a voter-approved sales or use tax at a rate that exceeds 0.2 percent minus the rate of the highest tax already authorized by any other PFD within its boundaries.

### **Substitute Bill Compared to Original Bill:**

The substitute bill adds the requirements that newly-authorized PFDs: (1) be created by at least two legislative authorities, one or more of which previously created a PFD under current law (which includes population requirements), and (2) be comprised of a maximum of three contiguous cities and/or a maximum of two contiguous counties.

The substitute bill modifies the way in which newly-authorized PFDs' boards may be appointed. Under the substitute bill, newly-authorized boards comprised of nine members must be divided equally between the legislative authorities that created the PFD. If an even number of legislative authorities created the newly-authorized PFD, the evenly divided members shall appoint the additional member. The substitute bill adds the requirement that a majority of members from each legislative authority must approve any proposition.

The substitute bill authorizes newly-authorized PFDs to only acquire, construct, own, remodel, maintain, equip, reequip, repair, finance, and operate one or more recreational facilities other than a ski area and deletes the authority relating to regional centers.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 16, 2009.

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

**Staff Summary of Public Testimony:**

(In support) This bill would allow sovereign entities to pool resources in order to accomplish the building of regional facilities. The Tri-Cities, as sovereign PFDs, would be able to pool resources without losing their sovereignty. This would be an opportunity, not a requirement, for cities and counties to elect up to three representatives from their sovereign PFD to represent the larger entity on a board to fund projects by approving a tax to fund the project. This bill is a slight amendment to what has been a success, one example being the Tri-Cities area. A study was administered by the Tri-Cities to gather an opinion on what facilities are desired in the area. A list of 18 projects resulted from this study, including an aquatics center and a performing arts center. However, because current law only allows for one PFD in certain areas, the Tri-Cities is unable to create a new PFD to fund particular projects. This bill maintains the 0.2 percent sales and use tax cap.

(Opposed) None.

**Persons Testifying:** Representative Klippert, prime sponsor and Matt Watkins, City of Pasco.

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