

SENATE BILL REPORT

ESSB 6241

As Passed Senate, February 15, 2010

Title: An act relating to creating community facilities districts.

Brief Description: Creating community facilities districts.

Sponsors: Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Kilmer and Delvin).

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/20/10, 2/03/10 [DPS]; 2/04/10 [DPS].

Passed Senate: 2/15/10, 43-2.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 6241 be substituted therefor, and the substitute bill do pass.

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

Staff: Jack Brummel (786-7428)

Background: Local governmental functions are generally performed by counties, cities, and towns. However, there are a number of smaller governmental entities known as special purpose districts, authorized by Article VII, Section 9 of the State Constitution. Special purpose districts may provide a wide range of highly specialized functions and services not ordinarily provided by the larger units of local government. The creation, authority, duties, and dissolution of special purpose districts are controlled by statutory procedures. The governing authority of a special purpose district consists of the commission, council, or other body which directs the affairs of a special purpose district.

Most special purpose districts perform a single function, although some serve a broader range of purposes. Special purpose districts include water-sewer districts, fire protection districts, port districts, public utility districts, county park and recreation service areas, flood control zone districts, diking districts, drainage improvement districts, and solid waste collection districts.

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.

Most functions of special purpose districts are paid for with assessments or fees raised within the district. Benefit charges may also be imposed by a special purpose district and are imposed upon a property owner based upon the measurable benefits to be received. Benefit charges are not based on the value of real property, but are linked to other factors such as insurance savings, water sources or the distance from fire service facilities.

Summary of Engrossed Substitute Bill: Community Facilities Districts (CFD) are designed to provide financing for community facilities and local, subregional, and regional infrastructure. A CFD is created by a petition approved by a county, city, or town in which the district is located. The petition must:

- describe the boundaries;
- be executed by 100 percent of all landowners, with the landowners having requested that their property be subject to assessments;
- explain the object and plan of the district and the specific facilities to be financed;
- be accompanied by an obligation to pay the costs of formation; and
- include a list of potential members of the board of supervisors.

The county, city, or town in which the CFD is located must hold a public hearing on the petition and must act on the petition within 30 days of the hearing.

A CFD is independently governed by a board of supervisors (Board). The legislative authority or authorities of the CFD is required to approve appointments to the Board. Appointees are to come from property owners in the CFD and members of the legislative authority or authorities within the boundaries of CFD, but qualified professionals may also be appointed to the Board to serve in lieu of members of legislative authorities.

A CFD may acquire, purchase, hold, lease, finance, and sell real and personal property, either inside or outside the boundaries of the district. Additionally, a CFD may enter into contracts, levy assessments, and issue revenue and assessment bonds. A CFD may finance the cost of the purchase, lease, construction, improvement, or rehabilitation of any facility with an estimated life of five years or longer. A CFD may finance:

- planning and design work;
- sewage systems;
- drainage and flood control systems;
- water systems;
- highways, roads, streets, and parking facilities;
- areas for pedestrian, equestrian, or bicycle use for travel;
- pedestrian malls, parks, recreational facilities, and open-space facilities;
- landscaping;
- public buildings, public safety facilities, and community facilities;
- natural gas transmission and distribution facilities;
- lighting systems;
- traffic control systems and devices;
- railway, tramway, and bus systems or other means of mass transportation facilities;
- library, education, or cultural facilities; and
- other facilities of a similar nature.

Special assessments may be imposed by the CFD on privately owned real property within the district to finance the facilities and improvements provided by the CFD.

Appropriation: None.

Fiscal Note: Available on original bill.

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 Proposed Substitute As Heard in Committee:

PRO: Infrastructure development is expensive and is not happening. This is an infrastructure tool that can drive forward private sector funded development. Existing tools won't provide the financial capacity necessary. One hundred percent of landowners must agree to form a CFD. There are lots of controls. There will be no financial obligation of local jurisdictions. The land is collateral for revenue bonds used to pay for infrastructure. This spreads the cost of infrastructure over a long period of time. Unlike a LID, this allows regional and sub-regional facilities to be funded which might be outside the district but benefit a CFD.

Persons Testifying: PRO: Senator Kilmer, prime sponsor; David MacDuff, Yarrow Bay Holding; John Hempelmann, Cairncross &Hempelmann.