
SENATE BILL 6324

State of Washington

66th Legislature

2020 Regular Session

By Senators Takko and Carlyle

1 AN ACT Relating to special purpose district financial reporting;
2 amending RCW 43.09.230, 36.96.010, 36.96.030, and 36.96.070; adding a
3 new section to chapter 36.96 RCW; and adding a new section to chapter
4 84.55 RCW.

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

6 **Sec. 1.** RCW 43.09.230 and 1995 c 301 s 12 are each amended to
7 read as follows:

8 (1) As used in this section, "special purpose district" means
9 every municipal and quasi-municipal corporation other than counties,
10 cities, and towns. Such special purpose districts include, but are
11 not limited to, water-sewer districts, fire protection districts,
12 port districts, public utility districts, special districts as
13 defined in RCW 85.38.010, conservation districts, and irrigation
14 districts.

15 (2) The state auditor shall require from every local government
16 financial reports covering the full period of each fiscal year, in
17 accordance with the forms and methods prescribed by the state
18 auditor, which shall be uniform for all accounts of the same class.

19 Such reports shall be prepared, certified, and filed with the
20 state auditor within one hundred fifty days after the close of each
21 fiscal year.

1 The reports shall contain accurate statements, in summarized
2 form, of all collections made, or receipts received, by the officers
3 from all sources; all accounts due the public treasury, but not
4 collected; and all expenditures for every purpose, and by what
5 authority authorized; and also: ~~((1))~~ (a) A statement of all costs
6 of ownership and operation, and of all income, of each and every
7 public service industry owned and operated by a local government;
8 ~~((2))~~ (b) a statement of the entire public debt of every local
9 government, to which power has been delegated by the state to create
10 a public debt, showing the purpose for which each item of the debt
11 was created, and the provisions made for the payment thereof; ~~((3))~~
12 (c) a classified statement of all receipts and expenditures by any
13 public institution; and ~~((4))~~ (d) a statement of all expenditures
14 for labor relations consultants, with the identification of each
15 consultant, compensation, and the terms and conditions of each
16 agreement or arrangement; together with such other information as may
17 be required by the state auditor.

18 The reports shall be certified as to their correctness by the
19 state auditor, the state auditor's deputies, or other person legally
20 authorized to make such certification.

21 Their substance shall be published in an annual volume of
22 comparative statistics at the expense of the state as a public
23 document.

24 (3) (a) The state auditor must publish an annual report of all
25 local governments that had reports certified under subsection (2) of
26 this section.

27 (b) (i) A county treasurer may not distribute any regular property
28 taxes imposed by a special purpose district, or any other charges
29 that the county collects on behalf of the district, to the district
30 unless the district has had its financial report certified as
31 evidenced by (a) of this subsection.

32 (ii) Upon certification of the report as evidenced by the state
33 auditor or (a) of this subsection, the county treasurer must remit
34 all withheld funds.

35 (c) (i) The state treasurer may not distribute any local sales and
36 use taxes imposed by a special purpose district to the district
37 unless the district has had its financial report certified as
38 evidenced by (a) of this subsection.

1 (ii) Upon certification of the report as evidenced by the state
2 auditor or (a) of this subsection, the state treasurer must remit all
3 withheld funds.

4 **Sec. 2.** RCW 36.96.010 and 1999 c 153 s 50 are each amended to
5 read as follows:

6 ~~((As used in this chapter,))~~ The definitions in this section
7 apply throughout this chapter unless the context requires otherwise:

8 (1) "Special purpose district" means every municipal and quasi-
9 municipal corporation other than counties, cities, and towns. Such
10 special purpose districts shall include, but are not limited to,
11 water-sewer districts, fire protection districts, port districts,
12 public utility districts, county park and recreation service areas,
13 flood control zone districts, diking districts, drainage improvement
14 districts, and solid waste collection districts, but shall not
15 include industrial development districts created by port districts,
16 and shall not include local improvement districts, utility local
17 improvement districts, and road improvement districts;

18 (2) "Governing authority" means the commission, council, or other
19 body which directs the affairs of a special purpose district;

20 (3) "Inactive" means that a special purpose district ~~((other~~
21 ~~than a public utility district,))~~ is characterized by ~~((either))~~ any
22 of the following criteria:

23 (a) Has not carried out any of the special purposes or functions
24 for which it was formed within the preceding consecutive five-year
25 period; ~~((or))~~

26 (b) No election has been held for the purpose of electing a
27 member of the governing body within the preceding consecutive seven-
28 year period or, in those instances where members of the governing
29 body are appointed and not elected, where no member of the governing
30 body has been appointed within the preceding seven-year period; or

31 (c) The special purpose district has not timely filed with the
32 state auditor the annual local government financial report required
33 under RCW 43.09.230 in two or more years.

34 ~~((A public utility district is inactive when it is characterized~~
35 ~~by both criteria (a) and (b) of this subsection.))~~

36 **Sec. 3.** RCW 36.96.030 and 1979 ex.s. c 5 s 3 are each amended to
37 read as follows:

1 (1) Upon receipt of notice from the county auditor as provided in
2 RCW 36.96.020, the county legislative authority within whose
3 boundaries all or the greatest portion of such special purpose
4 district lies shall hold one or more public hearings on or before
5 September 1st of the same year to determine whether or not such
6 special purpose district or districts meet (~~either~~) any of the
7 criteria for being "inactive" as provided in RCW 36.96.010(~~+~~
8 ~~PROVIDED, That if such a special purpose district is a public utility~~
9 ~~district, the county legislative authority shall determine whether or~~
10 ~~not the public utility district meets both criteria of being~~
11 ~~"inactive" as provided in RCW 36.96.010~~)). In addition, at any time a
12 county legislative authority may hold hearings on the dissolution of
13 any special purpose district that appears to meet the criteria of
14 being "inactive" and dissolve such a district pursuant to the
15 proceedings provided for in RCW 36.96.030 through 36.96.080.

16 (2) Notice of such public hearings shall be given by publication
17 at least once each week for not less than three successive weeks in a
18 newspaper that is in general circulation within the boundaries of the
19 special purpose district or districts. Notice of such hearings shall
20 also be mailed to each member of the governing authority of such
21 special purpose districts, if such members are known, and to all
22 persons known to have claims against any of the special purpose
23 districts. Notice of such public hearings shall be posted in at least
24 three conspicuous places within the boundaries of each special
25 purpose district that is a subject of such hearings. Whenever a
26 county legislative authority that is conducting such a public hearing
27 on the dissolution of one or more of a particular kind of special
28 purpose district is aware of the existence of an association of such
29 special purpose districts, it shall also mail notice of the hearing
30 to the association. In addition, whenever a special purpose district
31 that lies in more than one county is a subject of such a public
32 hearing, notice shall also be mailed to the legislative authorities
33 of all other counties within whose boundaries the special purpose
34 district lies. All notices shall state the purpose, time, and place
35 of such hearings, and that all interested persons may appear and be
36 heard.

37 **Sec. 4.** RCW 36.96.070 and 2001 c 299 s 13 are each amended to
38 read as follows:

1 Any moneys or funds of the dissolved special purpose district and
2 any moneys or funds received by the board of trustees from the sale
3 or other disposition of any property of the dissolved special purpose
4 district shall be used, to the extent necessary, for the payment or
5 settlement of any outstanding obligations of the dissolved special
6 purpose district. Any remaining moneys or funds shall be used to pay
7 the county legislative authority for all costs and expenses incurred
8 in the dissolution and liquidation of the dissolved special purpose
9 district. Thereafter, any remaining moneys, funds, or property shall
10 become that of the county in which the dissolved special purpose
11 district was located. However, if the territory of the dissolved
12 special purpose district was located within more than one county, the
13 remaining moneys, funds, and personal property shall be apportioned
14 and distributed to each county in the proportion that the
15 geographical area of the dissolved special purpose district within
16 the county bears to the total geographical area of the dissolved
17 special purpose district, and any remaining real property or
18 improvements to real property shall be transferred to the county
19 within whose boundaries it lies. A county to which real property or
20 improvements to real property are transferred under this section may,
21 but does not have an obligation to, use the property or improvements
22 for the purposes for which the dissolved special purpose district
23 used the property or improvements and the county does not assume the
24 obligations or liabilities of the dissolved special purpose district
25 as a result of the transfer unless the county expressly assumes such
26 obligations or liabilities through the adoption of a resolution.

27 NEW SECTION. Sec. 5. A new section is added to chapter 36.96
28 RCW to read as follows:

29 If a special purpose district is dissolved as provided in this
30 chapter, a county may increase its general expense levy as provided
31 in section 6 of this act if the county assumes responsibility of the
32 services previously provided by the special purpose district.

33 NEW SECTION. Sec. 6. A new section is added to chapter 84.55
34 RCW to read as follows:

35 (1) Subject to subsections (2) and (3) of this section, if a
36 county dissolves a special purpose district as provided in section 5
37 of this act, the county may increase its levy authorized under RCW

1 84.52.043(1)(b) beginning in the first calendar year following the
2 dissolution.

3 (2) A county may not increase its levy as provided in subsection
4 (1) of this section unless the county assumes responsibility of the
5 services previously provided by the special purpose district. If a
6 county discontinues providing the services of the dissolved district
7 for which the county's levy was increased under this section, the
8 county's levy must be reduced beginning in the first calendar year
9 subsequent to the discontinuation of the provision of services by the
10 county in an amount equal to the estimated expenditures by the county
11 for the provision of the services in the most recent calendar year.

12 (3) If a special purpose district is located within two or more
13 counties, a county must apportion the revenue increase authorized
14 under this section based on the area of the district within the
15 county as a percentage of the total area of the district.

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