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**SUBSTITUTE HOUSE BILL 1371**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** House Local Government (originally sponsored by Representatives Eslick, Pollet, Irwin, Appleton, Griffey, Stokesbary, Senn, Thai, and Doglio)

READ FIRST TIME 02/08/19.

1 AN ACT Relating to the creation of parks benefit districts;  
2 adding a new section to chapter 35.21 RCW; adding a new section to  
3 chapter 35.61 RCW; adding a new section to chapter 36.69 RCW; adding  
4 a new section to chapter 82.14 RCW; and adding a new chapter to Title  
5 36 RCW.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature finds that Washington  
8 state will continue to see significant population growth, with the  
9 most recent office of financial management forecasts estimating  
10 nearly two million more people by the year 2040. In the face of this  
11 dramatic growth, the legislature finds that it is more important than  
12 ever to help preserve, maintain, and enhance local parks, trails, and  
13 open spaces that are key contributors to the state's quality of life.

14 The legislature further finds that local parks and recreation  
15 agencies confronted with growth, impacted heavily by the great  
16 recession, and with limited resources are seeing a rapidly growing  
17 maintenance backlog that mirrors the experience of Washington state  
18 parks.

19 The legislature also finds that local parks agencies are dealing  
20 with a tremendous growth in the number of sports participants and a  
21 corollary of sharp increases in demand for local athletic fields,

1 including a nearly three hundred percent increase in adult sports  
2 participation being experienced by one eastern Washington community.

3 Therefore, it is the intent of the legislature to establish  
4 additional statutory tools to help local parks and recreation  
5 agencies better address maintenance backlogs, preserve quality open  
6 spaces, and expand and improve athletic fields to accommodate the  
7 influx of adult and youth sports participants who are vying for use  
8 of those fields. This goal can be better achieved by enabling local  
9 parks and recreation agencies to establish parks benefit districts in  
10 much the same way that the legislature empowered cities and counties  
11 to form transportation benefit districts.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 35.21  
13 RCW to read as follows:

14 The legislative authority of a city may establish a parks benefit  
15 district subject to the provisions of this act.

16 NEW SECTION. **Sec. 3.** The definitions in this section apply  
17 throughout this chapter unless the context clearly requires  
18 otherwise.

19 (1) "City" means a city or town.

20 (2) "District" means a parks benefit district created under this  
21 chapter.

22 NEW SECTION. **Sec. 4.** (1) The legislative authority of a county,  
23 city, metropolitan park district under chapter 35.61 RCW, or park and  
24 recreation district under chapter 36.69 RCW may establish a parks  
25 benefit district within the county or city area for the purpose of  
26 acquiring, constructing, improving, providing, and funding park  
27 maintenance and improvement within the district. The park maintenance  
28 and improvements shall be owned or administered by: (a) The county of  
29 jurisdiction if located in an unincorporated area; (b) the city of  
30 jurisdiction if located in an incorporated area; (c) the metropolitan  
31 park district if located within that service area; or (d) the park  
32 district if located in that service area. Park maintenance and  
33 improvements shall be administered and maintained as other public  
34 park maintenance and improvements.

35 (2) The members of the legislative authority proposing to  
36 establish the district, acting ex officio and independently, shall  
37 constitute the governing body of the district.

1 (3) The treasurer of the jurisdiction proposing to establish the  
2 district shall act as the ex officio treasurer of the district unless  
3 an interlocal agreement states otherwise.

4 (4) The electors of the district shall all be registered voters  
5 residing within the district.

6 NEW SECTION. **Sec. 5.** (1) A district is a quasi-municipal  
7 corporation, an independent taxing "authority" within the meaning of  
8 Article VII, section 1 of the state Constitution, and a "taxing  
9 district" within the meaning of Article VII, section 2 of the state  
10 Constitution.

11 (2) A district constitutes a body corporate and possesses all the  
12 usual powers of a corporation for public purposes as well as all  
13 other powers that may now or hereafter be specifically conferred by  
14 statute including, but not limited to, the authority to hire  
15 employees, staff, and services, to enter into contracts, to acquire,  
16 hold, and dispose of real and personal property, and to sue and be  
17 sued. Public works contract limits applicable to the jurisdiction  
18 that established the district apply to the district.

19 (3) To carry out the purposes of this chapter, and subject to the  
20 provisions of section 7 of this act, a district is authorized to  
21 impose a sales and use tax in accordance with section 22 of this act.

22 NEW SECTION. **Sec. 6.** (1) The legislative authorities proposing  
23 to establish a district, modify the boundaries of an existing  
24 district, or dissolve an existing district, when all indebtedness of  
25 the district has been retired and anticipated responsibilities have  
26 been satisfied, shall conduct a hearing at the time and place  
27 specified in a notice published at least once, not less than ten days  
28 before the hearing, in a newspaper of general circulation within the  
29 proposed district. This notice shall be in addition to any other  
30 notice required by law to be published. The notice shall, where  
31 applicable, specify the functions or activities proposed to be  
32 provided or funded, or the additional functions or activities  
33 proposed to be provided or funded, by the district. Additional notice  
34 of the hearing may be given by mail, by posting within the proposed  
35 district, or in any manner the legislative authorities deem necessary  
36 to notify affected persons. All hearings shall be public and the  
37 legislative authorities shall hear objections from any person

1 affected by the formation, modification of the boundaries, or  
2 dissolution of the district.

3 (2)(a) Following a hearing held pursuant to subsection (1) of  
4 this section, the legislative authorities may establish a district,  
5 modify the boundaries or functions of an existing district, or  
6 dissolve an existing district, if the legislative authorities find  
7 the action to be in the public interest and adopt an ordinance  
8 providing for the action.

9 (b) The ordinance establishing a district shall specify the  
10 functions and parks maintenance and improvements to be exercised or  
11 funded and establish the boundaries of the district. Subject to the  
12 provisions of section 18 of this act, functions or parks maintenance  
13 and improvements proposed to be provided or funded by the district  
14 may not be expanded beyond those specified in the notice of hearing,  
15 unless additional notices are made, further hearings on the expansion  
16 are held, and further determinations are made that it is in the  
17 public interest to so expand the functions or parks maintenance and  
18 improvements proposed to be provided or funded.

19 NEW SECTION. **Sec. 7.** (1) Except as provided in subsection (4)  
20 of this section, taxes, fees, and charges may not be imposed by a  
21 district without approval of a majority of the voters in the district  
22 voting on a proposition at a general or special election. The  
23 proposition must include a specific description of: (a) The park  
24 maintenance or improvements proposed by the district; and (b) the  
25 proposed taxes, fees, and charges imposed by the district to raise  
26 revenue to fund the maintenance and improvement, as applicable.

27 (2) Voter approval under this section must be accorded  
28 substantial weight regarding the validity of a park maintenance and  
29 improvement.

30 (3) A district may not increase any taxes, fees, or charges  
31 imposed under this chapter once the taxes, fees, or charges take  
32 effect, except if authorized by the district voters pursuant to  
33 section 22 of this act.

34 (4) A district that includes all the territory within the  
35 boundaries of the jurisdiction or jurisdictions establishing the  
36 district may impose, by a majority vote of the governing board of the  
37 district, a fee or charge in accordance with section 13 of this act,  
38 or a fee or charge in accordance with section 9 of this act.

1        NEW SECTION.    **Sec. 8.**    (1) To carry out the purposes of this  
2 chapter and notwithstanding RCW 39.36.020(1), a district may issue  
3 general obligation bonds, not to exceed an amount, together with any  
4 other outstanding nonvoter-approved general obligation indebtedness,  
5 equal to one and one-half percent of the value of taxable property  
6 within the district, as the term "value of the taxable property" is  
7 defined in RCW 39.36.015. A district may additionally issue general  
8 obligation bonds for capital purposes only, together with any  
9 outstanding general obligation indebtedness, not to exceed an amount  
10 equal to five percent of the value of the taxable property within the  
11 district, as the term "value of the taxable property" is defined in  
12 RCW 39.36.015, when authorized by the voters of the district pursuant  
13 to Article VIII, section 6 of the state Constitution.

14        (2) General obligation bonds with a maturity in excess of thirty  
15 years shall not be issued. The governing body of the district shall  
16 by resolution determine for each general obligation bond issue the  
17 amount, date, terms, conditions, denominations, maximum fixed or  
18 variable interest rate or rates, maturity or maturities, redemption  
19 rights, registration privileges, manner of execution, manner of sale,  
20 callable provisions, if any, covenants, and form, including  
21 registration as to principal and interest, registration as to  
22 principal only, or bearer. Registration may include, but not be  
23 limited to: (a) A book entry system of recording the ownership of a  
24 bond whether or not physical bonds are issued; or (b) recording the  
25 ownership of a bond together with the requirement that the transfer  
26 of ownership may only be effected by the surrender of the old bond  
27 and either the reissuance of the old bond or the issuance of a new  
28 bond to the new owner. Facsimile signatures may be used on the bonds  
29 and any coupons. Refunding general obligation bonds may be issued in  
30 the same manner as general obligation bonds are issued.

31        (3) Whenever general obligation bonds are issued to fund specific  
32 projects or enterprises that generate revenues, charges, user fees,  
33 or special assessments, the district may specifically pledge all or a  
34 portion of the revenues, charges, user fees, or special assessments  
35 to refund the general obligation bonds. The district may also pledge  
36 any other revenues that may be available to the district.

37        (4) In addition to general obligation bonds, a district may issue  
38 revenue bonds to be issued and sold in accordance with chapter 39.46  
39 RCW.

1 (5) Revenue generated by impact fees shall not be used to  
2 guarantee or retire bonds issued under this section.

3 NEW SECTION. **Sec. 9.** (1) A district may form a parks  
4 improvement district to provide any park maintenance and improvement  
5 it has the authority to provide, impose special assessments on all  
6 property specially benefited by the park maintenance and improvement,  
7 and issue special assessment bonds or revenue bonds to fund the costs  
8 of the park maintenance and improvement. Parks improvement districts  
9 shall be created and administered, and assessments shall be made and  
10 collected, in the manner and to the extent provided by law to cities  
11 and towns pursuant to chapters 35.43, 35.44, 35.49, 35.50, 35.51,  
12 35.53, and 35.54 RCW. However, the duties devolving upon the city or  
13 town treasurer under these chapters shall be imposed upon the  
14 district treasurer for the purposes of this section. A parks  
15 improvement district may only be formed under this section pursuant  
16 to the petition method under RCW 35.43.120 and 35.43.125.

17 (2) The governing body of a district shall by resolution  
18 establish for each special assessment bond issue the amount, date,  
19 terms, conditions, denominations, maximum fixed or variable interest  
20 rate or rates, maturity or maturities, redemption rights,  
21 registration privileges, if any, covenants, and form, including  
22 registration as to principal and interest, registration as to  
23 principal only, or bearer. Registration may include, but not be  
24 limited to: (a) A book entry system of recording the ownership of a  
25 bond whether or not physical bonds are issued; or (b) recording the  
26 ownership of a bond together with the requirement that the transfer  
27 of ownership may only be effected by the surrender of the old bond  
28 and either the reissuance of the old bond or the issuance of a new  
29 bond to the new owner. Facsimile signatures may be used on the bonds  
30 and any coupons. The maximum term of any special assessment bonds  
31 shall not exceed thirty years beyond the date of issue. Special  
32 assessment bonds issued pursuant to this section shall not be an  
33 indebtedness of the district issuing the bonds, and the interest and  
34 principal on the bonds shall only be payable from special assessments  
35 made for the improvement for which the bonds were issued and any park  
36 maintenance and improvement guaranty fund that the district has  
37 created. The owner or bearer of a special assessment bond or any  
38 interest coupon issued pursuant to this section shall not have any  
39 claim against the district arising from the bond or coupon except for

1 the payment from special assessments made for the maintenance and  
2 improvement for which the bonds were issued and any park maintenance  
3 and improvement guaranty fund the district has created. The district  
4 issuing the special assessment bonds is not liable to the owner or  
5 bearer of any special assessment bond or any interest coupon issued  
6 pursuant to this section for any loss occurring in the lawful  
7 operation of its park maintenance and improvement guaranty fund. The  
8 substance of the limitations included in this subsection shall be  
9 plainly printed, written, or engraved on each special assessment bond  
10 issued pursuant to this section.

11 (3) Assessments shall reflect any credits given by a district for  
12 real property or property right donations made pursuant to RCW  
13 47.14.030.

14 (4) The governing body may establish, administer, and pay money  
15 into a park maintenance and improvement guaranty fund, in the manner  
16 and to the extent provided by law to cities and towns under chapter  
17 35.54 RCW, to guarantee special assessment bonds issued by the  
18 district.

19 NEW SECTION. **Sec. 10.** Where physical bonds are issued pursuant  
20 to section 8 or 9 of this act, the bonds shall be printed, engraved,  
21 or lithographed on good bond paper and the manual or facsimile  
22 signatures of both the treasurer and chairperson of the governing  
23 body shall be included on each bond.

24 NEW SECTION. **Sec. 11.** (1) The proceeds of any bond issued  
25 pursuant to section 8 or 9 of this act may be used to pay costs  
26 incurred on a bond issue related to the sale and issuance of the  
27 bonds. These costs include payments for fiscal and legal expenses,  
28 obtaining bond ratings, printing, engraving, advertising, and other  
29 similar activities.

30 (2) In addition, proceeds of bonds used to fund capital projects  
31 may be used to pay the necessary and related engineering,  
32 architectural, planning, and inspection costs.

33 NEW SECTION. **Sec. 12.** A district may accept and expend or use  
34 gifts, grants, and donations.

35 NEW SECTION. **Sec. 13.** (1)(a) Subject to the provisions in  
36 section 7 of this act, a district may formally request that a city or

1 county, on its behalf, impose a fee or charge on the construction or  
2 reconstruction of residential buildings, residential portions of  
3 mixed-use buildings, or on the development, subdivision,  
4 classification, or reclassification of land for residential building  
5 purposes, only if done in accordance with chapter 39.92 RCW.

6 (b) In making the formal request specified in (a) of this  
7 subsection, a district must conduct an analysis of capital facilities  
8 needs related to new growth and a recommended rate schedule to serve  
9 such growth and make system improvements under RCW 82.02.060. The  
10 city or county that is served by the district shall enter into an  
11 interlocal agreement pursuant to chapter 39.34 RCW whereby the city  
12 or county shall administer the fee and remit proceeds from such fee  
13 to the district under the rate schedule chosen by the city or county.

14 (2) Any fee or charge imposed under this section shall be used  
15 exclusively for park system improvements. The fees or charges imposed  
16 must be reasonably necessary as a result of the impact of  
17 development, construction, or classification or reclassification of  
18 land on identified park needs.

19 (3) If a county or city within the district area is levying a fee  
20 or charge for park maintenance and improvement, the fee or charge  
21 shall be credited against the amount of the fee or charge imposed by  
22 the district.

23 (4) Any property subject to the fees used to fund system  
24 improvements under this section may not be assessed parks improvement  
25 district charges pursuant to section 9 of this act.

26 NEW SECTION. **Sec. 14.** A district has the same powers as a  
27 county or city to contract for park maintenance and improvement  
28 projects and to enter into reimbursement contracts provided for in  
29 chapter 35.72 RCW.

30 NEW SECTION. **Sec. 15.** Counties, cities, and other jurisdictions  
31 may give funds to districts for the purposes of financing park  
32 maintenance and improvement under this chapter.

33 NEW SECTION. **Sec. 16.** (1) The district governing body shall  
34 develop a material change policy to address major plan changes that  
35 affect project delivery or the ability to finance the plan. The  
36 policy must at least address material changes to cost, scope, and  
37 schedule; the level of change that will require governing body



1 involvement; and how the governing body will address those changes.  
2 At a minimum, in the event that a park's maintenance and improvement  
3 cost exceeds its original cost by more than twenty percent as  
4 identified in a district's original finance plan, the governing body  
5 shall hold a public hearing to solicit comment from the public  
6 regarding how the cost change should be resolved.

7 (2) A district shall issue an annual report, indicating the  
8 status of park maintenance and improvement costs, park maintenance  
9 and improvement expenditures, revenues, and construction schedules to  
10 the public and to newspapers of record in the district.

11 NEW SECTION. **Sec. 17.** The rule of strict construction does not  
12 apply to this chapter and this chapter shall be liberally construed  
13 to permit the accomplishment of its purposes.

14 NEW SECTION. **Sec. 18.** The legislative authority of a county may  
15 establish a district subject to the provisions of this act.

16 NEW SECTION. **Sec. 19.** Sections 1 and 3 through 18 of this act  
17 constitute a new chapter in Title 36 RCW.

18 NEW SECTION. **Sec. 20.** A new section is added to chapter 35.61  
19 RCW to read as follows:

20 The authority of a metropolitan park district may establish a  
21 parks benefit district subject to the provisions of this act.

22 NEW SECTION. **Sec. 21.** A new section is added to chapter 36.69  
23 RCW to read as follows:

24 The authority of a park and recreation district may establish a  
25 parks benefit district subject to the provisions of this act.

26 NEW SECTION. **Sec. 22.** A new section is added to chapter 82.14  
27 RCW to read as follows:

28 (1) Subject to the provisions in section 7 of this act, a parks  
29 benefit district under this act may fix and impose a sales and use  
30 tax in accordance with the terms of this chapter.

31 (2) The tax authorized in this section is in addition to any  
32 other taxes authorized by law and shall be collected from those  
33 persons who are taxable by the state under chapters 82.08 and 82.12

1 RCW upon the occurrence of any taxable event within the boundaries of  
2 the district.

3 (a) If both a county and a city within the boundaries of the  
4 county exercise the authority provided in this section, the city must  
5 collect the excise tax within its incorporated boundaries, and the  
6 county must collect the excise tax within the unincorporated areas.

7 (b) If both a county and a metropolitan park district or park  
8 district within the boundaries of the county exercise the authority  
9 provided in this section, the metropolitan park district or park  
10 district must collect the excise tax within its incorporated  
11 boundaries, and the county must collect the excise tax within the  
12 unincorporated areas.

13 (c) If both a city and a metropolitan park district or park  
14 district within the boundaries of the county exercise the authority  
15 provided in this section, the metropolitan park district or park  
16 district must collect the excise tax within its incorporated  
17 boundaries, and the city must collect the excise tax within its  
18 incorporated areas.

19 (d) If multiple agencies within the same service area gain  
20 approval by voters to exercise the authority provided in this  
21 section, they are directed to enter into an interlocal agreement  
22 pursuant to chapter 39.34 RCW to determine how to distribute the  
23 collections among the jurisdictions.

24 (3) The rate of tax shall not exceed one-tenth of one percent of  
25 the selling price in the case of a sales tax, or value of the article  
26 used in the case of a use tax.

27 (4) Except as provided in subsection (5) of this section, the tax  
28 may not be imposed for a period exceeding ten years. This tax, if not  
29 imposed under the conditions of subsection (5) of this section, may  
30 be extended for a period not exceeding ten years with an affirmative  
31 vote of the voters voting at the election.

32 (5) The voter-approved sales tax initially imposed under this  
33 section after July 1, 2019, may be imposed for a period exceeding ten  
34 years if the moneys received under this section are dedicated for the  
35 repayment of indebtedness incurred in accordance with the  
36 requirements of this act.

37 (6) Money received from the tax imposed under this section must  
38 be spent in accordance with the requirements of this act and the

1 district may deduct no more than three percent of the tax collected  
2 for administration and collection expenses incurred by it.

--- **END** ---