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**SUBSTITUTE SENATE BILL 5514**

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**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senate Committee on State & Local Government (originally sponsored by Senators Spanel, Carlson, Hale, Gardner, Rasmussen, Winsley, Regala, Costa and Fraser)

READ FIRST TIME 02/22/01.

1       AN ACT Relating to public facilities districts; amending RCW  
2 35.57.010, 35.57.020, 36.100.030, and 82.14.390; adding new  
3 sections to chapter 35.57 RCW; and adding new sections to chapter  
4 36.100 RCW.

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

6       **Sec. 1.** RCW 35.57.010 and 1999 c 165 s 1 are each amended to read  
7 as follows:

8       (1) The legislative authority of any town or city located in a  
9 county with a population of less than one million may create a  
10 public facilities district. The legislative authorities of any  
11 contiguous group of towns or cities located in a county or  
12 counties each with a population of less than one million may enter  
13 an agreement under chapter 39.34 RCW for the creation and joint  
14 operation of a public facilities district. The legislative  
15 authority of any town or city, or any contiguous group of towns or  
16 cities, located in a county with a population of less than one  
17 million and the legislative authority of the county or counties in  
18 which the towns or cities are located may enter into an agreement

1 under chapter 39.34 RCW for the creation and joint operation of a  
2 public facilities district.

3 (2) A public facilities district shall be coextensive with the  
4 boundaries of the city or town or contiguous group of cities or  
5 towns that created the district. A public facilities district  
6 created by an agreement between a town or city, or a contiguous  
7 group of towns or cities, and the county in which they are located  
8 shall be coextensive with the boundaries of the towns or cities,  
9 and the boundaries of the county or counties as to the  
10 unincorporated areas of the county or counties. The boundaries  
11 shall not include incorporated towns or cities that are not  
12 parties to the agreement for the creation and joint operation of  
13 the district.

14 (3)(a) A public facilities district created by a single city or  
15 town shall be governed by a board of directors consisting of five  
16 members selected as follows: (i) Two members appointed by the  
17 legislative authority of the city or town; and (ii) three members  
18 appointed by legislative authority based on recommendations from  
19 local organizations. The members appointed under (a)(i) of this  
20 subsection, shall not be members of the legislative authority of  
21 the city or town. The members appointed under (a)(ii) of this  
22 subsection, shall be based on recommendations received from local  
23 organizations that may include, but are not limited to the local  
24 chamber of commerce, local economic development council, and local  
25 labor council. The members shall serve four-year terms. Of the  
26 initial members, one must be appointed for a one-year term, one  
27 must be appointed for a two-year term, one must be appointed for a  
28 three-year term, and the remainder must be appointed for four-year  
29 terms.

30 (b) A public facilities district created by ~~((a))~~ a  
31 contiguous group of cities and towns shall be governed by a board  
32 of directors consisting of seven members selected as follows: (i)  
33 Three members appointed by the legislative authorities of the  
34 cities and towns; and (ii) four members appointed by the  
35 legislative authority based on recommendations from local  
36 organizations. The members appointed under (b)(i) of this  
37 subsection shall not be members of the legislative authorities of

1 the cities and towns. The members appointed under (b)(ii) of this  
2 subsection, shall be based on recommendations received from local  
3 organizations that include, but are not limited to the local  
4 chamber of commerce, local economic development council, local  
5 labor council, and a neighborhood organization that is directly  
6 affected by the location of the regional center in their area. The  
7 members of the board of directors shall be appointed in accordance  
8 with the terms of the agreement under chapter 39.34 RCW for the  
9 joint operation of the district and shall serve four-year terms. Of  
10 the initial members, one must be appointed for a one-year term,  
11 one must be appointed for a two-year term, one must be appointed  
12 for a three-year term, and the remainder must be appointed for  
13 four-year terms.

14 (c) A public facilities district created by a town or city, or  
15 a contiguous group of towns or cities, and the county or counties  
16 in which they are located shall be governed by a board of  
17 directors consisting of seven members selected as follows: (i)  
18 Three members appointed by the legislative authorities of the  
19 cities, towns, and county; and (ii) four members appointed by the  
20 legislative authority based on recommendations from local  
21 organizations. The members appointed under (c)(i) of this  
22 subsection shall not be members of the legislative authorities of  
23 the cities, towns, or county. The members appointed under (c)(ii)  
24 of this subsection shall be based on recommendations received from  
25 local organizations that include, but are not limited to, the  
26 local chamber of commerce, local economic development council,  
27 local labor council, and a neighborhood organization that is  
28 directly affected by the location of the regional center in their  
29 area. The members of the board of directors shall be appointed in  
30 accordance with the terms of the agreement under chapter 39.34 RCW  
31 for the joint operation of the district and shall serve four-year  
32 terms. Of the initial members, one must be appointed for a one-year  
33 term, one must be appointed for a two-year term, one must be  
34 appointed for a three-year term, and the remainder must be  
35 appointed for four-year terms.

36 (4) A public facilities district is a municipal corporation, an  
37 independent taxing "authority" within the meaning of Article VII,

1 section 1 of the state Constitution, and a "taxing district"  
2 within the meaning of Article VII, section 2 of the state  
3 Constitution.

4 (5) A public facilities district shall constitute a body  
5 corporate and shall possess all the usual powers of a corporation  
6 for public purposes as well as all other powers that may now or  
7 hereafter be specifically conferred by statute, including, but not  
8 limited to, the authority to hire employees, staff, and services,  
9 to enter into contracts, and to sue and be sued.

10 (6) A public facilities district may acquire and transfer real  
11 and personal property by lease, sublease, purchase, or sale. No  
12 direct or collateral attack on any (~~metropolitan~~) public  
13 facilities district purported to be authorized or created in  
14 conformance with this chapter may be commenced more than thirty  
15 days after creation by the city and/or county legislative  
16 authority.

17 **Sec. 2.** RCW 35.57.020 and 1999 c 165 s 2 are each amended to read  
18 as follows:

19 (1) A public facilities district is authorized to acquire,  
20 construct, own, remodel, maintain, equip, reequip, repair,  
21 finance, and operate one or more regional centers. For purposes of  
22 this chapter, "regional center" means a convention, conference, or  
23 special events center, or any combination of facilities, and  
24 related parking facilities, serving a regional population  
25 constructed, improved, or rehabilitated after July 25, 1999, at a  
26 cost of at least ten million dollars, including debt service. A  
27 "special events center" is a facility or combination of  
28 facilities, the primary purpose of which is the presentation of  
29 events, activities, performances, or exhibits for the enjoyment of  
30 the general public. "Regional center" also includes an existing  
31 convention, conference, or special events center, and related  
32 parking facilities, serving a regional population, that is  
33 improved or rehabilitated after July 25, 1999, where the costs of  
34 improvement or rehabilitation are at least ten million dollars,  
35 including debt service. A regional center is conclusively presumed  
36 to serve a regional population if state and local government

1 investment in the construction, improvement, or rehabilitation of  
2 the regional center is equal to or greater than ten million  
3 dollars.

4 (2) A public facilities district created under RCW 36.100.010  
5 and a public facilities district created under RCW 35.57.010  
6 located in the same county may enter into agreements under chapter  
7 39.34 RCW to jointly acquire, construct, own, remodel, maintain,  
8 equip, reequip, repair, finance, and operate one or more regional  
9 centers.

10 (3) A public facilities district may impose charges and fees  
11 for the use of its facilities, and may accept and expend or use  
12 gifts, grants, and donations for the purpose of a regional center.

13 ~~((3))~~ (4) A public facilities district may impose charges,  
14 fees, and taxes authorized in RCW 35.57.040, and use revenues  
15 derived therefrom for the purpose of paying principal and interest  
16 payments on bonds issued by the public facilities district to  
17 construct a regional center.

18 ~~((4))~~ (5) Notwithstanding the establishment of a career,  
19 civil, or merit service system, a public facilities district may  
20 contract with a public or private entity for the operation or  
21 management of its public facilities.

22 ~~((5))~~ (6) A public facilities district is authorized to use  
23 the supplemental alternative public works contracting procedures  
24 set forth in chapter 39.10 RCW in connection with the design,  
25 construction, reconstruction, remodel, or alteration of any  
26 regional center.

27 **Sec. 3.** RCW 36.100.030 and 1999 c 165 s 16 are each amended to  
28 read as follows:

29 (1) A public facilities district is authorized to acquire,  
30 construct, own, remodel, maintain, equip, reequip, repair, and  
31 operate sports facilities, entertainment facilities, convention  
32 facilities, or regional centers as defined in RCW 35.57.020,  
33 together with contiguous parking facilities. The taxes that are  
34 provided for in this chapter may only be imposed for these  
35 purposes.

36 (2) A public facilities district created under RCW 36.100.010

1 and a public facilities district created under RCW 35.57.010  
2 located in the same county may enter into agreements under chapter  
3 39.34 RCW to jointly acquire, construct, own, remodel, maintain,  
4 equip, reequip, repair, finance, and operate one or more regional  
5 centers.

6 (3) A public facilities district may enter into agreements  
7 under chapter 39.34 RCW for the joint provision and operation of  
8 such facilities and may enter into contracts under chapter 39.34  
9 RCW where any party to the contract provides and operates such  
10 facilities for the other party or parties to the contract.

11 ((+3)) (4) Notwithstanding the establishment of a career,  
12 civil, or merit service system, a public ((facility{facilities}))  
13 facilities district may contract with a public or private entity  
14 for the operation or management of its public facilities.

15 ((+4)) (5) A public facilities district is authorized to use  
16 the supplemental alternative public works contracting procedures  
17 set forth in chapter 39.10 RCW in connection with the design,  
18 construction, reconstruction, remodel, or alteration of any of its  
19 public facilities.

20 ((+5)) (6) A public facilities district may impose charges and  
21 fees for the use of its facilities, and may accept and expend or  
22 use gifts, grants, and donations.

23 **Sec. 4.** RCW 82.14.390 and 1999 c 165 s 13 are each amended to read  
24 as follows:

25 (1) Except as provided in subsection (6) of this section, the  
26 governing body of a public facilities district created under  
27 chapter 35.57 or 36.100 RCW that commences construction of a new  
28 regional center, or improvement or rehabilitation of an existing  
29 new regional center, before January 1, ((2003)) 2004, may impose a  
30 sales and use tax in accordance with the terms of this chapter. The  
31 tax is in addition to other taxes authorized by law and shall be  
32 collected from those persons who are taxable by the state under  
33 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable  
34 event within the public facilities district. The rate of tax shall  
35 not exceed 0.033 percent of the selling price in the case of a  
36 sales tax or value of the article used in the case of a use tax.

1 (2) The tax imposed under subsection (1) of this section shall  
2 be deducted from the amount of tax otherwise required to be  
3 collected or paid over to the department of revenue under chapter  
4 82.08 or 82.12 RCW. The department of revenue shall perform the  
5 collection of such taxes on behalf of the county at no cost to the  
6 public facilities district.

7 (3) No tax may be collected under this section before August 1,  
8 2000. The tax imposed in this section shall expire when the bonds  
9 issued for the construction of the regional center and related  
10 parking facilities are retired, but not more than twenty-five  
11 years after the tax is first collected.

12 (4) Moneys collected under this section shall only be used for  
13 the purposes set forth in RCW 35.57.020 and must be matched with  
14 an amount from other public or private sources equal to thirty-  
15 three percent of the amount collected under this section, provided  
16 that amounts generated from nonvoter approved taxes authorized  
17 under chapter 35.57 RCW or nonvoter approved taxes authorized  
18 under chapter 36.100 RCW shall not constitute a public or private  
19 source. For the purpose of this section, public or private sources  
20 includes, but is not limited to cash or in-kind contributions used  
21 in all phases of the development or improvement of the regional  
22 center, land that is donated and used for the siting of the  
23 regional center, cash or in-kind contributions from public or  
24 private foundations, or amounts attributed to private sector  
25 partners as part of a public and private partnership agreement  
26 negotiated by the public facilities district.

27 (5) The combined total tax levied under this section shall not  
28 be greater than 0.033 percent. If both a public facilities district  
29 created under chapter 35.57 RCW and a public facilities district  
30 created under chapter 36.100 RCW impose a tax under this section,  
31 the tax imposed by a public facilities district created under  
32 chapter 35.57 RCW shall be credited against the tax imposed by a  
33 public facilities district created under chapter 36.100 RCW.

34 (6) A public facilities district created under chapter 36.100  
35 RCW is not eligible to impose the tax under this section if the  
36 legislative authority of the county where the public facilities

1 district is located has imposed a sales and use tax under RCW  
2 82.14.0485 or 82.14.0494.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 35.57  
4 RCW to read as follows:

5 A public facilities district established in accordance with  
6 this chapter will be dissolved and its affairs liquidated by  
7 either of the following methods:

8 (1) When directed by a majority of persons in the district  
9 voting on the question. An election placing the question before the  
10 voters may be called in the following manner:

11 (a) By resolution of the public facilities district governing  
12 authority;

13 (b) By resolution of the county legislative body or bodies with  
14 the concurrence by resolution of the city council of a component  
15 city; or

16 (c) By petition calling for an election signed by at least ten  
17 percent of the qualified voters residing within the public  
18 facilities district filed with the auditor of the county where the  
19 largest portion of the district is located. The auditor will  
20 examine and certify the sufficiency of the signatures, however,  
21 the signatures must have been collected within a ninety-day period  
22 as designated by the petition sponsors.

23 With dissolution of the public facilities district, any  
24 outstanding obligations and bonded indebtedness of the district  
25 will be satisfied or allocated by mutual agreement to the county  
26 or counties and component cities of the district.

27 (2) By submission of a petition signed by at least two-thirds  
28 of the legislative bodies who have representatives on the public  
29 facilities district governing body for an order of dissolution to  
30 the superior court of a county of the district. All of the  
31 signatures must have been collected within one hundred twenty days  
32 of the date of submission to the court. The procedures for  
33 dissolution provided in RCW 53.48.030 through 53.48.120 apply,  
34 except that the balance of any assets, after payment of all costs  
35 and expenses, will be divided among the county or counties and  
36 component cities of the district on a per capita basis. Any duties

1 to be performed by a county official pursuant to RCW 53.48.030  
2 through 53.48.120 will be performed by the relevant official of  
3 the county in which the petition for dissolution is filed.

4 NEW SECTION. **Sec. 6.** A new section is added to chapter 36.100  
5 RCW to read as follows:

6 A public facilities district established in accordance with  
7 this chapter will be dissolved and its affairs liquidated by  
8 either of the following methods:

9 (1) When directed by a majority of persons in the district  
10 voting on the question. An election placing the question before the  
11 voters may be called in the following manner:

12 (a) By resolution of the public facilities district governing  
13 authority;

14 (b) By resolution of the county legislative body or bodies with  
15 the concurrence by resolution of the city council of a component  
16 city; or

17 (c) By petition calling for an election signed by at least ten  
18 percent of the qualified voters residing within the public  
19 facilities district filed with the auditor of the county where the  
20 largest portion of the district is located. The auditor will  
21 examine and certify the sufficiency of the signatures, however,  
22 the signatures must have been collected within a ninety-day period  
23 as designated by the petition sponsors.

24 With dissolution of the public facilities district, any  
25 outstanding obligations and bonded indebtedness of the district  
26 will be satisfied or allocated by mutual agreement to the county  
27 or counties and component cities of the district.

28 (2) By submission of a petition signed by at least two-thirds  
29 of the legislative bodies who have representatives on the public  
30 facilities district governing body for an order of dissolution to  
31 the superior court of a county of the district. All of the  
32 signatures must have been collected within one hundred twenty days  
33 of the date of submission to the court. The procedures for  
34 dissolution provided in RCW 53.48.030 through 53.48.120 apply,  
35 except that the balance of any assets, after payment of all costs  
36 and expenses, will be divided among the county or counties and

1 component cities of the district on a per capita basis. Any duties  
2 to be performed by a county official pursuant to RCW 53.48.030  
3 through 53.48.120 will be performed by the relevant official of  
4 the county in which the petition for dissolution is filed.

5 NEW SECTION. **Sec. 7.** A new section is added to chapter 36.100  
6 RCW to read as follows:

7 (1) A public facilities district may apply for deferral of  
8 taxes on site preparation, construction of buildings or other  
9 structures, and acquisition of related machinery and equipment,  
10 for a regional center. Application shall be made to the department  
11 of revenue in a form and manner prescribed by the department of  
12 revenue. The application shall contain information regarding the  
13 location of the regional center, estimated or actual costs, time  
14 schedules for completion and operation, and other information  
15 required by the department of revenue. The department of revenue  
16 shall approve the application within sixty days if it meets the  
17 requirements of this section.

18 (2) The department of revenue shall issue a sales and use tax  
19 deferral certificate for state and local sales and use taxes due  
20 under chapters 82.08, 82.12, and 82.14 RCW on the public  
21 facility. The use of the certificate shall be governed by rules  
22 established by the department of revenue.

23 (3) The public facilities district shall begin paying the  
24 deferred taxes in the fifth year after the date certified by the  
25 department of revenue as the date on which the regional center is  
26 operationally complete. The first payment is due on December 31st  
27 of the fifth calendar year after such certified date, with  
28 subsequent annual payments due on December 31st of the following  
29 nine years. Each payment shall equal ten percent of the deferred  
30 tax.

31 (4) The department of revenue may authorize an accelerated  
32 repayment schedule upon request of the public facilities district.

33 (5) Interest shall not be charged on any taxes deferred under  
34 this section for the period of deferral, although all other  
35 penalties and interest applicable to delinquent excise taxes may

1 be assessed and imposed for delinquent payments under this  
2 section. The debt for deferred taxes is not extinguished by  
3 insolvency or other failure of the public facilities district.

4 (6) Applications and any other information received by the  
5 department of revenue under this section are not confidential and  
6 are subject to disclosure. Chapter 82.32 RCW applies to the  
7 administration of this section.

8  
9 NEW SECTION. **Sec. 8.** A new section is added to chapter 35.57  
10 RCW to read as follows:

11 (1) A public facilities district may apply for deferral of  
12 taxes on site preparation, construction of buildings or other  
13 structures, and acquisition of related machinery and equipment,  
14 for a regional center. Application shall be made to the department  
15 of revenue in a form and manner prescribed by the department of  
16 revenue. The application shall contain information regarding the  
17 location of the regional center, estimated or actual costs, time  
18 schedules for completion and operation, and other information  
19 required by the department of revenue. The department of revenue  
20 shall approve the application within sixty days if it meets the  
21 requirements of this section.

22 (2) The department of revenue shall issue a sales and use tax  
23 deferral certificate for state and local sales and use taxes due  
24 under chapters 82.08, 82.12, and 82.14 RCW on the public  
25 facility. The use of the certificate shall be governed by rules  
26 established by the department of revenue.

27 (3) The public facilities district shall begin paying the  
28 deferred taxes in the fifth year after the date certified by the  
29 department of revenue as the date on which the regional center is  
30 operationally complete. The first payment is due on December 31st  
31 of the fifth calendar year after such certified date, with  
32 subsequent annual payments due on December 31st of the following  
33 nine years. Each payment shall equal ten percent of the deferred  
34 tax.

35 (4) The department of revenue may authorize an accelerated  
36 repayment schedule upon request of the public facilities district.

37 (5) Interest shall not be charged on any taxes deferred under

1 this section for the period of deferral, although all other  
2 penalties and interest applicable to delinquent excise taxes may  
3 be assessed and imposed for delinquent payments under this  
4 section. The debt for deferred taxes is not extinguished by  
5 insolvency or other failure of the public facilities district.

6 (6) Applications and any other information received by the  
7 department of revenue under this section are not confidential and  
8 are subject to disclosure. Chapter 82.32 RCW applies to the  
9 administration of this section.

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