

SENATE BILL REPORT

SHB 2525

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 24, 2010
Ways & Means, March 1, 2010

Title: An act relating to public facilities districts created by at least two city or county legislative authorities.

Brief Description: Concerning public facilities districts created by at least two city or county legislative authorities.

Sponsors: House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Nealey, Klippert, Chandler and Haler).

Brief History: Passed House: 2/12/10, 97-0.

Committee Activity: Economic Development, Trade & Innovation: 2/22/10, 2/24/10 [DPA-WM].

Ways & Means: 3/01/10 [w/oRec, w/oRec].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide and Kilmer.

Staff: Karen Campbell (786-7448)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That it be referred without recommendation.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Hewitt, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Pridemore, Regala, Rockefeller and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Brandland and Parlette.

Staff: Dean Carlson (786-7305)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: A Public Facilities District (PFD) is a municipal corporation with independent taxing authority and is a taxing district under the state Constitution. A PFD may be created by a city, group of cities, county, or a group of cities and a county. A PFD is governed by an appointed board of directors with varying composition and appointing authority. In 2009 multi-city/county PFDs were authorized for jurisdictions that already had a PFD. These new PFDs were only allowed to develop and operate recreational facilities other than ski resorts. To approve a proposition, a majority of board members representing each city or county participating in the additional PFD must approve the proposition. A PFD may impose a variety of taxes to fund its regional facility. For example, a PFD 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. A county PFD may also impose a voter approved 2 percent lodging tax.

Summary of Bill: Multi-city/county PFDs which are created by jurisdictions that already had a PFD only require the approval of a majority of board members from each participating jurisdiction when submitting tax propositions to the voters. The board may not submit a proposition to the voters prior to January 1, 2011. The number of towns and cities allowed to form combined PFDs is limited to only those towns and cities that have previously created a PFD and that are located in a county with less than one million in population. The total combined populations of the cities and towns must be at least 160,000. These PFDs are allowed to create regional and special event centers that cost at least \$10 million or more. In addition, these PFDs may also create recreational centers excluding ski recreational areas.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Amendments): The additional provision is added that the board may not submit a proposition to the voters prior to January 1, 2011. There is a limit on which towns and cities are allowed to form combined PFDs to only those towns and cities that have previously created a PFD and that are located in a county with less than one million in population but the total combined populations of the cities and towns must be at least 160,000. These PFDs are allowed to create regional and special event centers that cost at least \$10 million or more. These PFDs may also create recreational centers excluding ski recreational areas.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill (Economic Development, Trade & Innovation): PRO: Last year's changes to the PFD statute caused ambiguities that need to be addressed. For example, under current law, an argument could be made that the voters must decide even the most minute decision by the board's members such as whether to order coffee. The current law, with respect to multi-city PFD's, needs to be narrowed to include the Tri-City area. This area is doing well financially, despite the current economy, and should be able to take advantage of the opportunities afforded by a PFD. The scope of

the PFD needs to be broadened to include the ability to construct aquatic centers and performing arts centers, for example. There are approximately 18 projects that the Tri-City area would like to fund. Other PFDs have been a great success.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Representative Nealey, prime sponsor, Matt Watkins, Tri-City Regional Facility Oversight Committee; Sally Kirkpatrick, Tri-Cities Regional Council; Ed Revell, Richland City Council; Hugh Spitzer, Foster Pepper, Brianna Taylor, City of Pasco.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.