

SENATE BILL REPORT

SB 5680

As Reported by Senate Committee On:
Local Government, February 19, 2019

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

Brief Description: Concerning the creation of parks benefit districts.

Sponsors: Senators Liias, Zeiger and Takko.

Brief History:

Committee Activity: Local Government: 2/14/19, 2/19/19 [DPS-WM, DNP].

Brief Summary of First Substitute Bill

- Creates parks benefit districts (PBDs) 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 to finance park maintenance and improvements including levying sales and use tax and issuing bonds.
- 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.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5680 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Takko, Chair; Salomon, Vice Chair; Short, Ranking Member; Lovelett.

Minority Report: Do not pass.

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.

Signed by Senator Honeyford.

Staff: Greg Vogel (786-7413)

Background: Special Purpose Districts. 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 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. An 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.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): PBDs are established. A 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 to acquire, construct, improve, provide, and fund 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 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, or for the repayment of indebtedness, a sales tax may not be imposed for a period exceeding ten 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 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 affecting 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.

EFFECT OF CHANGES MADE BY LOCAL GOVERNMENT COMMITTEE (First Substitute):

- Specifies that a parks benefit district may not impose any taxes, fees, or charges without voter approval at a general or primary election, as opposed to a general or special election.

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 on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Parks are an indicator of community health and economic development. People love parks and they are used as a way to sell homes. However, upkeep and maintenance is tough and expensive work. Tremendous population growth adds additional stress to this maintenance. Some areas have not rebounded from the recession and the costs of parks are greater than ever. Maintenance backlogs are overwhelming. When it comes to parks funding, there are not the same tools available for other public services, such as transportation. Additionally, this bill would allow a proactive approach to maintenance needs rather than constantly reacting to needs of parks.

OTHER: BIAW is neutral on the bill but supports the removal of the impact fee section.

Persons Testifying: PRO: Senator Marko Liias, Prime Sponsor; Jennifer Ziegler, City of Edmonds; Doug Levy, Washington Recreation & Park Association; Paul Simmons, City of Olympia Parks & Recreation Director; Candice Bock, Association of Washington Cities.

OTHER: Jan Himebaugh, Building Industry Association of Washington.

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