

# HOUSE BILL REPORT

## HB 1366

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### As Amended by the Senate

**Title:** An act relating to removing disincentives to the creation of community facilities districts.

**Brief Description:** Removing disincentives to the creation of community facilities districts.

**Sponsors:** Representatives Sullivan, Jenkin, Ryu, Entenman, Doglio, Pollet and Santos.

#### Brief History:

##### Committee Activity:

Local Government: 1/29/19, 2/6/19 [DP].

##### Floor Activity:

Passed House: 3/1/19, 80-14.

Senate Amended.

Passed Senate: 4/12/19, 36-5.

#### Brief Summary of Bill

- Amends the term of a Community Facilities District (CFD) special assessment.
- Allows qualified professionals appointed to the CFD board of supervisors to be paid a reasonable compensation in accordance with their professional expertise.
- Exempts the formation of a CFD from the State Environmental Policy Act (SEPA) compliance, unless such formation constitutes a final agency decision to undertake construction of a structure or facility not otherwise exempt under state law or rule.

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#### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 4 members: Representatives Pollet, Chair; Peterson, Vice Chair; Appleton and Senn.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Kraft, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Goehner.

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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.*

**Staff:** Robbi Kesler (786-7153).

**Background:**

A county, city, or town may form a community facilities district (CFD), which is an independently governed special purpose district, to make local improvements funded through special assessments.

The term of the special assessment is limited to the lesser of:

- 28 years; or
- two years less than the term of any bonds issued by or on behalf of the district to which the assessments or other revenue of the district is specifically dedicated.

A CFD may be formed after a petition has been executed by 100 percent of the property owners located within the boundaries of the proposed district, and presented to the applicable jurisdictions' legislative authorities. The petition must include the names of petitioners who are willing to serve on the board of supervisors of the proposed district. The petition may also nominate qualified professionals with expertise in municipal finance to serve on the board of supervisors in lieu of the petitioners. A CFD must be governed by a board of five supervisors, consisting of certain combinations of members of the applicable jurisdictions' legislative authorities and petitioners. Qualified professionals may serve as supervisors in lieu of petitioners or some members of the applicable legislative authority, but there must be at least one member from the applicable legislative authority on the board of supervisors.

Supervisors must serve without compensation, but are entitled to expenses, including traveling expenses, necessarily incurred during the performance of their duties.

State Environmental Policy Act (SEPA) includes procedural requirements for environmental review of any proposal involving a governmental action.

**Summary of Bill:**

The term of a special assessment is amended to the lesser of:

- 35 years; or
- the full-term of any bonds issued by or on behalf of the district to which the assessments or other revenue of the district is specifically dedicated.

Qualified professionals appointed to the board of supervisors are entitled to reasonable compensation in accordance with their professional expertise, and expenses, including traveling expenses, necessarily incurred during the performance of their duties.

Exempts the formation of a CFD from SEPA compliance, unless such formation constitutes a final agency decision to undertake construction of a structure or facility not otherwise exempt under state law or rule.

**EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment removes the provision allowing qualified professionals appointed to the board of supervisors to be paid reasonable compensation in accordance with their professional expertise.

**Appropriation:** None.

**Fiscal Note:** Available.

**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) This legislative financing tool allows a CFD to come together and create a special assessment district to create a benefit. Examples include water and sewer project and roads. This bill will make the process more user friendly. The district should be required to exist as long as the bond is being repaid. Normal and customary rates for board member composition will allow the CFD to recruit highly qualified members. This bill does not exempt CFD construction projects from the SEPA review. This will assist communities with economic development opportunities and help solve other issues such as traffic. Utilizing the CFDs allows for strong public and private partnerships.

(Opposed) None.

**Persons Testifying:** Colin Lund, Oakpointe Communities; and Regan Bolli, City of Covington.

**Persons Signed In To Testify But Not Testifying:** None.