

# SENATE BILL REPORT

## E2SSB 5001

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As Amended by House, April 12, 2023

**Title:** An act relating to public facilities districts created by at least two city or county legislative authorities.

**Brief Description:** Concerning public facility districts created by at least two city or county legislative authorities.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Hawkins, Hunt, Nguyen and Wilson, J.).

**Brief History:**

**Committee Activity:** Local Government, Land Use & Tribal Affairs: 1/12/23, 1/24/23 [DPS-TRAN, w/oRec].

Transportation: 1/30/23, 2/02/23 [DP2S-WM].

Ways & Means: 2/13/23, 2/20/23 [DPS (TRAN), w/oRec].

**Floor Activity:** Passed Senate: 3/1/23, 45-0.

Passed House: 4/12/23, 91-6.

### Brief Summary of Engrossed Second Substitute Bill

- Allows the legislative authority of certain local jurisdictions, each of which participated in the creation of a public facilities district (PFD), to create an additional PFD.
- Authorizes the PFD to construct, remodel, and operate regional aquatics and sports facilities, and transportation improvements directly associated with the facilities.
- Allows the PFD to impose a voter-approved local sales and use tax at a rate of not more than 0.2 percent.

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## SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** That Substitute Senate Bill No. 5001 be substituted therefor, and the substitute bill do pass and be referred to Committee on Transportation.

Signed by Senators Lovelett, Chair; Salomon, Vice Chair; Kauffman.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Torres, Ranking Member; Short.

**Staff:** Karen Epps (786-7424)

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## SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Second Substitute Senate Bill No. 5001 be substituted therefor, and the second substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Shewmake, Vice Chair; King, Ranking Member; Holy, Assistant Ranking Member; Cleveland, Fortunato, Hawkins, Lovelett, MacEwen, Nobles, Padden, Valdez, Wilson, C. and Wilson, J..

**Staff:** Kelly Simpson (786-7403)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5001 as recommended by Committee on Transportation be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Gildon, Assistant Ranking Member, Operating; Warnick, Assistant Ranking Member, Capital; Billig, Braun, Conway, Dhingra, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Boehnke and Hasegawa.

**Staff:** Jeffrey Mitchell (786-7438)

**Background:** A public facilities district (PFD) is a municipal corporation with independent taxing authority and is a taxing district under the State Constitution. A PFD may be created by a city, group of cities, county, or a group of cities and a county. PFDs are authorized to acquire, build, own, and operate regional centers. Regional centers include a convention, conference, or special events center, or any combination of facilities, and its related parking facilities. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances. A PFD is governed by an appointed board of directors with varying composition and appointing authority.

There are several types of local PFDs that can be created, including:

- a single-town or city PFD—created by any town or city located in a county with a population of less than 1 million;
- contiguous group of towns/cities PFD—created when any contiguous group of towns or cities located in a county or counties each with a population of less than 1 million enter an interlocal agreement for the PFD's creation and joint operation;
- city/county joint PFD—created and jointly operated via an interlocal agreement by a town or city, or any contiguous group of towns or cities located in a county with a population of 1 million; and a contiguous county, or the county or counties in which the town or cities are located;
- regional city PFD—created by a city located in a county with a population greater than 1 million, when the city has a total population of less than 115,000 but greater than 80,000 and commences construction of a regional center prior to July 1, 2008;
- multi-city/town PFD—a new multi-city PFD may only be created by a group of at least three contiguous cities or towns, with a combined population of at least 160,000, each of which must have already established a PFD, and must obtain voter approval to fund the project; and
- local PFD, single town or city PFD—created by a city or town that has also participated in the creation of an additional regional PFD, with three or more contiguous cities or towns, and must obtain voter approval to fund the project.

All types of PFDs may charge fees for the use of its facilities. Each PFD may also impose a variety of taxes to fund its regional center or recreational facility, including an admissions tax not exceeding 5 percent, a vehicle parking tax not exceeding 10 percent, a local sales and use tax of up to 0.033 percent to finance regional centers, a voter-approved local sales and use tax of up to 0.2 percent, and, if applicable, a voter-approved 2 percent lodging excise tax.

**Summary of Engrossed Second Substitute Bill:** The legislative authority of two or more contiguous towns or cities, or the legislative authority of two or more contiguous towns or cities and the legislative authority of the county or counties in which the towns or cities are located, each of which participated in the creation of a PFD, may create an additional PFD. This public facilities district must be created prior to July 1, 2026. Any previously created district may continue its full corporate existence and activities notwithstanding the creation and existence of an additional district within the same geographic area.

The PFD is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, finance, and operate regional aquatics and sports facilities, including the purchase, acquisition, construction, repairing, remodeling, and operation of community pools within the district. The PFD may provide funding for transportation improvements directly associated with facilitating motor vehicle and pedestrian access to regional aquatics and sports facilities, which includes funding for new construction, reconstruction, expansion, and maintenance of pedestrian trails, city streets, county roads, and state highways.

However, the transportation improvements must be aligned with applicable state, regional, or local transportation plans.

The PFD may impose a voter-approved local sales and use tax at a rate of not more than 0.2 percent regardless of other local sales and use taxes by any other public facilities district within its boundaries.

**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 First Substitute (Local Government, Land Use & Tribal Affairs):** PRO: This bill utilizes the public facilities district statute to allow local governments to have an opportunity to partner together under the statute. Each city council or county commission would need to affirmatively bond together to form a public facility district under an interlocal cooperative agreement, and only after that can they ask the voters to request a sales tax increase to fund the facility. Jurisdictions that have already formed a public facilities district are not allowed to form another public facilities district and this bill would allow this on a limited basis. Construction of a regional aquatics center and sports complex would be a boost for the local economy and provide a valuable community asset with access to exercise opportunities. Not having a public pool is an unmet need in some communities, particularly for folks who cannot afford membership to private facilities. This bill provides a tool to allow local governments to work together to provide quality of life options for citizens and safe recreational facilities for citizens. This bill provides an opportunity to enhance the economic viability of rural communities and is a tool in the economic toolbox to create a unique opportunity that will have far-reaching impacts. An aquatics center will enhance tourism and support under-served populations in small towns in the area. This bill will provide funding sources that the regional community can vote on. Wenatchee has refinanced its debt and is now operating its public facilities district very well and believes they can handle a second one some time in the future.

**Persons Testifying (Local Government, Land Use & Tribal Affairs):** PRO: Senator Brad Hawkins, Prime Sponsor; Jerrilea Crawford, City of East Wenatchee; Blake Baldwin, Chelan Douglas Regional Port Authority; Jim Kuntz, Chelan Douglas Regional Port Authority; Paul Simmons, City of Olympia; Kevin Overbay, Chelan County Commission; Frank Kuntz, City of Wenatchee.

**Persons Signed In To Testify But Not Testifying (Local Government, Land Use & Tribal Affairs):** No one.

**Staff Summary of Public Testimony on Second Substitute (Transportation):** PRO: This bill is the result of multiple discussions in the Wenatchee area regarding how to address the outdated community swimming pool, and how to find resources at the regional level to find a solution to the problem. Public Facility Districts seemed the best local option to jointly solve the community problem of financing new community swimming facilities. The PFD law requires local control through the adoption of interlocal agreements amongst various local jurisdictions, including a public process and voter-approved sales taxes. This bill provides a mechanism as well to support transportation improvements to facilitate access to the new aquatics and sports facilities. The bill also supports local economic development. Cities in the Wenatchee area work well together. They have been talking about how to improve the community's swimming facilities for some time. After studying public support for the project, this bill would give the community a tool to help solve the problem of outdated swimming facilities. Olympia citizens also want a community pool, a clear need for the region for many years, especially for citizens who can't afford a gym membership. The Olympia region needs a funding mechanism to meet this need. The transportation element in the bill is greatly appreciated. The bill allows for a positive impact on the community, supporting new jobs and local businesses, as well as providing for a community asset. The transportation element allows for a connection to the area's transportation system, including local trails. There is strong regional support for this bill. The bill addresses the usual regional transportation problem of placing the transportation funding burdens on a single jurisdiction - this bill provides a regional transportation funding source.

OTHER: As a former state Senator, I helped sponsor the original legislation regarding PFDs to help support investments in regional centers in the Wenatchee area. However, that original PFD defaulted. Although the state treasurer supported bills to remedy the situation, those bills failed. I simply want to caution people regarding PFDs.

**Persons Testifying (Transportation):** PRO: Senator Brad Hawkins, Prime Sponsor; JC Baldwin, Chelan Douglas Regional Port Authority; Jim Huffman, Chelan Douglas Regional Port Authority; Jeff Wilkens, Chelan-Douglas Transportation Council; Dan Sutton; Sasha Sleiman, Chelan County; Frank Kuntz, City of Wenatchee; Jerrilea Crawford, City of East Wenatchee; Paul Simmons, City of Olympia, Washington Recreation and Parks Association; Jeffrey Sutton.

OTHER: Linda Parlette.

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

**Staff Summary of Public Testimony on Second Substitute (Ways & Means):** PRO: This bill comes to you after months of stakeholder work locally. There is an outdoor pool in Wenatchee that was built in 1965 and it's at the end of its life. The cities and counties in the region have really grown so we are looking at ways we can partner together regionally to collaborate on a pool replacement. Under current law, because there is an existing public

facilities district, a second facility cannot be formed. In the Olympia-Lacey area we have no community swimming pool. This bill would enable that to happen. Three cities, three school districts, and a local university all engaged in the planning process that resulted in a concept plan that would meet the needs of the broader region. This bill would provide the funding mechanism. This bill will allow us to work collectively together to build something that will benefit our entire region. It would be almost impossible for any single jurisdiction to construct and maintain a facility by itself. This bill would be a tool that we could use to bring a vote to our citizens to decide what to fund. Even though our first public facilities district got off to a rough start, it is one of the most financially stable districts in the state. This bill is an opportunity to enhance the economic viability of rural communities that do not have the financial means like more urban communities. This bill would improve the quality of life for our citizens.

**Persons Testifying (Ways & Means):** PRO: Senator Brad Hawkins, Prime Sponsor; Jerrilea Crawford, City of East Wenatchee; Paul Simmons, City of Olympia and Washington Recreation and Parks Association; Frank Kuntz, Mayor, City of Wenatchee; Kevin Overbay, Chelan County Board of Commission.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.

**EFFECT OF HOUSE AMENDMENT(S):**

- Provides that not all of the towns, cities, or counties that previously created a public facilities district together through an interlocal agreement need to participate in the formation of the newly authorized additional public facilities district in order for the new district to be created.
- Prohibits a public facilities district created to construct, own, and operate aquatics and sports facilities from issuing general obligation bonds if doing so would cause the district's annual principal and interest bond payment to exceed 80 percent of the annual sales and use tax revenue that the district is projected to collect.