

# SENATE BILL REPORT

## SB 5445

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As Reported by Senate Committee On:  
Government Operations & Elections, February 10, 2009

**Title:** An act relating to facilities for local governments.

**Brief Description:** Concerning facilities for local governments.

**Sponsors:** Senators McDermott and Pridemore.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/03/09, 2/10/09 [DP, DNP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; McDermott, Pridemore and Swecker.

**Minority Report:** Do not pass.

Signed by Senators Roach, Ranking Minority Member; Benton.

**Staff:** Aaron Gutierrez (786-7448)

**Background:** There is a constitutional 1 percent limit on increases to the total rate of tax per parcel of property, and a statutory 1 percent limit on the amount of revenue that any taxing district can collect compared to what it collected in prior years. Under this revenue "lid," the amount of revenue collected from a regular (i.e., non-voter-approved) property tax levy cannot be more than 1 percent above the highest one year amount collected in the past three years. There is an exception if the voters in the district approve a "lid lift," which allows voters in a district to agree to tax themselves above the lid. Prior to 2003, such a "lid lift" could be for only one year.

In 2003 voters in counties, cities, and towns were allowed to approve by majority vote in a primary or general election a resolution for a levy lid lift for up to six consecutive years, or nine years if the lift is for the purpose of making redemption payments on bonds. In 2006 this authority was extended to any taxing district.

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*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.*

If a city owns a particular parcel of land and leases that land to someone to build a building for the city's use, then the city must lease at least part of the building. Both leases must be for the same term, and rental rates for the building may not exceed the prevailing rate for a comparable space.

**Summary of Bill:** If the purpose of the lift is for bonds to be issued to pay for facilities to be used for public health, safety, or justice purposes, then the lift is limited to six years.

If prevailing rates for comparable space are not reasonably available, the city legislative body must find that the rent agreed upon by the parties is reasonable.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: Additional tools are created for local governments to build public facilities. Generally, the lid lift approved by the voters can be permanent or limited. If it is for redemption payments on bonds, then it is limited to nine years. The bill allows increases for bond payments to be unlimited if the bonds are for buildings used for public health, safety, or justice. Sometimes there is no prevailing rate for a comparable space, for example with a courthouse.

**Persons Testifying:** PRO: Pete Ramels, Terri Flaherty, King County.