HOUSE BILL REPORT
HB 2299

As Reported by House Committee On:
Finance

Title: An act relating to the formation, operation, and nonstate funding of public facilities districts.

Brief Description: Concerning formation, operation, and nonstate funding of public facilities districts.

Sponsors: Representatives Klippert, Driscoll, Haler, Kenney and Grant-Herriot.

Brief History:
Committee Activity:
Finance: 3/2/09 [DP].

Brief Summary of 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.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

Staff: Joseph Archuleta (786-7192)

Background:

A Public Facilities District (PFD) is a municipal corporation with independent taxing authority and is a taxing district under the State Constitution. The PFDs may be created by

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either a city or a county. City PFDs may develop and operate regional centers. A regional center is a convention, conference, or 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, and a voter-approved 0.2 percent sales tax, as well as a voter-approved 2 percent lodging tax for a county PFD.

Summary of Bill:

Certain contiguous groups of cities or their counties may form an additional PFD, if one or more of which had previously formed a 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, re-equip, 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 using the already established method of seven board members, or by a new method 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.

Appropriation: None.

Fiscal Note: Requested on March 3, 2009.

Effective Date: 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 and Tri-City Regional Oversight Committee.

Persons Signed In To Testify But Not Testifying: None.