

# SENATE BILL REPORT

## SB 5939

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As of February 20, 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:** Senators Mullet and Fortunato.

**Brief History:**

**Committee Activity:** Local Government: 2/19/19.

**Brief Summary of Bill**

- Amends the term of a Community Facilities District (CFD) special assessment.
- Exempts the formation of a CFD from the 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.

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.

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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.*

State Environmental Policy Act. The State Environmental Policy Act (SEPA) establishes a review process for state and local governments to identify environmental impacts that 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 amended 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.

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:** Requested on February 17, 2019.

**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: The challenge is that the amount of time to issue an assessment is two years less than the bond. This bill just lines up the length of the bond with the time of the assessment, which makes the whole process behind CFDs work better. CFDs have been rarely used, in part, because of the barriers discussed today. These changes will help bring economic development to the city, and support new housing opportunities and recreational opportunities, such as parks and trails.

**Persons Testifying:** PRO: Senator Mark Mullet, Prime Sponsor; Colin Lund, Oakpointe Communities; Trevor Justin, City of Covington.

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