

HOUSE BILL REPORT

HB 2251

As Reported by House Committee On:
Local Government

Title: An act relating to public facilities districts.

Brief Description: Concerning public facilities districts.

Sponsors: Representatives Haler, Johnson, Young and Ormsby.

Brief History:

Committee Activity:

Local Government: 1/9/18, 1/18/18 [DPS].

Brief Summary of Substitute Bill

- Expands the term "regional center" to include aquatics facilities.
- Authorizes a multi-city public facility district (PFD) with multiple projects to ascertain the order projects are executed by using an advisory ballot that reflects the preference of the voting public.
- Prohibits certain multi-city PFDs from making facilities available to prospective users for an event that is not open to the public, if reasonably comparable private facilities are available within the boundaries of the PFD.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Appleton, Chair; McBride, Vice Chair; Griffey, Ranking Minority Member; Gregerson and Peterson.

Minority Report: Do not pass. Signed by 2 members: Representatives Pike, Assistant Ranking Minority Member; Taylor.

Staff: Yvonne Walker (786-7841).

Background:

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.

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. Such PFDs are authorized to acquire, build, own, and operate regional centers. A PFD is governed by an appointed board of directors with varying composition and appointing authority.

In 2010 legislation was enacted to allow for the creation of new multi-city/town public facilities districts (multi-city PFDs). A new multi-city PFD may only be created by a group of at least three contiguous cities or towns, with a combined population of at least 160,000, each of which must have already established a PFD. A multi-city PFD may construct, own, and operate regional centers, special events centers, and recreational facilities, other than ski resorts. To date, there is only one multi-city PFD in the state, which is referenced by some as a regional PFD or the Tri-Cities regional PFD.

A "regional center" is a convention, conference, or special events center, or any combination of facilities, and its related parking facilities. A "special events center" is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances.

All types of PFDs may charge fees for the use of its facilities. Each PFD may also impose a variety of taxes to fund its regional center or recreational facility, including an admissions tax not exceeding 5 percent, a vehicle parking tax not exceeding 10 percent, a voter-approved local sales and use tax of up to 2 percent, and, if applicable, a voter-approved 2 percent lodging excise tax.

Summary of Substitute Bill:

A multi-city PFD is authorized to ascertain the order projects are executed by using an advisory ballot that reflects the preference of the voting public when the PFD has multiple projects.

In addition, a multi-city PFD created by a city or town bordered by both the Columbia and Snake rivers may not make any facility constructed after the effective date of the act available to any prospective user for an event that is not open to the public, if reasonably comparable private facilities are available within the boundaries of the public facilities district. Such PFD facilities may only provide equipment, amenities and operations directly related to the primary function of the facility; however, they may provide in-house daycare, gift shops, and food and beverage concessions without restriction.

The term "regional center" is redefined and expanded to include aquatics facilities.

Substitute Bill Compared to Original Bill:

Provisions were deleted in the underlying bill that:

- prohibited board members of a multi-city PFD from also being: (1) a member of the legislative authority that created the multi-city PFD; or (2) a board member of one of the individual PFDs that is part of the multi-city PFD; and
- authorized any of the contiguous towns or cities that creates a multi-city PFD to dissolve said PFD through the passage of a resolution.

Current statute is restored that requires a PFD to obtain voter approval prior to imposing a sales and use tax to fund a regional center or recreational facility. The definition of a "regional center" is expanded to include aquatics facilities. A provision is added that prohibits a PFD created by a city/town bordered by the Columbia and Snake Rivers from making any facility constructed after the effective date of the act available to any prospective user for an event that is not open to the public, if reasonably comparable private facilities are available within the district. Such PFD facilities may only provide equipment, amenities and operations directly related to the primary function of the facility; however, they may provide in-house daycare, gift shops, and food and beverage concessions without restriction.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) All three cities in the Tri-Cities area have a PFD. A few years ago they jointly created a Tri-Cities regional PFD in the area.

There was a meeting in July of the regional PFD board in which the only actions that took place were that they: (1) held a meeting; (2) passed resolutions to pay bills; (3) extended the terms of present board members; and (4) passed a resolution to authorize the board to meet semiannually. The board did no activities that had to do with their mission whatsoever.

The Tri-Cities regional PFD has been in existence since 2010 and has not accomplished anything. The City of Kennewick has tried three times to pass a sales tax to build an expansion to the convention center, which has failed each time. However, the City of Kennewick did end up issuing a bond to build a new playground rather than using their own money. None of the multi-city PFDs seem to be in tune with the public.

This bill will change the rules around board membership to allow city citizens to be board members that can act separately from city administration. A PFD making decisions with advisory votes will help to weed out those projects that will not actually serve the overall public. The bill also changes the mechanism by which you can develop a plan for multi-city, multi-project facilities by authorizing regional PFDs to use an advisory ballot as an additional tool, but does not require them to do so. Lastly, the bill allows for projects to be voted on by a simple majority of the people on the board.

(Opposed) This bill is contrary to the efforts the Tri-Cities has tried to accomplish over the last few years in trying to fund an aquatics facility. Last year, the City of Pasco had a bill that would have allowed the City of Pasco's PFD to ask their voters to support a sales tax increase in order to construct an aquatics facility. The stakeholders that worked on the issue came up with compromised language during the 2017 Legislative Session which can be found in substitute House Bill 1321.

The current version of House Bill 2251 makes a number of broad changes to the statute that affects all PFDs across the state, such as: (1) it prohibits multi-city or regional city PFDs from having certain board members other than the PFDs that created it; (2) it requires PFDs to use an advisory ballot to select the order of projects funded by the PFD; and (3) it eliminates current statutory language that requires multi-cities PFDs to obtain voter approval prior to imposing a local sales and use tax to fund a regional recreational facility. As a result, if this current version of the bill is enacted unelected appointees, who cannot be held accountable to the voting public, will have authority to make decisions about new taxes. Lastly, the bill allows for the dissolution of a PFD after projects may have been bonded and construction is underway.

(Other) The City of Richland has some concerns about this legislation. Leadership of the city has met with the proponent of the bill, and there is still some disagreement with the current draft of the proposed legislation. Richland believes making more tools available for jurisdictions to use is in the best interest of the citizens that these organizations serve; however, the bill restricts access to the tools that can be used.

Further if the bill were enacted it would impose changes to the governance structure of PFD boards that are disadvantageous to regional PFDs and hence, make it more cumbersome to try to coordinate activities of the member cities participating in the PFD. However, the PFD funding mechanism is a good idea because it is driven by sales tax, which is not just paid by citizens that reside in an area; it is paid by anyone who makes purchases that are taxable.

Persons Testifying: (In support) Representative Haler, prime sponsor; and Victor Epperly.

(Opposed) Chelsea Hager, City of Pasco.

(Other) Dave Arbaugh, City of Richland; and Ben Buchholz, City of Kennewick.

Persons Signed In To Testify But Not Testifying: None.