

# SENATE BILL REPORT

## HB 1366

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As of March 14, 2019

**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:** Passed House: 3/01/19, 80-14.

**Committee Activity:** Local Government: 3/14/19.

### Brief Summary of Bill

- Increases 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 State Environmental Policy Act 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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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Staff:** Greg Vogel (786-7413)

**Background:** Community Facilities Districts. A county, city, or town may form a 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:

- twenty-eight 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, pledged, or obligated.

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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.*

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 or representatives of the petitioners who are willing to serve on a board of supervisors to govern the proposed district. The petition may also nominate qualified professions to serve on the board of supervisors in lieu of the petitioners.

A board of supervisors may consist of a combination of members from the applicable jurisdictions' legislative authorities; eligible supervisors included in the petition, including petitioners, representatives of petitioners, or qualified professions nominated by the petitioners; and qualified professionals with expertise in municipal finance appointed by a legislative authority. All members must be natural persons.

If the proposed CFD is located entirely within a county, city, or town, then the board must consist of three members of the legislative authority of the jurisdiction and two members appointed from the list of eligible supervisors included in the petition. If all or a portion of the proposed district is located within unincorporated land that is entirely surrounded by a city or town, the board consists of two members appointed from the county legislative authority, two members appointed from the legislative authority of the city or town, and one member appointed from the list of eligible supervisors include in the petition. Additionally, the legislative authorities may appoint qualified professionals with expertise in municipal finance to serve as supervisors in lieu of eligible supervisors included in the petition or some members of the applicable legislative authority or authorities, but there must be at least one member from each 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. The State Environmental Policy Act (SEPA) establishes a review process for state and local governments to identify environmental impacts which may result from governmental decisions, such as the issuance of permits or the adoption of land use plans. The SEPA environmental review process involves a project proponent or the lead agency completing an environmental checklist to identify and evaluate probable environmental impacts. Government decisions that the SEPA checklist process identifies as having significant adverse environmental impacts must then undergo a more comprehensive environmental analysis in the form of an environmental impact statement (EIS).

Projects which undergo a SEPA review may be required to mitigate significant adverse environmental impacts to receive approval from the government entity performing the SEPA analysis. Project proponents may also choose to mitigate environmental impacts identified in the environmental checklist to receive a determination that the project does not have significant environmental impacts, and therefore can avoid the process of completing an EIS for the project.

**Summary of Bill:** The term of a special assessment is increased to the lesser of:

- thirty-five 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, pledged, or obligated.

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.

The formation of a CFD is exempt 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.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: As a financing and economic tool, this bill helps with the formation of districts and the ability of districts to issue bonds for infrastructure improvements. Exempting CFD formation from SEPA review also aligns CFD processes with that of local improvement districts.

**Persons Testifying:** PRO: Colin Lund, Oakpointe Communities; Trevor Justin, City of Covington.

**Persons Signed In To Testify But Not Testifying:** No one.