

HOUSE BILL REPORT

HB 1371

As Reported by House Committee On:
Local Government

Title: An act relating to the creation of parks benefit districts.

Brief Description: Concerning the creation of parks benefit districts.

Sponsors: Representatives Eslick, Pollet, Irwin, Appleton, Griffey, Stokesbary, Senn, Thai and Doglio.

Brief History:

Committee Activity:

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

Brief Summary of Substitute Bill

- Creates parks benefit districts (PBD) for the purpose of acquiring, constructing, improving, providing, and funding park maintenance and improvements within the district.
- Requires a legislative authority proposing to establish, dissolve, or modify the boundaries of a PBD, to issue public notice of that intent and then hold a public hearing prior to adopting an ordinance for such action.
- Provides various revenue options available to a PBD in order to finance park maintenance and improvements including levying sales and use tax, issuing bonds, and imposing residential impact fees.
- Requires the governing body of a PBD to develop a material change policy to address major plan changes that may affect project delivery, cost, or scope and to issue an annual status report of such changes to the public.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 4 members: Representatives Pollet, Chair; Peterson, Vice Chair; Appleton and Senn.

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 Kraft, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Goehner.

Staff: Yvonne Walker (786-7841).

Background:

In Washington, a special purpose district (SPD) is a limited purpose local government separate from a city, town, or county government. Special purpose districts provide an array of services and facilities that are otherwise not available from city or county governments.

Special purpose districts are generally created through the county or city legislative authority to meet a specific need of the local community. The need may be a new service, a higher level of an existing service, or a method of financing available through the creation of a SPD, such as a transportation benefit district. Special purpose districts are political subdivisions of the state and come into existence, acquire legal rights and duties, and are dissolved in accordance with statutory procedures. Enabling legislation sets forth the purpose of such districts, procedures for formation, powers, functions and duties, composition of the governing body, methods of finance, and other provisions. The districts are usually quasi-municipal corporations, though some are statutorily defined as municipal corporations.

Metropolitan Park Districts.

A metropolitan park district (MPD) is a type of SPD created for the control, management, improvement, maintenance, or acquisition of parks, parkways, boulevards, and recreational facilities. A MPD may include territory located in portions or in all of one or more cities or counties.

Park and Recreation Districts.

A park and recreation district is a type of SPD created to provide leisure time activities, facilities, and recreational facilities as a public service to the residents of the area within its boundaries. Its area may include incorporated and unincorporated property. The term "recreational facilities" means parks, playgrounds, gymnasiums, swimming pools, field houses, bathing beaches, stadiums, golf courses, automobile racetracks and drag strips, coliseums for the display of spectator sports, public campgrounds, boat ramps and launching sites, public hunting and fishing areas, arboretums, bicycle and bridle paths, senior citizen centers, community centers, and other recreational facilities.

Impact Fees.

Impact fees are one-time charges imposed by local governments on new development projects to help pay for new or expanded public facilities that will directly address the increased demand for services created by that development. Counties, cities, and towns often impose impact fees for public streets and roads, publicly owned parks, open space, and recreation facilities, school facilities, and fire protection facilities.

Summary of Substitute Bill:

Parks benefit districts are established. A parks benefit district (PBD) is a quasi-municipal corporation and independent taxing authority that may be established by a county, city, MPD, or parks and recreation district within the city or county. A PBD may be created for the purpose of acquiring, constructing, improving, providing, and funding park maintenance and improvements within the district. A PBD is governed by the legislative authority of the jurisdiction proposing to create it. Various revenue options are available to a PBD in order to finance parks maintenance and improvements, most of which are subject to voter approval.

Parks Benefits Districts Creation or Modification.

The legislative authorities proposing to establish a PBD, or to dissolve or modify the boundaries of an existing PBD, must first issue public notice of that intent and then hold a public hearing. All hearings must be public and the legislative authorities must hear objections from any person affected by the formation or modification of the boundaries of the district. Following the public hearing, the district may be formed or modified if the legislative authorities find that such action is in the public interest and if an ordinance providing for such action is adopted. Functions or maintenance and improvements for parks may not be expanded beyond those specified in the ordinance unless additional notices, hearings, and determinations are made that such expansions are in the public interest to do so.

Revenue Measures Generally.

Parks benefits districts have independent taxing authority to levy a local sales and use tax of up to 0.1 percent which is subject to voter approval. Unless approved by the voters, a sales tax may not be imposed for a period exceeding 10 years. In no event may a sales tax be imposed for more than 20 years. Each jurisdiction is entitled to collect the tax within its respective jurisdiction unless otherwise agreed upon through an interlocal agreement. The PBDs are authorized to deduct up to 3 percent of the tax collected for the administration and collection of the sales and use tax.

Parks benefits districts may issue general obligation and revenue bonds. In addition, PBDs may form local parks improvement districts (LID) to provide parks maintenance and improvements, and may impose special assessments on all property specially benefitted by the parks maintenance and improvements. The district may form a LID only if a petition process is used, which requires that property owners representing a majority of the area within the proposed LID initiate a petition process.

A PBD may contract for park maintenance and improvements. Counties, cities, and other jurisdictions may also give funds to a PBD for the purpose of financing park maintenance and improvements.

Certain issues require a PBD to take additional accountability steps. The governing body must develop a material change policy to address major plan changes that affect project delivery, cost, or scope, or the ability to finance the plan. If project costs exceed original costs by more than 20 percent, there must be a public hearing to solicit comment on how the cost change should be resolved. A PBD must issue an annual report indicating the status of park improvements and maintenance to the public and newspapers in the district. Revenue rates, once imposed, may not be increased unless authorized by voter approval.

Impact Fees.

Parks benefits districts may formally request that a city or county, on its behalf, impose parks impact fees on residential measures. In making the formal request, a district utilizing the impact fee must conduct an analysis of capital facilities needs and recommend a rate schedule to serve such growth to the city or county it serves. The city or county that is served by the district must enter into an interlocal agreement to administer the impact fee and remit the proceeds of the fee back to the district. The impact fees must be used exclusively for park system improvements by the district, and must be reasonably necessary as a result of the construction or development of land on identified park needs. If a county or city within the district is levying a fee for park maintenance and improvement, the fee must be credited against the amount of the fee imposed by the district.

Substitute Bill Compared to Original Bill:

Several provisions are added to the bill that includes:

- specifying that park maintenance and improvements under a PBD are either owned or "administered" by the county or city under a PBD;
- reducing the maximum term that general obligation bonds may be issued from 40 years to 30 years;
- eliminating the impact fees on commercial and industrial buildings and instead applies the fee to residential buildings;
- prohibiting a PBD from directly imposing an impact fee but rather requires the PBD to formally request that a city or county impose an impact fee on its behalf and to conduct an analysis of capital facilities needs and recommend a rate schedule to the city or county it serves.;
- requiring the city or county that serves the district to enter into an interlocal agreement to administer the impact fee and remit the proceeds of the fee to the district. Provides that proceeds from impact fees may only be used for park "system improvements" (capital improvements) instead of park maintenance and improvements;
- prohibiting property that is accessed a parks impact fee from also being charged an assessment for system improvements under a park improvement district; and
- if more than one jurisdiction is collecting sales tax, ensuring that local jurisdictions (cities, counties, MPDs, and PBDs) are entitled to the sales tax raised within their respective jurisdictions. However, if three or more jurisdictions collect the tax within a given area, they are directed to enter into an interlocal agreement to determine how the collections will be distribution among the jurisdictions.

Appropriation: None.

Fiscal Note: Available.

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) Everyone loves and values our states' parks but the work to maintain parks is expensive. Parks get a lot of usage but there is often not enough staff or funding to keep them maintained. Cities are already struggling to fund all of the necessary services that they need to for their communities.

In a number of communities you will have many rural residents using city parks particularly the sport fields. The current tools used to raise revenue for parks includes creating a park district or a MPD which requires taxing the property of city residents. This is not feasible in small communities and people are becoming more sensitive about property tax increases.

This bill is mirrored on the transportation benefit district model. It provides an option for agencies to ask the public for park funding in meeting community needs and service levels. This bill gives some modest choices to local parks and recreation agencies to raise funds and creates a one-tenth of 1 percent sales tax that must be approved by the voters. This additional tool allows communities to pick the best option for them and their parks system.

We all like parks that are clean, safe, and fun.

(Opposed) None.

(Other) The original bill vastly increases impact fees and the reason impact fees are imposed. Impact fees are for the impact of new construction and for capacity issues. This bill widely expands the use of those fees and allows impact fees to be used for park maintenance. Local jurisdictions already have the authority to impose park impact fees and that should be sufficient. The section on impact fees should be eliminated from the bill.

Persons Testifying: (In support) Representative Eslick, primary sponsor; Doug Levy, Washington Recreation and Park Association and Cities of Renton, Lake Stevens, and Fife; Deborah Knight, City of Monroe; Mike Farrell, City of Monroe Parks and Recreation; Jennifer Burbidge, City of Lacey Parks and Recreation; and Candice Bock, Association of Washington Cities.

(Other) Jan Himebaugh, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: None.