
SENATE BILL 5984

State of Washington 62nd Legislature 2011 2nd Special Session

By Senators Murray, Zarelli, Parlette, Kilmer, Fraser, Harper, Kohl-
Welles, and Chase

Read first time 12/08/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to local government financial soundness; adding a
2 new section to chapter 35.57 RCW; adding a new section to chapter
3 36.100 RCW; creating a new section; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 35.57 RCW
6 to read as follows:

7 (1) An independent financial feasibility review under this section
8 is required to be performed prior to any of the following events:

9 (a) The formation of a public facilities district under this
10 chapter;

11 (b) The issuance of any indebtedness by a public facilities
12 district under this chapter; or

13 (c) The long-term lease, purchase, or development of a facility
14 under RCW 35.57.020.

15 (2) The independent financial feasibility review required by this
16 section must be conducted by the department of commerce through the
17 municipal research and services center under RCW 43.110.030 or under a
18 contract with another entity under the authority of RCW 43.110.080.
19 The review must examine the potential costs to be incurred by the

1 public facility district and the adequacy of revenues to meet those
2 costs. The cost of the independent financial feasibility review must
3 be borne by the public facility district or the local government
4 proposing to form a public facility district.

5 (3) The independent financial feasibility review, upon completion,
6 must be a public document and must be submitted to the governor, the
7 state treasurer, the state auditor, the public facility district and
8 participating local political subdivisions, and appropriate committees
9 of the legislature.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 36.100 RCW
11 to read as follows:

12 (1) An independent financial feasibility review under this section
13 is required to be performed prior to any of the following events:

14 (a) The formation of a public facilities district under this
15 chapter;

16 (b) The issuance of any indebtedness by a public facilities
17 district under this chapter; or

18 (c) The long-term lease, purchase, or development of a facility
19 under this chapter.

20 (2) The independent financial feasibility review required by this
21 section must be conducted by the department of commerce through the
22 municipal research and services center under RCW 43.110.030 or under a
23 contract with another entity under the authority of RCW 43.110.080.
24 The review must examine the potential costs to be incurred by the
25 public facility district and the adequacy of revenues to meet those
26 costs. The cost of the independent financial feasibility review must
27 be borne by the public facility district or the local government
28 proposing to form a public facility district.

29 (3) The independent financial feasibility review, upon completion,
30 must be a public document and must be submitted to the governor, the
31 state treasurer, the state auditor, the public facility district and
32 participating local political subdivisions, and appropriate committees
33 of the legislature.

34 NEW SECTION. **Sec. 3.** (1) The Washington state treasurer and
35 Washington state auditor must examine the financial condition of the

1 state's two thousand four hundred local governmental entities to
2 identify those in which there may be indications of financial distress.

3 (a) The state treasurer and state auditor must consult with local
4 government associations, the municipal research services center, the
5 local government advisory committee established to advise the state
6 auditor's office in prescribing local government budgeting, accounting,
7 and reporting systems, and other interested parties at the discretion
8 of the state treasurer and state auditor to assist in the examination
9 of the financial conditions of the local governments.

10 (b) The state treasurer and state auditor must report on their
11 initial findings under this section to the governor and the appropriate
12 committees of the legislature by January 10, 2012.

13 (2) By January 10, 2012, the state treasurer must recommend
14 legislation to establish a forward-looking capacity to protect the
15 state and its local governmental entities from negative effects in the
16 unlikely event of another impending default on debts owed by a local
17 governmental entity.

18 NEW SECTION. **Sec. 4.** If any provision of this act or its
19 application to any person or circumstance is held invalid, the
20 remainder of the act or the application of the provision to other
21 persons or circumstances is not affected.

22 NEW SECTION. **Sec. 5.** Section 3 of this act is necessary for the
23 immediate preservation of the public peace, health, or safety, or
24 support of the state government and its existing public institutions,
25 and takes effect immediately.

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