

HOUSE BILL REPORT

HB 1823

As Reported by House Committee On:
Local Government

Title: An act relating to business improvement districts.

Brief Description: Concerning business improvement districts.

Sponsors: Representatives Peterson, Springer and Gregerson.

Brief History:

Committee Activity:

Local Government: 2/9/17, 2/15/17 [DP].

Brief Summary of Bill

- Renames parking and business improvement areas (PBIA) to business improvement districts (BID).
- Amends the purposes of BIDs and permits them to conduct the following activities: (1) the acquisition or operation of parking facilities; (2) developing and implementing plans to improve the appearance and character of the district; (3) sponsorship or promotion of public events and entertainment; (4) providing economic development services for the district; (5) supporting business activities in the district; (6) providing maintenance and security for the district; (7) providing transportation services; and (8) providing assistance to the public about local services.
- Clarifies that a public hearing process must take place in instances where a BID is initiated pursuant to a petition process or where a BID is initiated pursuant to a resolution.
- Requires a local jurisdiction that establishes a BID to require the BID to follow its local competitive bidding requirements for projects in the local area.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 4 members: Representatives Appleton, Chair; McBride, Vice Chair; Gregerson and Peterson.

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.

Minority Report: Do not pass. Signed by 3 members: Representatives Griffey, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Taylor.

Staff: Yvonne Walker (786-7841).

Background:

A parking and business improvement area (PBIA) is designed to aid general economic development and revitalization, and to facilitate merchant and business cooperation. A PBIA is an area within a county, city, or town that has the authority to levy special assessments on the businesses and multifamily residential or mixed-use projects within the geographic boundaries of the areas that are specially benefitted by the activities of the PBIA.

The activities that a PBIA may finance and engage are as follows: (1) the acquisition and maintenance of parking lots; (2) the decoration of public places; (3) sponsoring or promoting public events; (4) furnishing music in public places; (5) the promotion and management of retail trade activities; (6) the provision of security and maintenance of common public areas; and (7) providing transportation services for the benefit of the area.

A "business" means all types of business, including professions.

Parking and Business Improvement Areas Creation.

A PBIA is formed in two ways: (1) the owners of businesses located within the geographic boundaries of the proposed PBIA may submit an initiation petition to the local government having authority over the area. The petition must be signed by the operators responsible for 60 percent of the assessments by businesses and multifamily residential or mixed-use projects within the area; or (2) the local legislative authority may propose an initiation resolution to create a PBIA.

The initiation petition or resolution must contain:

- a description of the boundaries of the proposed area;
- the proposed uses and projects to which the proposed special assessment revenues will fund and their estimated total cost; and
- the estimated rate of levy of special assessment with a proposed breakdown by class of business and multifamily residential or mixed-use project, if such classification is to be used.

Hearing for Creating Parking and Business Improvement Areas.

The governing body of the local legislative authority, after receiving a valid initiation petition from the business owners or after passage of an initiation resolution, must adopt a resolution of intention to establish a PBIA. A public hearing must take place relating to the intention to establish a PBIA. Notice of the hearing must be provided by publication of the resolution in the local newspaper and mailing a copy of the resolution to each business or residential operator in the proposed PBIA.

During that public hearing process for the establishment of a PBIA, the governing body of the local government may change the geographic boundaries of the proposed PBIA. If modification to boundaries is to expand existing boundaries, the expansion must be adjacent

to the existing boundary. The legislative authority of the local government must provide notice and give the public at least 15 days, after the proposed boundary change, for public input. Proceedings shall terminate if protest is made by businesses and residential operators in the proposed area that would pay a majority of the proposed special assessments.

Ordinance Establishing Parking and Business Improvement Areas.

If, following the hearing, the legislative authority decides to establish the proposed area, it must adopt an ordinance to that effect. The ordinance must contain the following information:

- the number, date and title of the resolution of intention pursuant to which the PBIA was adopted;
- the time and place the hearing was held concerning the formation of the PBIA;
- the description of the boundaries of the PBIA;
- a statement that the businesses and multifamily residential or mixed-use projects, in the area established by the ordinance, must be subject to the provisions of the special assessments;
- the initial, additional rate, or levy of special assessment to be imposed, with a breakdown by classification of businesses and multifamily residential or mixed-use projects, if such classification is used;
- a statement that a PBIA has been established; and
- the uses to which the special assessment revenue will be used.

Administration of Parking and Business Improvement Areas.

The governing body of each city, town, or county has sole discretion as to how the revenue derived from the special assessments is to be used. The governing body may appoint an existing or a new advisory board or commission to make funding recommendations. The governing body also may contract with a chamber of commerce or other similar business association operating primarily within the boundaries of the legislative authority to administer the operation of a PBIA and its funding.

A legislative authority may disestablish a PBIA by ordinance after a public hearing before the legislative authority.

Summary of Bill:

A parking and business improvement area (PBIA) is renamed to be call a "business improvement district" ("BID").

The purposes of BIDs are amended. Local jurisdictions may establish a BID to conduct the following activities: (1) acquire and operate parking facilities; (2) develop and implement plans to improve the appearance, character, or functionality of the district; (3) sponsor or promote public events and entertainment; (4) provide professional management, planning, marketing, promotional, communications, and economic development services for the district; (5) support business activities in the district; (6) provide cleaning, maintenance, and security for common and public areas; (7) provide transportation services and improvements

for the benefit of the district; and (8) provide information and assistance to the public about local services and resources.

The definition of a "business" is expanded to include all types business, including professions and the business of owning property. A "district" means a business improvement district.

Business Improvement District Creation.

A public hearing must take place if a BID is initiated pursuant to a petition or initiated pursuant a resolution. If a petition has initiated the formation of a BID and the signature requirement has been satisfied, the legislative authority must adopt a resolution restating all the information contained in the initiation petition. The resolution must also state the time and place of the public hearing. If the formation of the BID has been initiated pursuant to a resolution process, the resolution must state the time and place of the public hearing to be held by the legislative authority considering establishment of the BID.

Hearing for Creating Parking and Business Improvement Areas.

If the governing body of the local government expands the geographic boundaries of the proposed BID area, the specific requirement that the expansion is to be adjacent to the existing boundary is eliminated.

The statutory provisions relating to computing the cost of BID improvements for bid requirements, and requiring a local jurisdiction to call for a competitive bid on projects that exceed \$2,500, are eliminated. Instead, a local jurisdiction that establishes a BID must require the BID to follow its local competitive bidding requirements.

Appropriation: None.

Fiscal Note: Not requested.

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) Business Improvement Districts (BIDs) are a great opportunity for businesses and neighborhoods to work collaboratively to come up with solutions that are affecting their towns and business districts. However, some of the language under current law is a little contradicting and confusing. In addition, the activities contained in current statute are outdated. This bill does a great job of changing and improving current statute.

Current law relates to real estate developers but does not explicitly state that the owners of those buildings are the rate-payers. This bill will clarify that property owners can be rate-payers. In addition, the creation of parking and business improvement area (PBIA) can be a lot of work for communities and cities. The proposed bill streamlines the number of legislative documents and steps needed which will improve efficiency for both the communities and the cities. The bill also amends the minimum dollar amount needed for

competitive bids and, as a result, will now require that the PBIAs follow their local government procurement requirements.

One of the goals of this bill is to change the name of all PBIAs to "BIDs." The term "BIDs" is the common term used nationally and internationally.

Many people use the PBIAs to attract customers, clean sidewalks, support small business, complete beautification projects, and hold festivals. They have been effective tools in helping the business community come together. Business and property owners appreciate the ability to contribute equitably to a fund that they can direct to meet the needs of their district. This bill will strengthen an important tool for businesses, property owners, and residents and will ensure that BIDs remain a tool of empowerment for local districts.

(Opposed) None.

Persons Testifying: Representative Peterson, prime sponsor; Theresa Barreras, Karl Stickel, and Phillip Sit, City of Seattle, Office of Economic Development.

Persons Signed In To Testify But Not Testifying: None.