
SECOND SUBSTITUTE SENATE BILL 5186

State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Krishnadasan, Wellman, Orwall, Riccelli, Chapman, Hasegawa, Frame, Hansen, Lias, Saldaña, Cortes, Dhingra, Lovelett, Nobles, Shewmake, Slatter, Stanford, Valdez, and C. Wilson)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to local funding for school district facilities;
2 amending RCW 28A.535.020, 28A.535.050, 84.52.056, 39.36.020,
3 28A.530.020, 28A.315.285, 82.02.050, 82.02.060, 82.02.070, 82.02.090,
4 and 36.70A.211; repealing RCW 82.02.110; and providing a contingent
5 effective date.

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

7 **Sec. 1.** RCW 28A.535.020 and 1996 c 48 s 2 are each amended to
8 read as follows:

9 Whenever the board of directors of any school district shall deem
10 it advisable to validate and ratify the indebtedness mentioned in RCW
11 28A.535.010, they shall provide therefor by resolution, which shall
12 be entered on the records of such school district, which resolution
13 shall provide for the holding of an election for the purpose of
14 submitting the question of validating and ratifying the indebtedness
15 so incurred to the voters of such school district for approval or
16 disapproval, and if at such election (~~three-fifths~~) a majority of
17 the voters in such school district voting at such election shall vote
18 in favor of the validation and ratification of such indebtedness,
19 then such indebtedness so validated and ratified and every part
20 thereof existing at the time of the adoption of said resolution shall

1 thereby become and is hereby declared to be validated and ratified
2 and a binding obligation upon such school district.

3 **Sec. 2.** RCW 28A.535.050 and 1984 c 186 s 14 are each amended to
4 read as follows:

5 If the indebtedness of such school district is validated and
6 ratified, as provided in this chapter, by (~~three-fifths~~) a majority
7 of the voters voting at such election, the board of directors of such
8 school district, without any further vote, may borrow money and issue
9 and sell negotiable bonds therefor in accordance with chapter 39.46
10 RCW.

11 **Sec. 3.** RCW 84.52.056 and 2010 c 115 s 3 are each amended to
12 read as follows:

13 (1) Any municipal corporation otherwise authorized by law to
14 issue general obligation bonds for capital purposes may, at an
15 election duly held after giving notice thereof as required by law,
16 authorize the issuance of general obligation bonds for capital
17 purposes only, which does not include the replacement of equipment,
18 and provide for the payment of the principal and interest of such
19 bonds by annual levies in excess of the tax limitations contained in
20 RCW 84.52.050 (~~to~~) through 84.52.056, inclusive and RCW 84.52.043.
21 Such an election may not be held more often than twice a calendar
22 year, and the proposition to issue any such bonds and to exceed the
23 tax limitation must receive the affirmative vote of a three-fifths
24 majority of those voting on the proposition and the total number of
25 (~~persons~~) voters voting at the election must constitute not less
26 than forty percent of the voters in the municipal corporation who
27 voted at the last preceding general state election, except that a
28 proposition by a school district to issue such bonds and to pay the
29 principal and interest on the bonds by annual tax levies shall be
30 authorized by receiving the affirmative vote of a majority of the
31 voters voting on the proposition.

32 (2) Any taxing district has the right by vote of its governing
33 body to refund any general obligation bonds of said district issued
34 for capital purposes only, and to provide for the interest thereon
35 and amortization thereof by annual levies in excess of the tax
36 limitations provided for in RCW 84.52.050 (~~to~~) through 84.52.056,
37 inclusive and RCW 84.52.043.

1 (3) For the purposes of this section, "bond" includes a municipal
2 corporation's obligation to make payments to the state in connection
3 with a financing contract entered into by the state by or on behalf
4 of a municipal corporation under chapter 39.94 RCW.

5 **Sec. 4.** RCW 39.36.020 and 2000 c 156 s 1 are each amended to
6 read as follows:

7 (1) Except as otherwise expressly provided by law or in
8 subsections (2), (3), and (4) of this section, no taxing district
9 shall for any purpose become indebted in any manner to an amount
10 exceeding three-eighths of one percent of the value of the taxable
11 property in such taxing district without the assent of three-fifths
12 of the voters therein voting at an election to be held for that
13 purpose, nor in cases requiring such assent shall the total
14 indebtedness incurred at any time exceed one and one-fourth percent
15 on the value of the taxable property therein.

16 (2) (a) (i) Public hospital districts are limited to an
17 indebtedness amount not exceeding three-fourths of one percent of the
18 value of the taxable property in such public hospital districts
19 without the assent of three-fifths of the voters therein voting at an
20 election held for that purpose.

21 (ii) Counties, cities, and towns are limited to an indebtedness
22 amount not exceeding one and one-half percent of the value of the
23 taxable property in such counties, cities, or towns without the
24 assent of three-fifths of the voters therein voting at an election
25 held for that purpose.

26 (b) In cases requiring such assent counties, cities, towns, and
27 public hospital districts are limited to a total indebtedness of two
28 and one-half percent of the value of the taxable property therein.
29 However, any county that has assumed the rights, powers, functions,
30 and obligations of a metropolitan municipal corporation under chapter
31 36.56 RCW may become indebted to a larger amount for its authorized
32 metropolitan functions, as provided under chapter 35.58 RCW, but not
33 exceeding an additional three-fourths of one percent of the value of
34 the taxable property in the county without the assent of three-fifths
35 of the voters therein voting at an election held for that purpose,
36 and in cases requiring such assent not exceeding an additional two
37 and one-half percent of the value of the taxable property in the
38 county.

1 (3) School districts are limited to an indebtedness amount not
2 exceeding three-eighths of one percent of the value of the taxable
3 property in such district without the assent of (~~three-fifths~~) a
4 majority of the voters therein voting at an election held for that
5 purpose. In cases requiring such assent school districts are limited
6 to a total indebtedness of two and one-half percent of the value of
7 the taxable property therein.

8 (4) No part of the indebtedness allowed in this chapter shall be
9 incurred for any purpose other than strictly county, city, town,
10 school district, township, port district, metropolitan park district,
11 or other municipal purposes: PROVIDED, That a city or town, with such
12 assent, may become indebted to a larger amount, but not exceeding two
13 and one-half percent additional, determined as herein provided, for
14 supplying such city or town with water, artificial light, and sewers,
15 when the works for supplying such water, light, and sewers shall be
16 owned and controlled by the city or town; and a city or town, with
17 such assent, may become indebted to a larger amount, but not
18 exceeding two and one-half percent additional for acquiring or
19 developing open space, park facilities, and capital facilities
20 associated with economic development: PROVIDED FURTHER, That any
21 school district may become indebted to a larger amount but not
22 exceeding two and one-half percent additional for capital outlays.

23 (5) Such indebtedness may be authorized in any total amount in
24 one or more propositions and the amount of such authorization may
25 exceed the amount of indebtedness which could then lawfully be
26 incurred. Such indebtedness may be incurred in one or more series of
27 bonds from time to time out of such authorization but at no time
28 shall the total general indebtedness of any taxing district exceed
29 the above limitation.

30 The term "value of the taxable property" as used in this section
31 shall have the meaning set forth in RCW 39.36.015.

32 **Sec. 5.** RCW 28A.530.020 and 1996 c 48 s 1 are each amended to
33 read as follows:

34 (~~(1) The question whether the bonds shall be issued, as provided~~
35 ~~in RCW 28A.530.010, shall be determined at an election to be held~~
36 ~~pursuant to RCW 39.36.050. If a majority of the votes cast at such~~
37 ~~election favor the issuance of such bonds, the board of directors~~
38 ~~must issue such bonds: PROVIDED, That if the amount of bonds to be~~
39 ~~issued, together with any outstanding indebtedness of the district~~

1 ~~that only needs a simple majority voter approval, exceeds three-~~
2 ~~eighths of one percent of the value of the taxable property in said~~
3 ~~district, as the term "value of the taxable property" is defined in~~
4 ~~RCW 39.36.015, then three-fifths of the votes cast at such election~~
5 ~~must be in favor of the issuance of such bonds, before the board of~~
6 ~~directors is authorized to issue said bonds.~~

7 ~~(2))~~) The resolution adopted by the board of directors calling
8 ~~((the))~~ an election ~~((in subsection (1) of this section))~~ shall
9 specify the purposes of the debt financing measure, including the
10 specific buildings to be constructed or remodeled and any additional
11 specific purposes as authorized by RCW 28A.530.010. If the debt
12 financing measure anticipates the receipt of state financing
13 assistance under chapter 28A.525 RCW, the board resolution also shall
14 describe the specific anticipated purpose of the state assistance. If
15 the school board subsequently determines that state or local
16 circumstances should cause any alteration to the specific
17 expenditures from the debt financing or of the state assistance, the
18 board shall first conduct a public hearing to consider those
19 circumstances and to receive public testimony. If the board then
20 determines that any such alterations are in the best interests of the
21 district, it may adopt a new resolution or amend the original
22 resolution at a public meeting held subsequent to the meeting at
23 which public testimony was received.

24 **Sec. 6.** RCW 28A.315.285 and 2012 c 186 s 12 are each amended to
25 read as follows:

26 (1) If a special election is held to vote on a proposal or
27 alternate proposals to form a new school district, the votes cast by
28 the registered voters in each component district shall be tabulated
29 separately. Any such proposition shall be considered approved only if
30 it receives a majority of the votes cast in each separate district
31 voting thereon.

32 (2) If a special election is held to vote on a proposal for
33 adjustment of bonded indebtedness, the entire vote cast by the
34 registered voters of the proposed new district or of the established
35 district as the case may be shall be tabulated. Any such proposition
36 shall be considered approved if ~~((three-fifths or more))~~ a majority
37 of all votes cast thereon are in the affirmative ~~((and forty percent~~
38 ~~of))~~ without regard to the total number of voters ~~((who voted at the~~

1 ~~last preceding general election cast a ballot))~~ voting on the
2 proposition.

3 (3) In the event of approval of a proposition or propositions
4 voted on at a special election, the educational service district
5 superintendent shall:

6 (a) Make an order establishing such new school district or such
7 terms of adjustment of bonded indebtedness or both, as were approved
8 by the registered voters and shall also order such other terms of
9 adjustment, if there are any, of property and other assets and of
10 liabilities other than bonded indebtedness as have been approved by
11 the state council; and

12 (b) Certify his or her action to the county and school district
13 officials specified in RCW 28A.315.215. The educational service
14 district superintendent may designate, with the approval of the
15 superintendent of public instruction, a name and number different
16 from that of any component thereof, but must designate the new
17 district by name and number different from any other district in
18 existence in the county.

19 (4) The educational service district superintendent shall fix as
20 the effective date of any order or orders he or she is required to
21 make by this chapter, the date specified in the order of final
22 approval of any change in the organization and extent of school
23 districts or of any terms of adjustment of the assets and liabilities
24 of school districts subject, for taxing purposes, to the redrawing of
25 taxing district boundaries under RCW 84.09.030, by the regional
26 committee.

27 (5) Upon receipt of certification under this section, the
28 superintendent of each school district that is included in the new
29 district shall deliver to the superintendent of the new school
30 district those books, papers, documents, records, and other materials
31 pertaining to the territory transferred.

32 **Sec. 7.** RCW 82.02.050 and 2015 c 241 s 1 are each amended to
33 read as follows:

34 (1) It is the intent of the legislature:

35 (a) To ensure that adequate facilities are available to serve new
36 growth and development;

37 (b) To promote orderly growth and development by establishing
38 standards by which counties, cities, and towns may require, by
39 ordinance, that new growth and development pay a proportionate share

1 of the cost of new facilities needed to serve new growth and
2 development; and

3 (c) To ensure that impact fees are imposed through established
4 procedures and criteria so that specific developments do not pay
5 arbitrary fees or duplicative fees for the same impact.

6 (2) Counties, cities, and towns that are required or choose to
7 plan under RCW 36.70A.040 are authorized to impose impact fees on
8 development activity as part of the financing for public facilities,
9 provided that the financing for system improvements to serve new
10 development must provide for a balance between impact fees and other
11 sources of public funds and cannot rely solely on impact fees.

12 (3)(a)(i) Counties, cities, and towns collecting impact fees
13 must, by September 1, 2016, adopt and maintain a system for the
14 deferred collection of impact fees for single-family detached and
15 attached residential construction. The deferral system must include a
16 process by which an applicant for a building permit for a single-
17 family detached or attached residence may request a deferral of the
18 full impact fee payment. The deferral system offered by a county,
19 city, or town under this subsection (3) must include one or more of
20 the following options:

21 (A) Deferring collection of the impact fee payment until final
22 inspection;

23 (B) Deferring collection of the impact fee payment until
24 certificate of occupancy or equivalent certification; or

25 (C) Deferring collection of the impact fee payment until the time
26 of closing of the first sale of the property occurring after the
27 issuance of the applicable building permit.

28 (ii) Counties, cities, and towns utilizing the deferral process
29 required by this subsection (3)(a) may withhold certification of
30 final inspection, certificate of occupancy, or equivalent
31 certification until the impact fees have been paid in full.

32 (iii) The amount of impact fees that may be deferred under this
33 subsection (3) must be determined by the fees in effect at the time
34 the applicant applies for a deferral.

35 (iv) Unless an agreement to the contrary is reached between the
36 buyer and seller, the payment of impact fees due at closing of a sale
37 must be made from the seller's proceeds. In the absence of an
38 agreement to the contrary, the seller bears strict liability for the
39 payment of the impact fees.

1 (b) The term of an impact fee deferral under this subsection (3)
2 may not exceed eighteen months from the date of building permit
3 issuance.

4 (c) Except as may otherwise be authorized in accordance with (f)
5 of this subsection (3), an applicant seeking a deferral under this
6 subsection (3) must grant and record a deferred impact fee lien
7 against the property in favor of the county, city, or town in the
8 amount of the deferred impact fee. The deferred impact fee lien,
9 which must include the legal description, tax account number, and
10 address of the property, must also be:

11 (i) In a form approved by the county, city, or town;

12 (ii) Signed by all owners of the property, with all signatures
13 acknowledged as required for a deed, and recorded in the county where
14 the property is located;

15 (iii) Binding on all successors in title after the recordation;
16 and

17 (iv) Junior and subordinate to one mortgage for the purpose of
18 construction upon the same real property granted by the person who
19 applied for the deferral of impact fees.

20 (d) ~~((+))~~ If impact fees are not paid in accordance with a
21 deferral authorized by this subsection (3), and in accordance with
22 the term provisions established in (b) of this subsection (3), the
23 county, city, or town may institute foreclosure proceedings in
24 accordance with chapter 61.12 RCW.

25 ~~((ii) If the county, city, or town does not institute
26 foreclosure proceedings for unpaid school impact fees within forty-
27 five days after receiving notice from a school district requesting
28 that it do so, the district may institute foreclosure proceedings
29 with respect to the unpaid impact fees.))~~

30 (e) (i) Upon receipt of final payment of all deferred impact fees
31 for a property, the county, city, or town must execute a release of
32 deferred impact fee lien for the property. The property owner at the
33 time of the release, at his or her expense, is responsible for
34 recording the lien release.

35 (ii) The extinguishment of a deferred impact fee lien by the
36 foreclosure of a lien having priority does not affect the obligation
37 to pay the impact fees as a condition of final inspection,
38 certificate of occupancy, or equivalent certification, or at the time
39 of closing of the first sale.

1 (f) A county, city, or town with an impact fee deferral process
2 on or before April 1, 2015, is exempt from the requirements of this
3 subsection (3) if the deferral process delays all impact fees and
4 remains in effect after September 1, 2016.

5 (g) (i) Each applicant for a single-family residential
6 construction permit, in accordance with his or her contractor
7 registration number or other unique identification number, is
8 entitled to annually receive deferrals under this subsection (3) for
9 the first twenty single-family residential construction building
10 permits per county, city, or town. A county, city, or town, however,
11 may elect, by ordinance, to defer more than twenty single-family
12 residential construction building permits for an applicant. (~~If the~~
13 ~~county, city, or town collects impact fees on behalf of one or more~~
14 ~~school districts for which the collection of impact fees could be~~
15 ~~delayed, the county, city, or town must consult with the district or~~
16 ~~districts about the additional deferrals. A county, city, or town~~
17 ~~considering additional deferrals must give substantial weight to~~
18 ~~recommendations of each applicable school district regarding the~~
19 ~~number of additional deferrals. If the county, city, or town~~
20 ~~disagrees with the recommendations of one or more school districts,~~
21 ~~the county, city, or town must provide the district or districts with~~
22 ~~a written rationale for its decision.))~~

23 (ii) For purposes of this subsection (3) (g), an "applicant"
24 includes an entity that controls the applicant, is controlled by the
25 applicant, or is under common control with the applicant.

26 (h) Counties, cities, and towns may collect reasonable
27 administrative fees to implement this subsection (3) from permit
28 applicants who are seeking to delay the payment of impact fees under
29 this subsection (3).

30 (i) In accordance with RCW 44.28.812 and 43.31.980, counties,
31 cities, and towns must cooperate with and provide requested data,
32 materials, and assistance to the department of commerce and the joint
33 legislative audit and review committee.

34 (4) The impact fees:

35 (a) Shall only be imposed for system improvements that are
36 reasonably related to the new development;

37 (b) Shall not exceed a proportionate share of the costs of system
38 improvements that are reasonably related to the new development; and

39 (c) Shall be used for system improvements that will reasonably
40 benefit the new development.

1 (5) (a) Impact fees may be collected and spent only for the public
2 facilities defined in RCW 82.02.090 which are addressed by a capital
3 facilities plan element of a comprehensive land use plan adopted
4 pursuant to the provisions of RCW 36.70A.070 or the provisions for
5 comprehensive plan adoption contained in chapter 36.70, 35.63, or
6 35A.63 RCW. After the date a county, city, or town is required to
7 adopt its development regulations under chapter 36.70A RCW, continued
8 authorization to collect and expend impact fees is contingent on the
9 county, city, or town adopting or revising a comprehensive plan in
10 compliance with RCW 36.70A.070, and on the capital facilities plan
11 identifying:

12 (i) Deficiencies in public facilities serving existing
13 development and the means by which existing deficiencies will be
14 eliminated within a reasonable period of time;

15 (ii) Additional demands placed on existing public facilities by
16 new development; and

17 (iii) Additional public facility improvements required to serve
18 new development.

19 (b) If the capital facilities plan of the county, city, or town
20 is complete other than for the inclusion of those elements which are
21 the responsibility of a special district, the county, city, or town
22 may impose impact fees to address those public facility needs for
23 which the county, city, or town is responsible.

24 **Sec. 8.** RCW 82.02.060 and 2023 c 337 s 10 are each amended to
25 read as follows:

26 The local ordinance by which impact fees are imposed:

27 (1) Shall include a schedule of impact fees which shall be
28 adopted for each type of development activity that is subject to
29 impact fees, specifying the amount of the impact fee to be imposed
30 for each type of system improvement. The schedule shall be based upon
31 a formula or other method of calculating such impact fees. The
32 schedule shall reflect the proportionate impact of new housing units,
33 including multifamily and condominium units, based on the square
34 footage, number of bedrooms, or trips generated, in the housing unit
35 in order to produce a proportionally lower impact fee for smaller
36 housing units. In determining proportionate share, the formula or
37 other method of calculating impact fees shall incorporate, among
38 other things, the following:

1 (a) The cost of public facilities necessitated by new
2 development;

3 (b) An adjustment to the cost of the public facilities for past
4 or future payments made or reasonably anticipated to be made by new
5 development to pay for particular system improvements in the form of
6 user fees, debt service payments, taxes, or other payments earmarked
7 for or proratable to the particular system improvement;

8 (c) The availability of other means of funding public facility
9 improvements;

10 (d) The cost of existing public facilities improvements; and

11 (e) The methods by which public facilities improvements were
12 financed;

13 (2) May provide an exemption for low-income housing, and other
14 development activities with broad public purposes, including
15 development of an early learning facility, from these impact fees,
16 provided that the impact fees for such development activity shall be
17 paid from public funds other than impact fee accounts;

18 (3) (a) May not impose an impact fee on development activities of
19 an early learning facility greater than that imposed on commercial
20 retail or commercial office development activities that generate a
21 similar number, volume, type, and duration of vehicle trips;

22 (b) When a facility or development has more than one use, the
23 limitations in this subsection (3) or the exemption applicable to an
24 early learning facility in subsections (2) and (4) of this section
25 only apply to that portion that is developed as an early learning
26 facility. The impact fee assessed on an early learning facility in
27 such a development or facility may not exceed the least of the impact
28 fees assessed on comparable businesses in the facility or
29 development;

30 (4) May provide an exemption from impact fees for low-income
31 housing or for early learning facilities. Local governments that
32 grant exemptions for low-income housing or for early learning
33 facilities under this subsection (4) may either: Grant a partial
34 exemption of not more than eighty percent of impact fees, in which
35 case there is no explicit requirement to pay the exempted portion of
36 the fee from public funds other than impact fee accounts; or provide
37 a full waiver, in which case the remaining percentage of the exempted
38 fee must be paid from public funds other than impact fee accounts,
39 except as provided in (b) of this subsection. These exemptions are
40 subject to the following requirements:

1 (a) An exemption for low-income housing granted under subsection
2 (2) of this section or this subsection (4) must be conditioned upon
3 requiring the developer to record a covenant that, except as provided
4 otherwise by this subsection, prohibits using the property for any
5 purpose other than for low-income housing. At a minimum, the covenant
6 must address price restrictions and household income limits for the
7 low-income housing, and that if the property is converted to a use
8 other than for low-income housing, the property owner must pay the
9 applicable impact fees in effect at the time of conversion;

10 (b) An exemption for early learning facilities granted under
11 subsection (2) of this section or this subsection (4) may be a full
12 waiver without an explicit requirement to pay the exempted portion of
13 the fee from public funds other than impact fee accounts if the local
14 government requires the developer to record a covenant that requires
15 that at least 25 percent of the children and families using the early
16 learning facility qualify for state subsidized child care, including
17 early childhood education and assistance under chapter 43.216 RCW,
18 and that provides that if the property is converted to a use other
19 than for an early learning facility, the property owner must pay the
20 applicable impact fees in effect at the time of conversion, and that
21 also provides that if at no point during a calendar year does the
22 early learning facility achieve the required percentage of children
23 and families qualified for state subsidized child care using the
24 early learning facility, the property owner must pay 20 percent of
25 the impact fee that would have been imposed on the development had
26 there not been an exemption within 90 days of the local government
27 notifying the property owner of the breach, and any balance remaining
28 thereafter shall be a lien on the property; and

29 (c) Covenants required by (a) and (b) of this subsection must be
30 recorded with the applicable county auditor or recording officer. A
31 local government granting an exemption under subsection (2) of this
32 section or this subsection (4) for low-income housing or an early
33 learning facility may not collect revenue lost through granting an
34 exemption by increasing impact fees unrelated to the exemption(~~(A~~
35 ~~school district who receives school impact fees must approve any~~
36 ~~exemption under subsection (2) of this section or this subsection~~
37 ~~(4))~~);

38 (5) Shall provide a credit for the value of any dedication of
39 land for, improvement to, or new construction of any system
40 improvements provided by the developer, to facilities that are

1 identified in the capital facilities plan and that are required by
2 the county, city, or town as a condition of approving the development
3 activity;

4 (6) Shall allow the county, city, or town imposing the impact
5 fees to adjust the standard impact fee at the time the fee is imposed
6 to consider unusual circumstances in specific cases to ensure that
7 impact fees are imposed fairly;

8 (7) Shall include a provision for calculating the amount of the
9 fee to be imposed on a particular development that permits
10 consideration of studies and data submitted by the developer to
11 adjust the amount of the fee;

12 (8) Shall establish one or more reasonable service areas within
13 which it shall calculate and impose impact fees for various land use
14 categories per unit of development;

15 (9) May provide for the imposition of an impact fee for system
16 improvement costs previously incurred by a county, city, or town to
17 the extent that new growth and development will be served by the
18 previously constructed improvements provided such fee shall not be
19 imposed to make up for any system improvement deficiencies; and

20 (10) Must adopt or amend by ordinance, and incorporate into their
21 development regulations, zoning regulations, and other official
22 controls the requirements of this section to take effect six months
23 after the jurisdiction's next periodic comprehensive plan update
24 required under RCW 36.70A.130.

25 For purposes of this section, "low-income housing" means housing
26 with a monthly housing expense, that is no greater than thirty
27 percent of eighty percent of the median family income adjusted for
28 family size, for the county where the project is located, as reported
29 by the United States department of housing and urban development.

30 For the purposes of this section, "early learning facility" has
31 the same meaning as in RCW 43.31.565.

32 **Sec. 9.** RCW 82.02.070 and 2011 c 353 s 8 are each amended to
33 read as follows:

34 (1) Impact fee receipts shall be earmarked specifically and
35 retained in special interest-bearing accounts. Separate accounts
36 shall be established for each type of public facility for which
37 impact fees are collected. All interest shall be retained in the
38 account and expended for the purpose or purposes for which the impact
39 fees were imposed. Annually, each county, city, or town imposing

1 impact fees shall provide a report on each impact fee account showing
2 the source and amount of all moneys collected, earned, or received
3 and system improvements that were financed in whole or in part by
4 impact fees.

5 (2) Impact fees for system improvements shall be expended only in
6 conformance with the capital facilities plan element of the
7 comprehensive plan.

8 (3) ~~((a) Except as provided otherwise by (b) of this subsection,~~
9 ~~impact))~~ Impact fees shall be expended or encumbered for a
10 permissible use within ten years of receipt, unless there exists an
11 extraordinary and compelling reason for fees to be held longer than
12 ten years. Such extraordinary or compelling reasons shall be
13 identified in written findings by the governing body of the county,
14 city, or town.

15 ~~((b) School impact fees must be expended or encumbered for a
16 permissible use within ten years of receipt, unless there exists an
17 extraordinary and compelling reason for fees to be held longer than
18 ten years. Such extraordinary or compelling reasons shall be
19 identified in written findings by the governing body of the county,
20 city, or town.))~~

21 (4) Impact fees may be paid under protest in order to obtain a
22 permit or other approval of development activity.

23 (5) Each county, city, or town that imposes impact fees shall
24 provide for an administrative appeals process for the appeal of an
25 impact fee; the process may follow the appeal process for the
26 underlying development approval or the county, city, or town may
27 establish a separate appeals process. The impact fee may be modified
28 upon a determination that it is proper to do so based on principles
29 of fairness. The county, city, or town may provide for the resolution
30 of disputes regarding impact fees by arbitration.

31 **Sec. 10.** RCW 82.02.090 and 2023 c 121 s 2 are each amended to
32 read as follows:

33 The definitions in this section apply throughout this section and
34 RCW 82.02.050 through 82.02.080 unless the context clearly requires
35 otherwise.

36 (1) "Development activity" means any construction or expansion of
37 a building, structure, or use, any change in use of a building or
38 structure, or any changes in the use of land, that creates additional

1 demand and need for public facilities. "Development activity" does
2 not include:

3 (a) Buildings or structures constructed by a regional transit
4 authority; or

5 (b) Buildings or structures constructed as shelters that provide
6 emergency housing for people experiencing homelessness, or emergency
7 shelters for victims of domestic violence, as defined in RCW
8 70.123.020.

9 (2) "Development approval" means any written authorization from a
10 county, city, or town which authorizes the commencement of
11 development activity.

12 (3) "Impact fee" means a payment of money imposed upon
13 development as a condition of development approval to pay for public
14 facilities needed to serve new growth and development, and that is
15 reasonably related to the new development that creates additional
16 demand and need for public facilities, that is a proportionate share
17 of the cost of the public facilities, and that is used for facilities
18 that reasonably benefit the new development. "Impact fee" does not
19 include a reasonable permit or application fee.

20 (4) "Owner" means the owner of record of real property, although
21 when real property is being purchased under a real estate contract,
22 the purchaser is considered the owner of the real property if the
23 contract is recorded.

24 (5) "Project improvements" mean site improvements and facilities
25 that are planned and designed to provide service for a particular
26 development project and that are necessary for the use and
27 convenience of the occupants or users of the project, and are not
28 system improvements. An improvement or facility included in a capital
29 facilities plan approved by the governing body of the county, city,
30 or town is not considered a project improvement.

31 (6) "Proportionate share" means that portion of the cost of
32 public facility improvements that are reasonably related to the
33 service demands and needs of new development.

34 (7) "Public facilities" means the following capital facilities
35 owned or operated by government entities: (a) Public streets, roads,
36 and bicycle and pedestrian facilities that were designed with
37 multimodal commuting as an intended use; (b) publicly owned parks,
38 open space, and recreation facilities; and (c) (~~school facilities,~~
39 ~~and (d))~~) fire protection facilities.

1 (8) "Service area" means a geographic area defined by a county,
2 city, town, or intergovernmental agreement in which a defined set of
3 public facilities provide service to development within the area.
4 Service areas must be designated on the basis of sound planning or
5 engineering principles.

6 (9) "System improvements" mean public facilities that are
7 included in the capital facilities plan and are designed to provide
8 service to service areas within the community at large, in contrast
9 to project improvements.

10 **Sec. 11.** RCW 36.70A.211 and 2017 c 129 s 2 are each amended to
11 read as follows:

12 (1) A county may authorize the siting in a rural area of a school
13 that serves students from an urban area, even where otherwise
14 prohibited by a multicounty planning policy, under the following
15 circumstances:

16 (a) The county has a population of more than eight hundred forty
17 thousand but fewer than one million five hundred thousand and abuts
18 at least six other counties;

19 (b) The county must have adopted in its comprehensive plan a
20 policy concerning the siting of schools in rural areas;

21 (c) Any impacts associated with the siting of such a school are
22 mitigated as required by the state environmental policy act, chapter
23 43.21C RCW; and

24 (d) The county must be a participant in a multicounty planning
25 policy as described in RCW 36.70A.210.

26 (2) A multicounty planning policy in which any county referenced
27 in subsection (1) of this section is a participant must be amended,
28 at its next regularly scheduled update, to include a policy that
29 addresses the siting of schools in rural areas of all counties
30 subject to the multicounty planning policy.

31 ~~(3) ((A school sited under this section may not collect or impose~~
32 ~~the impact fees described in RCW 82.02.050.~~

33 ~~(4))~~) This section expires June 30, 2031.

34 NEW SECTION. **Sec. 12.** RCW 82.02.110 (Impact fees—Extending use
35 of school impact fees) and 2009 c 263 s 2 are each repealed.

36 NEW SECTION. **Sec. 13.** If any provision of this act or its
37 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 14.** This act takes effect if the proposed
4 amendment to Article VII, section 2, Article VIII, section 6, and
5 Article XI of the state Constitution (S-0600/25) modifying local
6 funding authority for school district facilities is validly submitted
7 to and is approved and ratified by the voters at the next general
8 election.

--- END ---