SENATE BILL REPORT
SB 5954

As of February 19, 2009

Title: An act relating to creating community facilities districts.

Brief Description: Creating community facilities districts.

Sponsors: Senators Pridemore, Kastama, Delvin and Shin.

Brief History:
Committee Activity: Economic Development, Trade & Innovation: 2/19/09.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Philip Brady (786-7460)

Background: Local improvement districts (LIDs) are created by a municipality with a community renewal area. They levy special assessments in annual installments not to exceed a 20-year period, and only on real property that benefits from the local improvement. The annual assessment is used to pay off bonds issued to finance the local improvements.

Public facilities districts (PFDs) are municipal corporations with independent taxing authority and are taxing districts under the State Constitution. There are two enabling statutes, one for counties (County PFDs), and another for cities and joint arrangements between a group of cities or a county and one or more cities (City PFDs). They are only authorized to construct, improve, or remodel convention, conference, or special events centers, sports facilities, entertainment facilities, and related parking facilities. They may be funded through a variety of taxes and fees.

Advocates have suggested that the existing LID and PFD statutes are not sufficient to meet the needs of modern communities, and that there is a need for a modern, more flexible tool for community facility and infrastructure development.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): Community facility districts (CFDs) may be established if a local legislative authority receives a petition requesting creation of the CFD. The petition must include proposed boundaries, be signed by everyone who owns property within the proposed boundaries, and include an obligation signed by at least two people

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agreeing to pay formation process costs. A public hearing on the creation of a CFD must be held within 20-40 days of receipt of the petition. If approved, the CFD must be enacted by ordinance.

The CFD is managed by a commission with at least three members. One member must be the largest landowner within the boundaries, one must be a member of the local legislative authority, and one must be a voter within the boundaries of the CFD. The commission is subject to public records and open public meetings laws.

CFDs may use taxes, assessments, and benefits charges to create and maintain infrastructure, facilities, and other improvements, including those outside of its boundaries if the facility benefits the district and its constituent properties. CFDs are authorized to issue general obligation bonds and incur debt, and to levy property taxes consistent with the terms of the petition and state laws. The county treasurer must receive and disburse CFD revenues. CFDs are also permitted to impose benefits charges that are reasonably proportional to measurable benefits gained from CFD improvements.

Appropriation: None.

Fiscal Note: Requested on February 18, 2009.

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: The Growth Management Act does a great job of regulating growth, but hasn't effectively facilitated growth. This financing tool addresses that problem by offering a more flexible option than any of the existing mechanisms. Landowners must ask to be specially taxed. It could be used to build everything from a freeway entrance to a library to a transit facility. When people buy a home in a CFD, they know up front what benefits and costs they are getting because they're on the title. This pays for infrastructure without impacting any other taxing entity, including counties, local government, and other special purpose districts. Unlike other special levies, which require 60 percent approval, these require 100 percent. While this tool would likely focus on open spaces, some urban cores undergoing redevelopment might also benefit. This tool will result in lower final costs to homeowners than impact fees would.

Persons Testifying: PRO: Dave Ducharme, Yarrow Bay Group; John Hempelmann, Cairncross & Hempelmann; Greg Hanon, Natioanl Association of Industrial and Office Properties; Terri Jeffreys, realtors.