
SUBSTITUTE SENATE BILL 6324

State of Washington

66th Legislature

2020 Regular Session

By Senate Local Government (originally sponsored by Senators Takko and Carlyle)

READ FIRST TIME 01/31/20.

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, lake and beach management districts,
14 conservation districts, and irrigation 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) (i) On or before December 31, 2020, and on or before
25 December 31st of each year thereafter, the state auditor must search
26 available records and notify the legislative authority of a county if
27 any special purpose districts, located wholly or partially within the
28 county, have failed to have their report certified as provided under
29 subsection (2) of this section. If the boundaries of the special
30 purpose district are located within more than one county, the state
31 auditor must notify all legislative authorities of the counties
32 within which the boundaries of the special purpose district lie.

33 (ii) If a county has been notified as provided in (a) (i) of this
34 subsection (3), the special purpose district and the county auditor,
35 acting on behalf of the special purpose district, are prohibited from
36 issuing any warrants against the funds of the special purpose
37 district until the district has had its report certified by the state
38 auditor.

39 (b) (i) On or before December 31, 2020, and on or before December
40 31st of each year thereafter, the state auditor must search available

1 records and notify the state treasurer if any special purpose
2 districts due sales and use tax revenues have failed to have their
3 report certified as provided under subsection (2) of this section.

4 (ii) If the state treasurer has been notified as provided in
5 (b)(i) of this subsection (3), the state treasurer may not distribute
6 any local sales and use taxes imposed by a special purpose district
7 to the district until the district has had its report certified by
8 the state auditor.

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

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

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

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

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

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

31 (b) No election has been held for the purpose of electing a
32 member of the governing body within the preceding consecutive seven-
33 year period or, in those instances where members of the governing
34 body are appointed and not elected, where no member of the governing
35 body has been appointed within the preceding seven-year period; or

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

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

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

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

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

1 of such hearings, and that all interested persons may appear and be
2 heard.

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

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

31 NEW SECTION. **Sec. 5.** A new section is added to chapter 36.96
32 RCW to read as follows:

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

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.55
2 RCW to read as follows:

3 (1) Subject to subsections (2) and (3) of this section, if a
4 county dissolves a special purpose district as provided in section 5
5 of this act, the county may increase its levy authorized under RCW
6 84.52.043(1)(b) beginning in the first calendar year following the
7 dissolution.

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

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

--- END ---