
HOUSE BILL 2395

State of Washington 52nd Legislature 1992 Regular Session

By Representatives Roland, Ferguson, Haugen and Orr

Read first time 01/16/92. Referred to Committee on Local Government.

1 AN ACT Relating to local improvement districts; adding a new
2 section to chapter 35.21 RCW; adding a new section to chapter 35.58
3 RCW; adding a new section to chapter 36.69 RCW; adding a new section to
4 chapter 36.73 RCW; adding a new section to chapter 36.83 RCW; adding a
5 new section to chapter 36.88 RCW; adding a new section to chapter 36.94
6 RCW; adding a new section to chapter 39.46 RCW; adding a new section to
7 chapter 52.20 RCW; adding a new section to chapter 53.08 RCW; adding a
8 new section to chapter 54.16 RCW; adding a new section to chapter 56.20
9 RCW; adding a new section to chapter 57.16 RCW; adding a new section to
10 chapter 87.03 RCW; adding a new chapter to Title 39 RCW; and creating
11 a new section.

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

13 NEW SECTION. **Sec. 1.** PURPOSE. The purpose of this chapter and
14 section 50 of this act is to provide an optional method clarifying,

1 simplifying, and making uniform the procedures by which local
2 governments create local improvement districts, utility local
3 improvement districts, local utility districts, and road improvement
4 districts, impose and collect special assessments, and issue and sell
5 local improvement district bonds and revenue bonds backed by the
6 special assessments. The authority included in this chapter and
7 section 50 of this act is supplementary and in addition to any
8 authority otherwise existing. Except as otherwise provided, a local
9 government may not use any of the authority included in this chapter
10 and section 50 of this act without complying with this entire chapter
11 and section 50 of this act and any limitations and restrictions
12 included in this chapter and section 50 of this act.

13 NEW SECTION. **Sec. 2.** DEFINITIONS. Unless the context clearly
14 requires otherwise, the definitions in this section apply throughout
15 this chapter and section 50 of this act.

16 (1) "City" means a city or town.

17 (2) "Costs of public improvements" means all costs of constructing
18 or providing public improvements financed in whole or in part by a
19 local improvement district and all related costs associated with
20 construction or provision of the public improvement, including, but not
21 limited to, costs for the following services and activities:
22 Engineering, designing, surveying, appraising, advertising, marketing,
23 publishing, accounting, clerical, legal, financing, interim financing,
24 increasing or establishing a guaranty fund or a separate reserve fund
25 or other security for the payment of principal and interest on bonds,
26 and acquiring land, rights of way, easements, or other facilities or
27 rights.

28 (3) "Governing body" means the council, commission, or other
29 legislative authority of a local government.

1 (4) "Local government" means a county, city, port district, public
2 utility district, sewer district, water district, irrigation district,
3 or other municipal corporation or quasi-municipal corporation otherwise
4 authorized by statute to create local improvement districts.

5 (5) "Local improvement district" means a district created by a
6 local government where a geographic area or areas are designated as
7 specially benefited by public improvements, and the costs of the public
8 improvements are to be defrayed wholly or in part by the imposition of
9 special assessments on the benefited real property located within the
10 district. Local improvement districts include utility local
11 improvement districts created by local governments, local utility
12 districts created by public utility districts, and road improvement
13 districts created by counties.

14 (6) "Local improvement district bonds" means bonds, notes, or other
15 evidences of indebtedness issued by a local government to pay all or
16 part of the costs of public improvements financed through a local
17 improvement district, which bonds, notes, or other evidences of
18 indebtedness are not general indebtedness of the local government but
19 are special indebtedness of a fund or funds of the local government,
20 and which bonds, notes, or other evidences of indebtedness are payable
21 exclusively from special assessments imposed within the local
22 improvement district, from reserve funds that may be created, from a
23 guaranty fund that may be created, and from other moneys legally
24 available for such purposes.

25 (7) "Public improvements" means facilities, utilities, equipment,
26 plant capacity, and related utility services that the local government
27 is authorized to finance through the creation of a local improvement
28 district and that: (a) Are of a public nature; and (b) confer a
29 special benefit on real property within the local improvement district
30 beyond the benefits conferred generally to the community.

1 (8) "Resolution" means an enactment by which a governing body
2 formally adopts legislative provisions and matters of some permanency
3 and includes ordinances and resolutions as applicable to the local
4 government.

5 (9) "Special assessment" means a charge imposed upon real property
6 within a local improvement district that is specially benefited, or
7 will be specially benefited, from the public improvements financed in
8 whole or in part through the local improvement district, and which
9 shall not exceed the increased true and fair value resulting to the
10 real property from the public improvements that are financed in whole
11 or in part through the local improvement district.

12 (10) "Utility local improvement district" means a type of local
13 improvement district used to construct utility public improvements
14 where both special assessments and a portion of the utility rates,
15 utility charges, or utility fees are pledged to the payment of revenue
16 bonds or other revenue obligations, instead of local improvement
17 district bonds, issued to finance all or part of the cost of the
18 utility public improvements.

19 NEW SECTION. **Sec. 3.** PROPERTY OWNER SIGNATURES. Whenever real
20 property is proposed to be included in a local improvement district,
21 and the real property is being purchased on a contract, the contract
22 purchaser of the real property shall be the person who is eligible to
23 sign a petition under this chapter relating to that real property
24 unless the owner had signed the petition prior to the sale.

25 NEW SECTION. **Sec. 4.** OPTIONAL AUTHORIZATION. (1) Any local
26 government that is authorized by law other than this chapter to create
27 local improvement districts may create local improvement districts,
28 impose and collect special assessments related to the local improvement

1 districts, and issue and sell local improvement district bonds, or
2 revenue bonds if utility local improvement districts are created, as
3 provided in this chapter and section 50 of this act. A local
4 government may create a local improvement district to finance only
5 those public improvements that the local government is authorized by
6 law other than this chapter to provide and finance through the
7 establishment of local improvement districts. Local improvement
8 districts need not include all real property expected to be specially
9 benefited and may include noncontiguous areas. When the governing body
10 of a local government finds that all of the real property within a
11 proposed local improvement district will be benefited by two or more
12 separate public improvements as a whole, a local improvement district
13 may include one or more separate areas even though the public
14 improvements are not connected or continuous.

15 (2) A local government may use the procedures provided in this
16 chapter to create a local improvement district outside of its
17 boundaries, or to include areas located both inside and outside of its
18 boundaries, if it is authorized to create such local improvement
19 districts by other laws. The creation of a local improvement district
20 outside of the boundaries of a local government may be subject to
21 potential review by a boundary review board under chapter 36.93 RCW.
22 A petition to initiate a local improvement district that is proposed to
23 include areas located both inside and outside of the local government's
24 boundaries must include signatures sufficient to initiate two separate
25 local improvement districts, one including the area inside of the local
26 government's boundaries and the other including the area outside of the
27 local government's boundaries. The ability of real property owners to
28 file objections to stop the creation of such a local improvement
29 district that is initiated by resolution shall apply separately to the

1 areas located inside of the local government's boundaries and outside
2 of the local government's boundaries.

3 NEW SECTION. **Sec. 5.** INITIATION. A local improvement district
4 may be initiated upon either: (1) The local government governing body
5 adopting a resolution of intention to create the local improvement
6 district; or (2) the filing of a petition requesting the local
7 improvement district, which petition is signed by the owners of at
8 least a majority of the area within the proposed local improvement
9 district. The resolution of intention or petition shall describe the
10 proposed boundaries of the local improvement district and the general
11 nature and extent of the proposed public improvements proposed to be
12 financed by the local improvement district in detail sufficient to
13 apprise the reader of the type of public improvements proposed to be
14 made, although other public improvements may be financed by the local
15 improvement district that are not expressly described if these other
16 public improvements are directly related to, and are of the same nature
17 as, the described public improvements.

18 A resolution of intention shall also designate the number of the
19 proposed local improvement district, shall state the initial estimated
20 costs of the public improvements and the proposed estimated amount or
21 proportion thereof that will be borne by special assessments imposed
22 upon real property within the local improvement district, and shall fix
23 a date, time, and place for a public hearing on the formation of the
24 proposed local improvement district. Unless an emergency exists, the
25 date for the initial public hearing shall be at least twenty days and
26 no more than ninety days from the date when the resolution of intention
27 is adopted. The initial public hearing may be continued by the
28 governing body to such time or times and date or dates as it shall
29 determine.

1 A petition shall be filed with the governing body of the local
2 government that is requested to create the local improvement district,
3 or the clerk, secretary, or other person designated by the governing
4 body to accept such a petition. An engineer or other appropriate
5 person designated by the governing body shall examine the petition for
6 its adequacy and shall report to the governing body. The governing
7 body shall formally determine the adequacy of the petition, including
8 the sufficiency of the signatures, which shall be conclusive upon all
9 persons. No person may withdraw his or her name from a petition after
10 it has been filed. If the governing body determines the petition to be
11 adequate, and that the proposed local improvement district appears to
12 be in the public interest and the financing of the public improvement
13 appears to be feasible, it shall adopt a resolution of intention to
14 create the local improvement district, setting forth all of the details
15 required to be included when a local improvement district is initiated
16 by a resolution of intention.

17 NEW SECTION. **Sec. 6.** NOTICE OF PUBLIC HEARING ON CREATION. (1)
18 Notice of the public hearing shall be published in at least two issues
19 of a newspaper of general circulation in the proposed local improvement
20 district, the date of the first publication to be at least fifteen days
21 prior to the date fixed for the public hearing by the resolution of
22 intention and the date of the second publication to be at least three
23 days prior to the date fixed for the public hearing. If the official
24 newspaper of the local government is not a newspaper of general
25 circulation in the proposed local improvement district, the notice need
26 not be published in the official newspaper.

27 Notice of the public hearing also shall be given to the owner or
28 reputed owner of any lot, tract, or parcel of real property within the
29 proposed local improvement district by mailing the notice at least

1 fifteen days before the date fixed for the public hearing to the owner
2 or reputed owner of the real property as shown on the tax rolls of the
3 county assessor at the address shown thereon. However, if it appears
4 that the name of the owner on the tax rolls of the county assessor is
5 not the owner of the real property or that the address on the tax rolls
6 is not the current address of the owner whose name is included in the
7 tax rolls of the county assessor, the local government shall make
8 reasonable efforts to mail additional notice to the owner of the real
9 property or to the current address of the owner of the real property.
10 This includes, but is not limited to, instances where the name and
11 address of the owner or reputed owner who signs a petition to initiate
12 the local improvement district differs from that contained on the tax
13 rolls or where a pattern exists on the tax rolls where the name of a
14 financial institution that makes property tax payments on real property
15 appears instead of natural persons. Further, if the local government
16 has actual notice that the real property is being purchased by a real
17 estate contract, the local government shall mail additional notice to
18 the contract purchaser. Whenever such notices are mailed, the local
19 government shall maintain a list of these real property owners or
20 reputed real property owners and their addresses and if applicable the
21 contract purchasers and their addresses, which list shall be made
22 available for public examination.

23 Notice of the public hearing also shall be posted in at least three
24 conspicuous places in or around the proposed local improvement
25 district.

26 If the state owns real property in the proposed local improvement
27 district, notice shall be mailed to the state as provided in chapter
28 79.44 RCW.

29 (2) Published and mailed notices of the public hearing shall:

- 1 (a) Indicate whether the proposed local improvement district was
2 initiated by petition or resolution;
- 3 (b) Designate the proposed local improvement district by number;
- 4 (c) Set forth the general nature of the proposed public
5 improvements, which shall be in the same detail as required in section
6 5 of this act for the resolution of intention;
- 7 (d) Indicate the initial estimated costs of the public improvements
8 and the estimated amount or proportion of the initial estimated costs
9 proposed to be borne by special assessments imposed upon real property
10 within the proposed local improvement district;
- 11 (e) Include a statement that actual special assessments may vary
12 from special assessment estimates so long as they do not exceed an
13 amount equal to the increased true and fair value of the real property
14 in the local improvement district resulting from the public
15 improvements;
- 16 (f) Indicate the date, time, and place of the public hearing
17 designated in the resolution of intention;
- 18 (g) Indicate that the purpose of this public hearing is to solicit
19 comments from affected persons on the desirability of proceeding with
20 the proposed public improvements and the formation of the proposed
21 local improvement district, the boundaries of the proposed local
22 improvement district, the estimated cost of the public improvements,
23 the proportion of the estimated cost to be borne by special assessments
24 imposed upon real property within the proposed local improvement
25 district, and the alternative or additional method of assessment
26 provided in RCW 35.51.030, where applicable, but that amount of special
27 assessments on separate lots, tracts, or parcels of real property will
28 not be considered at this public hearing and will be considered at a
29 separate, subsequent hearing; and

1 (h) Provide the times and location where the names of real property
2 owners are kept on file for public perusal.

3 Posted notices also shall include a vicinity sketch or map
4 representation of the boundaries of the proposed local improvement
5 district.

6 (3) Notices sent to each owner or reputed owner by mail shall
7 describe the general process by which a local improvement district is
8 created and special assessments are measured, imposed, and collected
9 and set forth the initial estimated amount of the cost of the public
10 improvements to be borne by special assessment on the lot, tract, or
11 parcel of real property owned by the owner or reputed owner.

12 (4) If the local government has designated a committee of the
13 governing body or an officer to hear complaints and make
14 recommendations to the full governing body, as provided in section 11
15 of this act, the notice also shall describe this additional step before
16 the full governing body may adopt a resolution creating the local
17 improvement district.

18 NEW SECTION. **Sec. 7.** PUBLIC HEARING, CREATION OF LOCAL
19 IMPROVEMENT DISTRICT. The governing body of the local government shall
20 hold a public hearing on the proposed local improvement district at the
21 date, time, and place designated in the resolution of intention. The
22 purpose of this public hearing is to solicit comments on the proposed
23 public improvements and forming the proposed local improvement
24 district, the boundaries of the proposed local improvement district,
25 the estimated cost of the proposed public improvements, the proportion
26 of the cost to be borne by special assessments imposed upon real
27 property within the proposed local improvement district, and the
28 alternative or additional method of assessment provided in RCW
29 35.51.030, where applicable, but the amount of initial estimated

1 special assessments on separate lots, tracts, or parcels of real
2 property shall not be considered at this public hearing.

3 At this public hearing the governing body shall hear objections
4 from any person affected by the formation of the proposed local
5 improvement district. The public hearing may be extended to other
6 times and dates declared at the public hearing. At or after that
7 public hearing, the governing body may make such changes in the
8 boundaries of the proposed local improvement district or such
9 modification in plans for the proposed public improvements as it deems
10 necessary, whether or not the local improvement district was initiated
11 by petition or resolution of intention.

12 An amended resolution of intention must be passed, new notice to
13 real property owners given in the manner and form and within the time
14 provided for the original notice, and a new public hearing must be held
15 if the governing body: (1) Alters the general nature of the proposed
16 public improvements; (2) increases the amount of the initial estimated
17 cost of the proposed public improvements to be borne by special
18 assessment to an amount greater than one hundred twenty-five percent of
19 the initial estimated cost that was proposed to be borne by special
20 assessment; or (3) alters the boundaries of the proposed boundaries to
21 add real property that was not previously included. However, a new
22 public hearing is not necessary if the owners of all the additional
23 real property that is sought to be included to the proposed local
24 improvement district consent in writing to the inclusion and the
25 inclusion will not increase the special assessments imposed on other
26 real property in the local improvement district. Further, a new public
27 hearing is not necessary if the general nature of the proposed public
28 improvement is altered, or if the initial estimated cost of the
29 proposed public improvements to be borne by special assessment
30 increases by more than one hundred twenty-five percent of the initial

1 estimated cost, if the owners of all the real property in the proposed
2 local improvement district consent in writing.

3 NEW SECTION. **Sec. 8.** RESOLUTION CREATING LOCAL IMPROVEMENT
4 DISTRICT. At any time after the public hearing, the governing body of
5 the local government may adopt a resolution ordering the public
6 improvements and creating the local improvement district if the
7 governing body finds that it is in the public interest to proceed with
8 the creation of the local improvement district and the financing of the
9 public improvements appears to be feasible. The creation of the local
10 improvement district shall not be effective until at least forty-five
11 days after the adoption of this resolution. The resolution shall
12 describe the boundaries of the local improvement district and the
13 general nature of the public improvements in the same detail as is
14 required in section 5 of this act, and shall state both the estimated
15 costs of the public improvements and the estimated amount or proportion
16 of the costs of the public improvements to be borne by special
17 assessments imposed upon real property within the proposed local
18 improvement district. Within fifteen days after the adoption of the
19 resolution ordering the public improvements and creating the local
20 improvement district, the local government shall cause the following to
21 be filed with the officer authorized to collect the special
22 assessments: (1) A description of the public improvements; (2) the
23 number of the local improvement district; (3) a copy of the diagram or
24 print showing the boundaries of the local improvement district; and (4)
25 the preliminary assessment roll or abstract of the local improvement
26 district showing: (a) Each lot, tract, or parcel of real property
27 within the proposed local improvement district that will be specially
28 benefited by the public improvements; (b) the names and mailing
29 addresses of the owner or reputed owners of each lot, tract, or parcel

1 of real property, as shown on the tax rolls of the county assessor; and
2 (c) the estimated special assessment proposed to be borne by each lot,
3 tract, or parcel of real property within the local improvement
4 district.

5 The governing body shall publish a notice that it has adopted a
6 resolution ordering the public improvements and creating a local
7 improvement district within fifteen days after the date that the
8 resolution was adopted. The notice shall be published in a newspaper
9 of general circulation in the local improvement district. If the
10 official newspaper of the local government is not of general
11 circulation in the local improvement district, the notice need not be
12 published in the official newspaper. If the local improvement district
13 was initiated by a resolution, the notice shall include a description
14 of the process provided in section 9 of this act for the owners of real
15 property within the proposed local improvement district to file written
16 objections to the proposed local improvement district and cause the
17 local government to lose the authority to proceed with the local
18 improvement district, including, where applicable, the extraordinary
19 process by which an emergency can be declared and the local government
20 can proceed with creating the local improvement district
21 notwithstanding the timely filing of sufficient objections.

22 After the local improvement district is created, the governing body
23 shall acquire all necessary real property and easements for the public
24 improvements, proceed with the public improvements, and pay all costs
25 of the public improvements.

26 NEW SECTION. **Sec. 9.** OBJECTIONS TO LOCAL IMPROVEMENT DISTRICT
27 INITIATED UNDER RESOLUTION METHOD. A proposed local improvement
28 district initiated by resolution shall not be created if written
29 objections to its formation are filed with the governing body of the

1 local government within thirty days after the adoption of the
2 resolution creating the local improvement district, which objections
3 are signed by the owners of real property within the proposed local
4 improvement district subject to at least a majority of the total
5 proposed special assessments, as shown in the preliminary assessment
6 roll.

7 However, the objections may be overruled and the local improvement
8 district may be created by the local government if both:

9 (1) The public improvements are: (a) Sanitary sewers where the
10 local health officer, or the department of ecology, files with the
11 governing body a report declaring the public health necessity for the
12 sanitary sewers; (b) water mains where the local health officer, or the
13 department of social and health services, files with the governing body
14 a report declaring the public health necessity for the water main; or
15 (c) fire hydrants where the chief of the city fire department or fire
16 district within which the fire hydrants will be located files with the
17 governing body a report declaring the public safety necessity for the
18 fire hydrants; and

19 (2) A resolution is adopted declaring an emergency and finding the
20 public improvements to be necessary for the protection of the public
21 health or public safety as follows: (a) If the proposed local
22 improvement district is located within a city, the city council adopts
23 the resolution; (b) if the proposed local improvement district is
24 located in the unincorporated area of a county, the county legislative
25 authority adopts the resolution; and (c) if the proposed local
26 improvement district is located both within an incorporated city and
27 the unincorporated area of a county, both the county legislative
28 authority and city council adopt such resolutions for the area located
29 within their respective jurisdictions. Such a resolution must be
30 adopted by unanimous vote of all the members of the governing body who

1 are present, which must be at least a quorum of the entire governing
2 body. This requirement for action by a city council or county
3 legislative authority applies even if the local government creating the
4 local improvement district is a local government other than a city or
5 county.

6 NEW SECTION. **Sec. 10.** WAIVING OBJECTIONS. A real property owner
7 may enter into an agreement with a local government waiving the
8 property owner's right under section 9 of this act to protest formation
9 of a local improvement district. The agreement must specify the public
10 improvements to be financed by the local improvement district and set
11 forth the effective term of the agreement, which shall not exceed ten
12 years. The agreement must be recorded with the auditor of the county
13 in which the real property is located.

14 A real property owner may not enter into an agreement, as a
15 condition imposed in connection with proposed property development, or
16 otherwise, waiving the property owner's rights to object to special
17 assessments, including the determination of special benefits allocable
18 to the real property, or waiving the property owner's right of appeal
19 to the superior court over the decision of the governing body affirming
20 the final assessment roll.

21 NEW SECTION. **Sec. 11.** COMMITTEE OR OFFICER TO HEAR OBJECTIONS TO
22 CREATION OF LOCAL IMPROVEMENT DISTRICTS. A governing body of a county
23 or city may adopt an ordinance or resolution, and the governing body of
24 any other local government may adopt a resolution, providing for a
25 committee of the governing body, or an officer, to hold public hearings
26 on the proposed formation of a local improvement district and hear
27 objections to the proposed formation as provided in section 7 of this
28 act. The committee or officer shall make a recommendation to the full

1 governing body, which need not hold a public hearing on the proposed
2 creation of the local improvement district. The full governing body may
3 approve or disapprove the recommendation and, by resolution, order the
4 public improvements and create the local improvement district. This
5 resolution shall be subject to the conditions provided in sections 8
6 and 10 of this act.

7 NEW SECTION. **Sec. 12.** LAWSUITS CHALLENGING LOCAL IMPROVEMENT
8 DISTRICTS. Except as provided in section 9 of this act, the action and
9 decision of the governing body to create a local improvement district
10 shall be final and conclusive. A lawsuit may not be maintained
11 challenging the jurisdiction or authority of the governing body to
12 proceed with the public improvements and create the local improvement
13 district, or in any way challenging the validity of the actions or
14 decisions or any proceedings relating to the actions or decisions,
15 unless the lawsuit is served and filed no later than thirty days after
16 publication of a notice that the resolution has been adopted ordering
17 the improvements and creating the local improvement district.

18 NEW SECTION. **Sec. 13.** LOCAL IMPROVEMENT STUDY DISTRICTS. A local
19 government may create a local improvement study district to finance a
20 study of the feasibility of creating a local improvement district,
21 including the following: (1) Preparation of preliminary plans and
22 designs for the public improvements proposed to be financed by the
23 proposed local improvement district; (2) designation of the proposed
24 boundaries of the proposed local improvement district; (3) estimation
25 of the total costs of the proposed public improvements; (4) estimation
26 of the proportion of the total costs of the proposed public
27 improvements to be borne by special assessments imposed upon real
28 property within the proposed local improvement district; and (5)

1 estimation of the amount of the costs of the proposed public
2 improvements to be allocated to each lot, tract, or parcel of real
3 property in the proposed local improvement district.

4 A local improvement study district may be initiated by petition or
5 resolution in the same manner as a local improvement district is
6 initiated. Except as provided in this section, the procedure to create
7 a local improvement study district, and to impose special assessments
8 to finance the study, is the same as for a local improvement district.

9 The governing body shall consider the proposed local improvement
10 study district and the final assessment roll at the same public
11 hearing, which may be continued. At this public hearing the governing
12 body shall address the proposed boundaries of the local improvement
13 study district, the purposes of the local improvement study district,
14 the total amount proposed to be obtained from special assessments to
15 finance the study, and the proposed individual special assessments on
16 each included lot, tract, or parcel of real property to finance the
17 study. Published and posted notices shall describe these subjects, but
18 need not include a list of the proposed individual special assessments
19 to finance the study. Notices mailed to each real property owner shall
20 describe these subjects, including the proposed special assessment for
21 the lot, tract, or parcel of real property owned by the real property
22 owner.

23 After the public hearing, the governing body may adopt a resolution
24 creating the local improvement study district and confirming the final
25 assessment roll. However, a proposed local improvement study district
26 that was initiated by resolution shall not be created if a petition
27 protesting the proposed local improvement study district is timely
28 filed under section 9 of this act. Any legal challenge to the local
29 improvement study district or the special assessments must be filed

1 within forty days of the adoption of the resolution creating the local
2 improvement study district and confirming the assessment roll.

3 The special assessments shall be imposed in the same manner as
4 special assessments in local improvement districts are imposed, except
5 installment payments shall not be allowed and the governing body may
6 provide for a period to pay the special assessments that exceeds thirty
7 days.

8 Nothing in this section shall prevent the imposition of special
9 assessments in a local improvement district for the cost of a
10 feasibility study as described in this section.

11 The process of using a committee or officer to make recommendations
12 on the creation of a local improvement district and assessment roll
13 that is provided in section 11 of this act may be used to create a
14 local improvement study district and confirm the assessment roll.

15 NEW SECTION. **Sec. 14.** UTILITY LOCAL IMPROVEMENT DISTRICTS,
16 CREATION. Local governments that are authorized to construct utility
17 public improvements that will generate periodic utility rates, utility
18 charges, or utility fees may create a utility local improvement
19 district to finance all or part of the utility public improvements.
20 The initiation and formation of a utility local improvement district
21 and the levying, collecting, and enforcement of special assessments and
22 installments on special assessments shall be in the same manner and
23 subject to the same procedures and limitations as the initiation and
24 formation of local improvement districts and the levying, collecting,
25 and enforcement of special assessments and installments in a local
26 improvement district.

27 A resolution of intention or petition initiating the formation of
28 a utility local improvement district, and any other resolutions
29 relating to the utility local improvement district, must specify that

1 a utility local improvement district is being formed or is being
2 proposed to be formed and that the special assessments or installments
3 shall be for the sole purpose of payment into such revenue bond fund or
4 funds as may be specified by the governing body for the payment of
5 revenue bonds used to defray the cost of all or part of such public
6 utility improvements or into a special fund or funds to defray the
7 costs of all or part of the utility local improvements. The governing
8 body also shall pledge a portion of the utility rates, utility charges,
9 or utility fees derived from the utility public improvements proposed
10 to be financed in whole or in part by a utility local improvement
11 district, or from the entire utility system of which the utility public
12 improvements are part, to be placed into the revenue bond fund for the
13 payment of revenue bonds used to defray the cost of all or part of such
14 public utility improvements.

15 Revenue bonds shall be issued and sold in accordance with chapter
16 39.46 RCW.

17 NEW SECTION. **Sec. 15.** UTILITY LOCAL IMPROVEMENT DISTRICTS,
18 CONVERSION TO. The governing body of a local government may by
19 resolution convert any then existing local improvement district into a
20 utility local improvement district at any time prior to the adoption of
21 the resolution approving and confirming the final assessment roll of
22 the local improvement district. The resolution converting the local
23 improvement district must conform with all the requirements provided in
24 section 14 of this act for the original creation of a utility local
25 improvement district.

26 NEW SECTION. **Sec. 16.** ASSESSMENT ROLL, PREPARATION AND PUBLIC
27 HEARING. (1) The local government shall prepare a proposed final
28 assessment roll which shall include special assessments equalling the

1 amount or proportion of the costs of the public improvements to be
2 borne by the real property within the local improvement district. The
3 proposed final assessment roll shall list: (a) Each separate lot,
4 tract, or parcel of real property in the local improvement district;
5 (b) the name and address of the owner or reputed owner of each lot,
6 tract, or parcel of real property as shown on the tax rolls of the
7 county assessor; and (c) the special assessment proposed to be imposed
8 on each lot, tract, or parcel of real property.

9 The local government shall include the additional name and address
10 of the owner or reputed owner of the real property differing from that
11 included on the tax rolls of the county assessor where the local
12 government has actual notice that the name and address of the owner or
13 reputed owner that appears on the tax rolls is not accurate, or an
14 additional address for the owner or reputed owner of the real property
15 where the local government has reason to believe that the address for
16 the owner or reputed owner on the tax rolls is not accurate. This
17 includes, but is not limited to, instances where the name and address
18 of the owner or reputed owner who signs a petition to initiate the
19 local improvement district differs from that contained on the tax rolls
20 or where a pattern exists on the tax rolls where the name of a
21 financial institution that makes property taxes payments on real
22 property appears instead of natural persons. Further, if the local
23 government has actual notice that the real property is being purchased
24 by a real estate contract, the local government shall include the name
25 and address of the contract purchaser.

26 (2) The governing body shall hold a hearing on the proposed final
27 assessment roll at the time, date, and place indicated in the notice of
28 the public hearing provided under section 17 of this act. The
29 governing body shall act as a board of equalization and hear objections
30 to the final assessment roll, and may extend the public hearing to

1 other times and dates declared at the public hearing, at which the
2 governing body may modify the final proposed assessment roll or any
3 part thereof, or set the proposed final assessment roll aside and order
4 a new proposed final assessment roll to be prepared. The issues to be
5 considered at the hearing shall include only: (a) Whether the special
6 benefits to real property arising from the public improvements are
7 greater than the special assessments included on the proposed final
8 assessment roll for the real property; and (b) the fair proportionality
9 of the special assessments among the specially benefited lots, tracts,
10 or parcels of real property within the local improvement district. A
11 final assessment roll shall be confirmed and approved by resolution of
12 the governing body.

13 A new or continued hearing shall be held by the governing body if
14 a proposed final assessment roll is amended to raise any special
15 assessment appearing on the proposed roll or to include omitted real
16 property, unless the owners of the real property subject to the
17 increased special assessments or omitted real property consent in
18 writing to the increase or inclusion. The new or continued hearing
19 shall be limited to considering the increased special assessments or
20 omitted real property. Notices shall be provided to the owners or
21 reputed owners of the real property subject to the increased special
22 assessment or omitted from the final proposed assessment roll in the
23 same manner and form and within the time provided for the original
24 notice.

25 (3) Objections to a proposed final assessment roll must be made in
26 writing, shall clearly state the grounds for objections, and shall be
27 filed with the governing body no later than the close of business on
28 the business day immediately prior to the hearing. Other objections
29 shall not be heard. Objections to a special assessment that are not
30 made as provided in this section shall be deemed waived and shall not

1 be considered by the governing body or a court on appeal, except to the
2 extent that a lawsuit is initiated by a real property owner or contract
3 purchaser of real property who has timely made objections and the
4 governing body has altered the special assessments but not to the
5 satisfaction of the property owner.

6 NEW SECTION. **Sec. 17.** HEARING ON ASSESSMENT ROLL, NOTICE. Notice
7 of the original hearing on the proposed final assessment roll, and any
8 hearing held as a result of raising assessments or including omitted
9 real property, shall be published, posted, and mailed to the owner or
10 reputed owner of the real property as provided in section 6 of this act
11 for the public hearing on the formation of the local improvement
12 district. However, the notice need only state that: (1) A hearing on
13 the proposed final assessment roll will be held, giving the time, date,
14 and place of the public hearing; (2) the proposed final assessment roll
15 is available for public examination, giving the times and location
16 where the proposed final assessment roll is available for public
17 examination; (3) the issues that will be considered at the hearing are
18 limited to: (a) Whether the special benefits to the real property
19 within the local improvement district arising from the public
20 improvements are greater than the special assessments included on the
21 proposed final assessment roll for the real property; and (b) the fair
22 proportionality of the special assessments among the specially
23 benefited real property within the local improvement district; (4)
24 objections to the proposed final special assessment must be in writing,
25 include clear grounds for objections, and must be filed by the close of
26 business on the business day immediately prior to the hearing; and (5)
27 failure to so object shall be deemed to waive an objection.

1 Notices mailed to the owners or reputed owners additionally shall
2 indicate the amount of special assessment proposed to be imposed on the
3 real property owned by the person so notified.

4 NEW SECTION. **Sec. 18.** ASSESSMENT ROLL, COMMITTEE OR OFFICER. (1)

5 The governing body of any county or city may adopt an ordinance, and
6 the governing body of any other local government may adopt a
7 resolution, providing for a committee of the governing body, or an
8 officer, to hear objections to the proposed final assessment roll, act
9 as a board of equalization, and make recommendations to the full
10 governing body for its approval, without further public hearing.

11 The ordinance or resolution shall provide that: (a) An appeal must
12 be made in writing to the full governing body by a person protesting
13 his or her special assessment as recommended by the committee or
14 officer; (b) within ten days after the hearing at which the committee
15 or officer recommends the final assessment roll, the local government
16 must publish a notice stating: (i) The recommendations of the
17 committee or officer; (ii) the date, time, and place at which the
18 governing body will consider the recommendations of the committee or
19 officer; and (iii) that a person protesting his or her recommended
20 special assessment must file in writing an appeal with the governing
21 body clearly stating grounds for objections to the recommendations by
22 the close of business on the business day immediately prior to the day
23 of the deliberations by the governing body; and (c) notice of the
24 governing body considering the recommended special assessments must be
25 mailed to each owner or reputed owner of real property in the local
26 improvement district, as provided in section 6 of this act for the
27 public hearing on the formation of the local improvement district, at
28 least ten days prior to the date of this consideration that includes
29 the same matters included in the published notice along with the

1 recommended special assessment for the real property owned by the
2 property owner. The notice shall be published in a newspaper of
3 general circulation in the local improvement district. If the official
4 newspaper of the local government is not a newspaper in general
5 circulation in the local improvement district, the notice need not be
6 published in the official newspaper.

7 (2) The full governing body by resolution shall: (a) Approve the
8 recommended final assessment roll; (b) modify the recommended final
9 assessment roll, as a result of hearing objections, and approve the
10 modified recommended final assessment roll; or (c) reject the
11 recommended final assessment roll, or any portion thereof, and return
12 it to the committee or officer for further public hearings and
13 recommendations. No objection to the decision of the full governing
14 body approving the final assessment roll may be considered by a court
15 unless an objection to the decision has been filed timely with the
16 governing body as provided in this section.

17 NEW SECTION. **Sec. 19.** SPECIAL ASSESSMENTS, MEASUREMENT. (1) All
18 real property included within a local improvement district shall be
19 considered to be the real property specially benefited by the public
20 improvements and shall be the real property upon which special
21 assessments are imposed to pay the costs of the public improvements,
22 unless the local government provides otherwise, or such part of the
23 costs as may be chargeable against the real property specially
24 benefited. The special assessments shall be imposed on real property
25 in accordance with the special benefits conferred on the real property
26 up to but not in excess of the costs of the public improvements, as
27 provided in the final assessment roll.

28 Special assessments may be measured by front footage, acreage, or
29 any other method or combination of methods that are deemed to fairly

1 reflect special benefits, including the alternative or additional
2 method provided in RCW 35.51.030. Zones around the public improvements
3 may be used that reflect different levels of benefit in each zone that
4 are measured by a front footage, acreage, or other method.

5 Public real property, including real property owned by the state of
6 Washington, shall be subject to special assessments to the same extent
7 that private real property is subject to the special assessments.

8 (2) Whenever it is proposed that a local improvement district
9 finance two or more separate public improvements that are not connected
10 or continuous, the special assessment rates shall be ascertained on the
11 basis of the special benefit of the public improvements as a whole to
12 the properties within the entire local improvement district, or on the
13 basis of the benefit of each unit of the public improvements to the
14 properties specially benefited by that unit, or by a combination of
15 both bases. Where no finding is made by the governing body as to the
16 benefit of the public improvements as a whole to all of the real
17 property within a local improvement district, the cost and expense of
18 each continuous unit of the public improvements shall be ascertained
19 separately, as near as may be, and the special assessment rates shall
20 be computed on the basis of the cost and expense of each unit.

21 In the event of the initiation of a local improvement district
22 authorized by this subsection, the governing body may, in its
23 discretion, eliminate from the local improvement district any unit of
24 the public improvement that is not connected or continuous and may
25 proceed with the balance of the public improvements within the local
26 improvement district, as fully and completely as though the eliminated
27 unit had not been included within the local improvement district,
28 without the giving of any notices to the real property owners remaining
29 within the local improvement district, other than such notices as are

1 required by the provisions of this chapter to be given subsequent to
2 such elimination.

3 NEW SECTION. **Sec. 20.** VARIATION OR CONDITIONING OF SPECIAL
4 ASSESSMENTS. Special assessments may be varied or conditioned as
5 follows:

6 (1) The local government's engineer or other designated official
7 may contract with the owner of real property for the property owner to
8 pay for the costs of preparing engineering plans, surveys, studies,
9 appraisals, legal services, and other expenses associated with public
10 improvements to be financed in whole or in part by a proposed local
11 improvement district, but not including the cost of actually
12 constructing the public improvements. The owner may be reimbursed for
13 any prepaid costs from the proceeds of bonds issued by the local
14 improvement district created to finance the public improvements, from
15 special assessments associated with the local improvement district
16 created to finance the public improvements that are paid by other real
17 property owners, or by a credit in the amount of the advanced costs
18 against future special assessments imposed against real property
19 located within the district.

20 The contract shall provide that the real property owner shall not
21 be reimbursed for any costs that are advanced if a local improvement
22 district is not formed to construct the specified public improvements
23 within six years of the date of the contract. The contract shall
24 provide that any preformation work shall be conducted only under the
25 direction of the local government's engineer or other appropriate
26 official.

27 (2) A local government ordering a local improvement that is
28 financed in whole or in part by the imposition of special assessments
29 on real property located within a local improvement district may

1 provide in the resolution creating the local improvement district that
2 the payment of a special assessment imposed on underdeveloped real
3 property within the local improvement district may be made by owners of
4 other real property within the local improvement district, if they so
5 elect, subject to terms of reimbursement set forth in the resolution.
6 The terms for reimbursement shall require the owners of underdeveloped
7 real property on whose behalf payments of special assessments have been
8 made to reimburse all such special assessment payments to the party who
9 made them when the real property is developed or redeveloped, together
10 with interest at a rate specified in the resolution. The resolution
11 may provide that reimbursement shall be made on a one-time, lump sum
12 basis, or over a period not to exceed five years. The resolution may
13 provide that reimbursement shall be made no later than the time of
14 dissolution of the local improvement district, or may provide that no
15 reimbursement is due if the underdeveloped real property is not
16 developed or redeveloped before the dissolution of the local
17 improvement district. Reimbursement amounts due from underdeveloped
18 real property under this subsection are liens upon the underdeveloped
19 real property in the same manner and with like effect as special
20 assessments made under this chapter. For the purposes of this
21 subsection, "underdeveloped real property" includes real property that,
22 in the discretion of the governing body, is undeveloped or is not
23 developed to its highest and best use and is likely to be developed or
24 redeveloped before the dissolution of the local improvement district.

25 (3) The governing body may use federal, local, or state funds that
26 become available to finance the public improvements financed by a local
27 improvement district after the final assessment roll has been confirmed
28 to reduce special assessments on a uniform basis that are imposed on
29 real property within the local improvement district.

1 (4) A local government may credit a special assessment that is
2 imposed within a local improvement district by the value of any real
3 property that the real property owner donates to the local government
4 for use as part of the public improvement.

5 (5) A county or city ordering a public improvement that is financed
6 in whole or in part by the imposition of special assessments on real
7 property located within a local improvement district may provide in the
8 resolution creating the local improvement district that moneys paid or
9 the cost of improvements constructed by a real property owner in the
10 local improvement district, in satisfaction of obligations under
11 chapter 39.92 RCW, shall be credited against the special assessments
12 imposed upon the owner's real property at the time the credit is made,
13 if those moneys paid or improvements constructed directly defray the
14 cost of the specified public improvements financed by the local
15 improvement district and if credit for such amounts is reflected in the
16 final assessment roll confirmed for the local improvement district.

17 NEW SECTION. **Sec. 21.** ASSESSMENT ROLL, LAWSUITS. The decision of
18 a governing body upon any objection to the final assessment roll may be
19 appealed to the superior court only if the objection had been made
20 timely in the manner prescribed in this chapter. The appeal shall be
21 made within ten days after publication of the resolution confirming the
22 final assessment roll, a summary of the resolution confirming the final
23 assessment roll, or a notice that the resolution confirming the final
24 assessment roll has been adopted by filing written notice of the appeal
25 with the governing body of the local government and the clerk of the
26 superior court in the county in which the real property is situated.
27 The notice of appeal shall describe the real property and set forth the
28 objections of the appellant to the special assessment. The notice of
29 appeal filed with the governing body shall include a request that the

1 transcript described in this section be produced by an officer of the
2 local government within ten days.

3 Within ten days from the filing of such notice of appeal with the
4 clerk of the superior court, the appellant shall file with the clerk of
5 the court a transcript consisting of the final assessment roll and his
6 or her objections thereto, together with the resolution confirming such
7 final assessment roll and the record of the local government governing
8 body and the committee or officer, if any, with reference to the
9 special assessment, which transcript, upon payment of the necessary
10 fees therefor, shall be furnished by an officer of the local government
11 and by him or her certified to contain full, true, and correct copies
12 of all matters and proceedings required to be included in the
13 transcript. The fees shall be the same as the fees payable to the
14 county clerk for the preparation and certification of transcripts on
15 appeal to the supreme court or the court of appeals in civil actions.

16 At the time of the filing of the notice of appeal with the clerk of
17 the superior court a sufficient bond in the sum of five hundred dollars
18 for each lot, tract, or parcel of real property for which the special
19 assessment is being appealed, but not to exceed ten percent of the
20 special assessment for each lot, tract, or parcel of real property,
21 with sureties thereon as provided by law for appeals in civil cases,
22 shall be filed as a condition to prosecution of the appeal without
23 delay, and if unsuccessful, to pay all costs and expenses incurred by
24 the local government because of the appeal. The court may order the
25 appellant, upon application therefor, to execute and file such
26 additional bond or bonds as the necessity of the case may require.

27 Within three business days after such transcript is filed in the
28 superior court, the appellant shall give written notice to the local
29 government governing body, and chief legal officer thereof, that such
30 transcript was filed. The notice shall state a time, not less than

1 three business days from the service thereof, when the appellant will
2 call up the cause for hearing.

3 The superior court shall, at this time or at such further time as
4 may be fixed by order of the court, hear and determine such appeal
5 without a jury, and such cause shall have preference over all civil
6 causes pending in the court, except proceedings under an act relating
7 to eminent domain in such local government and actions of forcible
8 entry and detainer. The judgment of the court shall confirm, correct,
9 modify, or annul the special assessment insofar as the same affects the
10 real property of the appellant. A certified copy of the decision of
11 the court shall be filed with the officer having custody of the final
12 assessment roll, and he or she shall modify and correct such final
13 assessment roll in accordance with the decision.

14 An appeal shall lie to the court of appeals or the supreme court
15 from the judgment of the superior court, if the appeal is taken within
16 fifteen days after the date of the entry of the judgment of the
17 superior court, and the record and opening brief of the appellant in
18 the cause shall be filed in the court of appeals or the supreme court
19 within sixty days after the appeal is taken by notice as provided in
20 this section. The time for filing the record and serving and filing of
21 briefs may be extended by order of the superior court, or by
22 stipulation of the parties concerned. The court of appeals or the
23 supreme court on such appeal may correct, modify, confirm, or annul the
24 special assessment insofar as the same affects the real property of the
25 appellant. A certified copy of the order of the court of appeals or
26 the supreme court upon such appeal shall be filed with the officer
27 having custody of such final assessment roll, who shall thereupon
28 modify and correct such final assessment roll in accordance with such
29 decision.

1 NEW SECTION. **Sec. 22.** SPECIAL ASSESSMENTS, COLLECTION. Special
2 assessments and any installments on special assessments shall be
3 collected by the treasurer of the local government. However, any local
4 government with a treasurer other than the county treasurer may
5 contract with the county treasurer, and the county treasurer may
6 contract, for the collection of special assessments, and any
7 installments on special assessments, imposed on real property within
8 the county. The county treasurer may include the collection of special
9 assessments or installments on special assessments with the collection
10 of property taxes.

11 The treasurer shall publish a notice that the assessment roll has
12 been confirmed, that the special assessments are to be collected, and
13 that all or any portion of the special assessments may be paid within
14 a prepayment period of thirty days from the date of publication of the
15 notice, or more than thirty days if specified in the notice, without
16 penalty, interest, or costs. The notice shall be published in a
17 newspaper of general circulation in the local improvement district. If
18 the official newspaper of the local government is not a newspaper of
19 general circulation in the local improvement district, the notice need
20 not be published in the official newspaper.

21 Within ten days of the newspaper publication, the treasurer shall
22 mail a notice to each owner or reputed owner of real property whose
23 name appears on the assessment roll, at the address shown on the
24 assessment roll, for each lot, tract, or parcel of real property
25 described on the list, stating the nature of the special assessment, a
26 description of the real property subject to the special assessment, the
27 total amount of the special assessment due, that all or a portion of
28 the special assessment may be paid during the prepayment period without
29 penalty, interest, or costs. The remaining unpaid portion of the
30 special assessment shall be paid in installments. The determination of

1 the local government whether the payment is received in full shall be
2 conclusive.

3 NEW SECTION. **Sec. 23.** SPECIAL ASSESSMENTS, PAYMENT, INSTALLMENTS.

4 All or any portion of a special assessment may be paid without
5 interest, penalty, or costs during the prepayment period and placed
6 into a special fund to defray the costs of the public improvement. The
7 remainder shall be paid in installments as provided in a resolution
8 adopted by the governing body, but the last installment shall be due at
9 least two years before the maximum term of the bonds issued to pay for
10 the public improvements, if bonds are issued.

11 The resolution of the governing body approving the final assessment
12 roll shall establish an amount of interest that will be imposed on late
13 special assessment installments and the penalty, in addition to the
14 interest, that will be imposed on late special assessment installments,
15 which shall not be less than five percent of the delinquent special
16 assessment installment.

17 The owner of any real property charged with a special assessment
18 may redeem the real property from all liability for the unpaid amount
19 of the installments by paying, to the treasurer, the remaining portion
20 of the unpaid special assessment that is attributable to principal on
21 the local improvement district bonds or revenue bonds, and the interest
22 on the installment due at the next installment payment date, or the
23 remaining amount of the special assessment and any interest and
24 penalties due on the delinquent special assessment if bonds are not
25 issued.

26 NEW SECTION. **Sec. 24.** FINAL ASSESSMENT ROLL, FILED. The final
27 assessment roll shall be filed with the treasurer who shall immediately
28 post the final assessment roll in the index of local improvement

1 special assessments against the real properties on which special
2 assessments have been imposed.

3 NEW SECTION. **Sec. 25.** SPECIAL ASSESSMENTS, LIEN. The special
4 assessment imposed upon real property in the final assessment roll, as
5 confirmed by resolution of the governing body approving the final
6 assessment roll, shall be a lien upon the real property assessed from
7 the time the final assessment roll is placed in the hands of the
8 treasurer for collection, but as between the grantor and grantee, or
9 vendor and vendee of any real property, when there is no express
10 agreement as to payment of the special assessments against the real
11 property, it shall be assumed that the special assessments were imposed
12 thirty days after the filing of the diagram or print and the estimated
13 cost of the public improvements to be borne by the real property as
14 provided in section 8 of this act thereby creating the obligation as to
15 the payment of the special assessment. Interest, penalty,
16 administrative, and reasonable legal costs of collecting a late special
17 assessment shall be included in and shall be a part of the special
18 assessment lien.

19 Except for a general tax lien, the special assessment lien shall be
20 paramount and superior to any other lien or encumbrance that was
21 created before, or is created after, the special assessment lien is
22 created.

23 NEW SECTION. **Sec. 26.** SPECIAL ASSESSMENTS, VALIDITY. A special
24 assessment shall be valid and enforceable and the special assessment
25 lien on the real property assessed shall be valid if the governing body
26 of the local government imposed the special assessment in good faith
27 and without fraud.

1 NEW SECTION. **Sec. 27.** SPECIAL ASSESSMENTS, REASSESSMENT.

2 Whenever special assessments for a local improvement district are not
3 valid in whole or in part for want of form, insufficiency, informality,
4 irregularity, or nonconformance with the provisions of law, the
5 governing body may reimpose the special assessments and enforce their
6 collection in accordance with the provisions of law in effect at the
7 time the reimposition is made. The authority to reimpose special
8 assessments shall apply to original special assessments, special
9 assessments upon omitted real property, and supplemental special
10 assessments.

11 The resolution ordering the reimposition of the special assessments
12 must be adopted within ten years from the date the original special
13 assessments for the same public improvements were finally held to be
14 invalid.

15 The fact that the contract has been let or that the public
16 improvements have been made and completed in whole or in part shall not
17 prevent the reimposition of special assessments.

18 All sums paid on each former attempted special assessment shall be
19 credited against the special assessment that is reimposed on the same
20 real property.

21 NEW SECTION. **Sec. 28.** SPECIAL ASSESSMENTS, OMISSIONS. If real
22 property located in a local improvement district has been omitted from
23 the final assessment roll due to mistake or inadvertence or for any
24 cause real property which, except for being omitted, would have been
25 subject to special assessment, the governing body, upon its own motion,
26 or upon the application of the owner of any real property in the local
27 improvement district which has been assessed for the public
28 improvements, may proceed to impose special assessments on the real
29 property so omitted in accordance with the special benefits accruing to

1 it by reason of the public improvements in proportion to the special
2 assessments imposed upon other real property in the local improvement
3 district.

4 NEW SECTION. **Sec. 29.** SPECIAL ASSESSMENTS, SUPPLEMENTAL. The
5 governing body shall impose supplemental special assessments on
6 specially benefited real property if, by reason of mistake or
7 inadvertence or for any other cause, the amount of special assessments
8 that was imposed is not equal to that portion of the costs of the
9 public improvements determined at the time of the creation of the local
10 improvement district to be payable from special assessments. All
11 specially benefited real property may be subject to the supplemental
12 special assessments, even if it was not included in the original local
13 improvement district.

14 Supplemental special assessments shall be made in accordance with
15 the provisions of law existing at the time of the imposition of the
16 supplemental special assessments.

17 The resolution ordering supplemental special assessments must be
18 adopted by the governing body within ten years from the date that it
19 was finally determined that the total amount of valid special
20 assessments imposed on account of the public improvements was
21 insufficient to pay the whole cost or that portion of the cost of the
22 public improvements to be paid by special assessment.

23 NEW SECTION. **Sec. 30.** SPECIAL ASSESSMENTS, PROCEDURE FOR
24 REASSESSING, OMISSIONS, SUPPLEMENTAL. Every reassessment, special
25 assessment on omitted real property, and supplemental special
26 assessment shall be imposed upon the real property which has been or
27 will be specially benefited by the public improvements financed in

1 whole or in part by the local improvement district, as provided in
2 sections 19 and 20 of this act.

3 All of the provisions of law relating to the filing of assessment
4 rolls, time and place for hearing thereon, notice of hearing, the
5 hearing upon the roll, the confirmation of the assessment roll, the
6 time when the special assessments become a lien upon the real property
7 assessed, the proceedings on appeal from any such special assessments,
8 the method of collecting the special assessments, and all proceedings
9 for enforcing the lien thereof shall apply to reassessments, special
10 assessments on omitted real property, or supplemental special
11 assessments as in the case of original special assessments.

12 NEW SECTION. **Sec. 31.** SPECIAL ASSESSMENTS, SEGREGATION. The
13 governing body of a local government may order the segregation of a
14 special assessment that was imposed on any real property whenever the
15 real property against which the special assessment was imposed has been
16 sold in part or divided. If an installment has been made, the
17 segregation shall apportion the remaining installments on the parts or
18 the lots, tracts, or parcels of real property that have been created.
19 Each segregation shall be in recordable form.

20 The owner of real property who desires a special assessment against
21 the real property segregated shall apply to the governing body of the
22 local government which imposed the special assessment. If the
23 governing body determines that a segregation should be made, it shall
24 order by resolution the local government treasurer to segregate the
25 special assessment on the original assessment roll as directed in the
26 resolution. The segregation may be made on the same basis as the
27 original special assessment was imposed or by any other method deemed
28 to fairly reflect special benefits to the segregated parts, and the
29 total of the segregated parts of the special assessment shall equal the

1 amount of the special assessment unpaid before segregation. The
2 resolution shall describe the original tract and the amount and date of
3 the original special assessment and shall define the boundaries of the
4 segregated parts and the amount of the special assessment imposed on
5 each part. A certified copy of the resolution shall be delivered to
6 the treasurer who shall proceed to segregate the special assessment
7 upon being tendered a fee of two hundred fifty dollars for each part
8 that is segregated. In addition to such charge the governing body may
9 require as a condition to the order of segregation that the person
10 seeking it pay the local government the reasonable engineering, legal,
11 administrative, and clerical costs incident to making the segregation.

12 NEW SECTION. **Sec. 32.** LIENS ON SPECIAL ASSESSMENTS, DELINQUENCY,
13 COMMENCEMENT OF ACTIONS. If one year's payment of installments on a
14 special assessment has been delinquent for one year or more, the local
15 government shall proceed with the foreclosure of the delinquent special
16 assessment or delinquent installment or installments thereof by
17 proceedings brought in its own name in the superior court of the county
18 in which the real property subject to such special assessment is
19 located.

20 The proceedings shall not be commenced unless the treasurer has
21 notified the persons whose names appear on the final assessment roll as
22 owners of the real property charged with the special assessment or
23 installments which are delinquent, at the address last known to the
24 treasurer, about the commencement of the proceedings. Notice shall be
25 by certified mail sent at least thirty days before the proceedings
26 commence. If the person whose name appears on the tax rolls of the
27 county assessor as owner of the real property, or the address shown for
28 the owner, differs from that appearing on the final assessment roll,
29 then the treasurer shall also mail a copy of the notice to that person

1 or that address. The notice shall state the amount due upon each
2 separate lot, tract, or parcel of real property and the date after
3 which the proceedings will be commenced. The treasurer shall file the
4 affidavit of the person who mailed the notices with the clerk of the
5 superior court at the time of commencement of the foreclosure
6 proceeding. This affidavit shall be conclusive proof of compliance
7 with the requirements of this section.

8 NEW SECTION. **Sec. 33.** LIENS ON SPECIAL ASSESSMENTS, MANDATORY
9 COMMENCEMENT OF ACTION. An action to collect a special assessment or
10 any installment or installments on a special assessment, or to enforce
11 the special assessment lien, whether brought by the local government or
12 by any person having the right to bring such action, must be commenced
13 within ten years after the special assessment becomes delinquent or
14 within ten years after the last installment becomes delinquent if the
15 special assessment is payable in installments. However, the time
16 during which payment of principal in special assessments imposed by a
17 city is deferred as to economically disadvantaged real property owners,
18 as provided in RCW 35.50.030, shall not be a part of the time limited
19 for the commencement of action.

20 NEW SECTION. **Sec. 34.** LIENS ON SPECIAL ASSESSMENTS, INSTALLMENT
21 DELINQUENCY. The enforcement of the lien on any delinquent installment
22 of a special assessment shall not prevent the enforcement of the lien
23 of any subsequent delinquent installment.

24 At its discretion, a local government may require the entire
25 special assessment to become due and payable and may collect the entire
26 remaining special assessment by foreclosure if an installment of the
27 special assessment is delinquent. The payment of all delinquent
28 installments together with interest, penalty, and costs at any time

1 before entry of judgment in foreclosure shall extend the time of
2 payment on the remainder of the special assessment as if there had been
3 no delinquency or foreclosure. Except when the local government is
4 foreclosing on real property for two or more delinquent installments
5 that include the last installment, the treasurer shall cause the
6 foreclosure action against the real property to be dismissed if all the
7 delinquent installments are paid at any time before sale, together with
8 all associated interest, penalty, and costs.

9 NEW SECTION. **Sec. 35.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,
10 COMPLAINT. In foreclosing special assessment liens, a local government
11 shall proceed by filing a complaint in the superior court of the county
12 in which the real property subject to the special assessment is
13 located. The complaint shall be sufficient if it alleges or specifies:
14 (1) A resolution was adopted authorizing the public improvements and
15 creating the local improvement district; (2) the public improvements
16 were completed; (3) special assessments were imposed and confirmed; (4)
17 the date of delinquency of the special assessment, or the installment
18 or installments on the special assessment, for the enforcement of which
19 the action is brought; and (5) the delinquent special assessment, or
20 installment or installments, have not been paid.

21 NEW SECTION. **Sec. 36.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,
22 SUMMONS. In foreclosing special assessment liens, the summons shall be
23 substantially in the following form:

24 SUPERIOR COURT OF WASHINGTON
25 FOR [.....] COUNTY
26, }
27 PLAINTIFF, } No.

1 v. }
2 ,} SUMMONS FOR FORECLOSURE
3 } OF SPECIAL
4 DEFENDANT.} ASSESSMENT LIEN

5 To the Defendant: A lawsuit has been started against you in the
6 above entitled court by, plaintiff. Plaintiff’s claim is
7 stated in the written complaint, a copy of which is served upon you
8 with this summons. The purpose of this suit is to foreclose on your
9 interest in the following described real property:

10 (legal description)

11 which is located at:

12 (street address).

13 In order to defend against this lawsuit, you must respond to the
14 complaint by stating your defense in writing, and by serving a copy
15 upon the person signing this summons within 20 days after the service
16 of this summons, excluding the day of service, or a default judgment
17 may be entered against you without notice. A default judgment is one
18 where plaintiff is entitled to what he or she asks for because you have
19 not responded. If you serve a notice of appearance on the undersigned
20 person, you are entitled to notice before a default judgment may be
21 entered.

22 IMPORTANT NOTICE

23 If judgment is taken against you, either by default or after
24 hearing by the court, your real property will be sold at public
25 auction.

1 You may prevent the sale by paying the amount of the judgment at
2 any time prior to the sale.

3 If your real property is sold, you may redeem the real property at
4 any time up to two years after the date of the sale, by paying the
5 amount for which the real property was sold, plus interest and costs of
6 the sale.

7 If you wish to seek the advice of an attorney in this matter, you
8 should do so promptly so that your written response, if any, may be
9 served on time.

10 (signed).....

11

12 Print or Type Name

13 () Plaintiff () Plaintiff's

14 Attorney

15 P.O. Address

16 Dated Telephone Number

17 NEW SECTION. **Sec. 37.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,
18 SUMMONS, RESIDENTIAL PROPERTY. In foreclosing special assessments, if
19 the lot, tract, or parcel of real property contains a residential
20 structure with an assessed value of at least two thousand dollars, the
21 summons shall be served upon the defendants in the manner required by
22 RCW 4.28.080. For all other lots, tracts, or parcels of real property
23 the summons shall be served by either personal service on the
24 defendants or by certified mail.

25 NEW SECTION. **Sec. 38.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,
26 LAWSUITS. In foreclosing special assessment liens, it is not necessary
27 to bring a separate suit for each of the lots, tracts, or parcels of
28 real property that is subject to a delinquent special assessment, or a

1 delinquent installment, or for each separate local improvement
2 district. The local government may proceed in the same action against
3 all or any of the lots, tracts, or parcels of real property upon which
4 special assessments or installments are delinquent under any and all
5 final assessment rolls in one or more local improvement districts that
6 have been created by the local government. Each person who owns or
7 claims to own real property containing a residential structure with an
8 assessed value of at least two thousand dollars that is subject to
9 delinquent special assessments or delinquent installments shall be made
10 a defendant in the action. The persons whose names appear on the final
11 assessment roll and assessor's tax rolls as owners of any other real
12 property that is subject to delinquent special assessments or
13 delinquent installments shall be made defendants in the action.

14 The final assessment roll and the resolution confirming the final
15 assessment roll, or duly authenticated copies of the final assessment
16 roll and confirming resolution, shall be prima facie evidence of the
17 regularity and legality of the proceedings connected therewith and the
18 burden of proof shall be on the defendants.

19 NEW SECTION. **Sec. 39.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,
20 TRIAL, JUDGMENT, APPEALS. The action foreclosing a special assessment
21 lien shall be tried by the court without a jury. If the parties
22 interested in any particular real property default, the court may enter
23 judgment of foreclosure and sale as to such parties and real property
24 and the action may proceed as to the remaining defendants and real
25 property. Judgment and order of sale may be entered as to any one or
26 more separate lots, tracts, or parcels of real property involved in the
27 action and the court shall retain jurisdiction to others.

28 The judgment shall specify separately the amount of the special
29 assessment or installments with interest, penalty, and all reasonable

1 costs of the sale, including the title searches, chargeable to each
2 lot, tract, or parcel of real property. The judgment shall have the
3 effect of a separate judgment as to each lot, tract, or parcel of real
4 property described in the judgment, and any appeal shall not invalidate
5 or delay the judgment except as to the real property concerning which
6 the appeal is taken. In the judgment the court shall order the real
7 property that is described in the judgment to be sold by the treasurer
8 or by the county sheriff and an order of sale shall issue for the
9 enforcement of the judgment.

10 In all other respects, the trial, judgment, and appeals to the
11 court of appeals or supreme court shall be governed by the statutes
12 governing the foreclosure of mortgages on real property.

13 Prior to the sale of the real property, if the real property is
14 shown on the assessor's tax rolls under unknown owner or if the real
15 property contains a residential structure having an assessed value of
16 two thousand dollars or more, the treasurer shall order or conduct a
17 title search of the real property to determine the record title holders
18 and all persons claiming a mortgage, deed of trust, or mechanic's,
19 laborer's, materialmen's, or vendor's lien on the real property.

20 At least thirty days prior to the sale of the real property, a copy
21 of the notice of sale shall be mailed by certified mail to each
22 defendant in the foreclosure action as to that lot, tract, or parcel of
23 real property and, if the owner is unknown or the real property
24 contains a residential structure having an assessed value of two
25 thousand dollars or more, a copy of the notice of sale shall be mailed
26 by certified mail to any additional record title holders and persons
27 claiming a mortgage, deed of trust, or mechanic's, laborer's,
28 materialmen's, or vendor's lien on the real property.

29 In all other respects the procedure for sale shall be conducted in
30 the same manner as real property tax sales described in RCW 84.64.080.

1 NEW SECTION. **Sec. 40.** LIENS ON SPECIAL ASSESSMENTS, FORECLOSURE,
2 SALES, RIGHT OF REDEMPTION. Each sale of real property in an action
3 foreclosing special assessments liens shall be subject to the right of
4 redemption within two years from the date of sale. If the proceeds of
5 the sale of real property exceed the delinquent special assessment or
6 installments and the interest, penalty, and costs, the excess shall be
7 remitted to the record owner of the real property prior to the sale or
8 conveyance.

9 NEW SECTION. **Sec. 41.** LIENS ON SPECIAL ASSESSMENTS, ACQUISITION
10 OF REAL PROPERTY. Real property bid in by the local government or
11 struck off to it pursuant to proceedings for the foreclosure of a
12 special assessment lien shall be held in trust by the local government
13 for the fund of the local improvement district, or the revenue bond
14 fund into which special assessments in utility local improvement
15 districts are pledged, to be paid for the benefit of which the real
16 property was sold. Any real property so held in trust shall be exempt
17 from taxation for general state, county, and municipal purposes during
18 the period that it is so held.

19 The local government may relieve itself of its trust relation to a
20 local improvement district fund or revenue bond fund into which special
21 assessments are pledged to be paid as to any lot, tract, or parcel of
22 real property by paying into the fund the amount of the delinquent
23 special assessment or delinquent installments for which the real
24 property was sold and all accrued interest, together with interest to
25 the time of the next call of bonds against the fund at the rate
26 provided on the bonds. The local government shall hold the real
27 property discharged of the trust when this payment is made.

28 A local government may lease or sell and convey any such real
29 property held in trust by it, by virtue of the conveyance thereof to it

1 by a special assessment deed. The sale may be public or private and
2 for such price and upon such terms as may be determined by resolution
3 of the governing body. After first reimbursing any funds from which
4 moneys on account of any real property may have been advanced, all
5 proceeds resulting from lease or sale of the real property shall
6 ratably belong and be refunded to the record owner of the real property
7 prior to a sale or conveyance.

8 NEW SECTION. **Sec. 42.** GENERAL TAX FORECLOSURES, PAYMENT OF
9 SPECIAL ASSESSMENTS. Before commencing any action to foreclose the
10 lien of a certificate, the holder shall pay in full the special
11 assessment or installments thereof which are a lien against the real
12 property or any portion thereof, or the holder may elect to proceed to
13 acquire title to the real property subject to certain or all of the
14 special assessment or installments which are a lien thereon, in which
15 case the complaint, decree of foreclosure, order of sale, sale,
16 certificate of sale, and deed shall so state.

17 If the holder pays the special assessment or installments the
18 holder is entitled to twelve percent interest per annum on the amount
19 of the delinquent special assessment or delinquent installments that
20 are paid, from the date of payment.

21 NEW SECTION. **Sec. 43.** GENERAL TAX FORECLOSURES, SPECIAL
22 ASSESSMENTS, PROCEDURE. In county foreclosures for delinquency in the
23 payment of general taxes, the county treasurer shall mail a copy of the
24 published summons to the treasurer of every local government within
25 which any real property involved in the foreclosure proceeding is
26 situated. The copy of the summons shall be mailed within fifteen days
27 after its first publication, but the county treasurer's failure to do

1 so shall not affect the jurisdiction of the court nor the priority of
2 the tax sought to be foreclosed.

3 If any real property situated in a local government is offered for
4 sale for general taxes, the local government may protect the lien or
5 liens of any special assessment or installment outstanding against all
6 or part of such real property by purchasing the real property or taking
7 other actions.

8 If a local government has bid in any real property on sale for the
9 special assessment, it may satisfy the lien of any outstanding general
10 taxes upon the real property by payment of the face amount of such
11 taxes and costs, without penalty or interest, but this shall not apply
12 where certificates of delinquency against the real property have been
13 issued to private persons.

14 If real property is struck off to or bid in by a county at a sale
15 for general taxes, and is subject to special assessment in any local
16 government, or has been taken over by the local government on the
17 foreclosure of the special assessment, the local government may acquire
18 the real property from the county at any time before resale and receive
19 a deed for the real property upon paying the face amount of such taxes
20 and costs, without penalty or interest.

21 Whenever real property struck off to or bid in by a county at a
22 sale for general taxes is subsequently sold by the county, the proceeds
23 of the sale shall first be applied to discharge in full the lien or
24 liens for general taxes for which the real property was sold. The
25 remainder, or such portion thereof as may be necessary, shall be paid
26 to the local government to discharge all special assessment liens
27 against the real property. The surplus, if any, shall be distributed
28 as provided in chapter 84.64 RCW.

1 NEW SECTION. **Sec. 44.** BONDS, ISSUANCE AND SALE. Local
2 improvement district bonds, and revenue bonds if a utility improvement
3 district is created, shall be issued and sold in accordance with
4 chapter 39.46 RCW. Local improvement district bonds, or revenue bonds
5 if a utility local improvement district is created, may be issued to
6 obtain money sufficient to cover that portion of the special
7 assessments that are not paid within the prepayment period provided in
8 section 23 of this act.

9 NEW SECTION. **Sec. 45.** LOCAL IMPROVEMENT DISTRICT GUARANTY FUND,
10 CREATION. (1) Any local government authorized to issue local
11 improvement district bonds shall create a fund for the purpose of
12 guaranteeing, to the extent of the fund, the payment of the principal
13 of and interest on local improvement district bonds that it issues
14 under this chapter or that it has issued under this chapter. A cash
15 balance of at least five percent of the principal amount of all
16 outstanding local improvement district bonds shall be maintained in the
17 guaranty fund. Moneys to establish and maintain a guaranty fund may be
18 obtained from: (a) Utility rates and charges imposed by the local
19 government; (b) the proceeds of the sale of any real property held in
20 trust by the guaranty fund; (c) any surplus remaining in another local
21 improvement district bond fund that is not required to be retained in
22 the other local improvement district bond fund; (d) a portion of the
23 proceeds obtained from selling local improvement district bonds; (e) a
24 portion of any prepaid special assessments that are not needed to
25 redeem local improvement district bonds; (f) any surplus remaining in
26 any reserve fund established for local improvement district bonds after
27 the bonds have been redeemed; (g) other moneys legally available for
28 such purposes; and (h) earnings from investing money in the guaranty
29 fund. Where applicable, the local government may bind and obligate

1 itself to establish, collect, and maintain utility system rates and
2 charges at such levels to provide revenues sufficient to maintain the
3 guaranty fund.

4 (2) Whenever any local improvement district bond matures that is
5 guaranteed by a guaranty fund, or an interest payment is due, and there
6 is insufficient money in the appropriate local improvement district
7 bond redemption fund to make principal and interest payments on the
8 local improvement district bonds, the treasurer shall make the payments
9 by the guaranty fund by issuing and delivering a warrant drawn upon the
10 local improvement guaranty fund.

11 (3) The local government may issue warrants against the guaranty
12 fund, drawing interest at a rate it determines, to meet any liability
13 accrued against the guaranty fund whenever the cash balance in the
14 local improvement guaranty fund is insufficient for the required
15 purposes. Interest bearing warrants must be issued upon demand of the
16 owners of any local improvement district bonds eligible for such
17 payments that are guaranteed by this section and section 50 of this
18 act, or to pay for any certificates of delinquency for a delinquent
19 installment or installments of special assessments as provided in
20 subsection (4) of this section. Guaranty fund warrants shall be a
21 first lien in their order of issuance upon money deposited into the
22 guaranty fund.

23 (4) Within ten days after the date of delinquency of any
24 installment of a special assessment imposed for the purpose of paying
25 the local improvement bonds of any local government guaranteed under
26 this section and section 50 of this act, the local government treasurer
27 shall compile a statement of all installments delinquent, together with
28 the amount of accrued interest and penalty appurtenant to each of those
29 installments. The treasurer shall immediately purchase certificates of
30 delinquency for all such delinquent installments. Payment for all such

1 certificates of delinquency shall be made from the local improvement
2 guaranty fund, and if there is insufficient money in the fund to pay
3 for such certificates of delinquency, the treasurer shall accept the
4 local improvement guaranty fund warrants in payment for the
5 certificates of delinquency. All such certificates of delinquency
6 shall be issued in the name of the local improvement guaranty fund, and
7 all guaranty fund warrants issued in payment of the certificates of
8 delinquency shall be issued in the name of the appropriate local
9 improvement district fund. Whenever any market is available and the
10 governing body so directs, the treasurer shall sell any certificates of
11 delinquency belonging to the local improvement guaranty fund, but any
12 such sale may not be for less than face value thereof plus accrued
13 interest from the date of issuance to date of sale.

14 Certificates of delinquency shall be issued by the treasurer,
15 bearing a rate of interest per annum determined by the treasurer but
16 not exceeding twelve percent, shall be in each instance for the face
17 value of the delinquent installment, plus accrued interest to date of
18 issuance of the certificate of delinquency, plus a penalty of five
19 percent of such face value, and shall set forth:

20 (a) The description of the real property assessed;

21 (b) The date the installment of the special assessment became
22 delinquent; and

23 (c) The name of the owner or reputed owner, if known.

24 A certificate of delinquency may be redeemed by the owners of the
25 real property assessed at any time up to one year from the date of
26 foreclosing the certificate of delinquency.

27 If any certificate of delinquency is not redeemed by the first day
28 of January after its issuance, the treasurer shall then proceed to
29 foreclose the certificate of delinquency in the manner specified in
30 this chapter for the foreclosure of special assessment liens. The

1 treasurer shall execute and deliver a deed conveying fee simple title
2 to the real property described in the foreclosed certificate of
3 delinquency if the certificate of delinquency is not redeemed within
4 the succeeding year.

5 NEW SECTION. **Sec. 46.** LOCAL IMPROVEMENT DISTRICT GUARANTY FUND,
6 PAYMENTS. Whenever there is paid out of a guaranty fund any amount on
7 account of the principal of or interest on a local improvement district
8 bond, or on account of purchase of certificates of delinquency, the
9 local government, as trustee for the fund, shall be subrogated to all
10 rights of the owner of the bond relating to the payments made to the
11 owner of the bond and all rights of the owner of the bond on the
12 special assessment or special assessments underlying the same, which
13 shall become a part of the guaranty fund. As among the several issues
14 of local improvement district bonds guaranteed by the guaranty fund, no
15 preference exists, but interest or principal payments shall be made
16 from the guaranty fund to prevent default and may be made in advance of
17 default to the extent that installments are delinquent.

18 Money from a guaranty fund may be used to purchase real property at
19 county tax foreclosure sales or from the county after foreclosure in
20 cases where the real property is subject to unpaid special assessments
21 securing bonds guaranteed under sections 45 and 50 of this act if the
22 governing body of the local government determines that the purchase is
23 necessary to protect the guaranty fund. In such cases the fund shall
24 be subrogated to all rights of the local government. After so
25 acquiring title to real property, the local government as trustee of
26 the guaranty fund may lease or resell and convey the real property in
27 the manner that the local government's real property is authorized to
28 be leased or resold and for such prices and on such terms as may be
29 determined by resolution of the governing body.

1 NEW SECTION. **Sec. 47.** LID GUARANTY FUND, CASH BALANCES. The
2 governing body of a local government may transfer money from its local
3 improvement bond guaranty fund to its general or current expense fund
4 if an amount of money is retained in the guaranty fund equal to at
5 least ten percent of value of outstanding local improvement district
6 bonds that are guaranteed by the guaranty fund and the governing body
7 makes written findings that the remaining money in the guaranty fund is
8 reasonably sufficient to protect:

9 (1) The outstanding local improvement district bonds that are
10 guaranteed by the guaranty fund; and

11 (2) Any additional local improvement district bonds that will be
12 guaranteed by the guaranty fund that the local government anticipates
13 issuing in the succeeding year.

14 NEW SECTION. **Sec. 48.** RESERVE FUNDS. The governing body of a
15 local government issuing local improvement district bonds financing a
16 single local improvement district may create a reserve fund to secure
17 the payment of the principal of and interest on these bonds that is in
18 addition to the local improvement district bond guaranty fund
19 established under section 45 of this act. A reserve fund may not
20 exceed fifteen percent of the principal amount of the bonds. The
21 reserve fund may be provided for from the proceeds of the local
22 improvement district bonds, from special assessment payments, or from
23 any other money legally available for such purposes.

24 After the payment of administrative costs, a sum in proportion to
25 the ratio between the part of the original special assessment against
26 a given lot, tract, or parcel of real property in a local improvement
27 district assessed to create a reserve fund, if any, and the total
28 original amount of such special assessment, plus a proportionate share
29 of any interest accrued in the reserve fund, shall be credited and

1 applied, respectively, to any nondelinquent portion of the principal of
2 that assessment and any nondelinquent installment interest on that
3 assessment paid by a property owner, but in no event may the principal
4 amount of bonds outstanding exceed the principal amount of assessments
5 outstanding. Whether the payment is made during the prepayment period
6 provided for in section 23 of this act or after the prepayment period
7 and whenever all or part of a remaining nondelinquent assessment or any
8 nondelinquent installment payment of principal and interest is paid,
9 the reserve fund balance shall be reduced accordingly as each such sum
10 is thus credited and applied to a nondelinquent principal payment and
11 a nondelinquent interest payment. Each payment of a nondelinquent
12 assessment or any nondelinquent installment payment of principal and
13 interest shall be reduced by the amount of the credit.

14 The balance of a reserve fund remaining after payment in full and
15 retirement of all local improvement bonds secured by the fund shall be
16 transferred to the local government's guaranty fund.

17 NEW SECTION. **Sec. 49.** JOINT PROJECTS. A local government may
18 contract with any other local government, or with the state of
19 Washington, for the following purposes:

20 (1) To have the acquisition or construction of the whole or any
21 part of the public improvements performed by another local government
22 or by the state of Washington;

23 (2) To pay, from special assessments on real property within a
24 local improvement district or from the proceeds of local improvement
25 district bonds, the whole or any part of the expense of the public
26 improvements ordered, constructed, acquired, or owned by another local
27 government; or

28 (3) To integrate the planning, financing, construction,
29 acquisition, management, or operation, or any combination thereof, of

1 the public improvements of one local government with the planning,
2 financing, construction, acquisition, management, or operation, or any
3 combination thereof, of the public improvements of another local
4 government or the state on such terms and conditions as may be agreed
5 upon mutually including, but not limited to, the allocation of the
6 costs of the public improvements and the allocation of planning,
7 financing, construction, management, operation, or other
8 responsibilities.

9 NEW SECTION. **Sec. 50.** LID BONDS, GENERALLY. A new section is
10 added to chapter 39.46 RCW to read as follows:

11 (1) Local improvement district bonds issued by local governments
12 under the authorities provided by chapter 39.-- RCW (sections 1 through
13 49 of this act) shall be subject to this section. The maximum term of
14 local improvement district bonds shall be the lesser of thirty years or
15 the estimated average economic life of the public improvements financed
16 by the local improvement district bonds, as determined by the governing
17 body.

18 Whenever local improvement district bonds are proposed to be
19 issued, the governing body of the local government shall create a
20 special local improvement fund for the local improvement district from
21 which all or a portion of the costs of the public improvements shall be
22 paid. Local improvement district bonds shall not be issued in excess
23 of the amount of unpaid special assessments after the prepayment period
24 for the payment of special assessments without interest, penalties, or
25 costs and the amount of the paid special assessments that will be
26 deposited into a reserve fund. Local improvement district bonds shall
27 not be issued prior to ten days after the prepayment period for the
28 payment of special assessments without interest, penalties, or costs.

1 Local improvement district bonds shall be payable exclusively from
2 the local improvement fund, the local improvement bond guaranty fund
3 that the local government creates under section 45 of this act, and a
4 separate reserve fund or other security for the payment of principal
5 and interest as provided in section 48 of this act.

6 (2) Local improvement district bonds shall not constitute a general
7 indebtedness of the local government issuing the bonds nor an
8 obligation, general or special, of the state. The owner of any local
9 improvement district bond shall not have any claim for the payment
10 thereof against the local government that issues the local improvement
11 district bonds except for payment from the special assessments made for
12 the public improvements for which the local improvement district bond
13 was issued, from proceeds of additional local improvement district
14 bonds that may be issued and sold to finance the public improvements,
15 from the local improvement guaranty fund, and from a reserve fund or
16 other security if created under section 49 of this act. The local
17 government shall not be liable to the owner of any local improvement
18 district bond for any loss to the local improvement guaranty fund
19 occurring in the lawful operation of the fund. The owner of a local
20 improvement district bond shall not have any claim against the state
21 arising from the local improvement district bond, special assessments,
22 or the operation of the guaranty fund or a reserve fund. Tax revenues
23 shall not be used directly or indirectly to pay, secure, or guarantee
24 the payment of the principal of or interest on local improvement
25 district bonds.

26 The substance of the limitations included in this subsection shall
27 be plainly printed, written, engraved, or reproduced: (a) On each
28 local improvement district bond that is a physical instrument; (b) in
29 each published notice offering local improvement district bonds for

1 sale; and (c) in each disclosure statement of the local government that
2 is associated with those local improvement district bonds.

3 (3) If the local government fails to make any principal or interest
4 payments on any local improvement district bond or to collect promptly
5 any special assessment, or installment or installments, securing the
6 bonds when due, the owner of the local improvement district bond may
7 obtain a writ of mandamus from any court of competent jurisdiction
8 requiring the local government to collect the special assessment or
9 installments, foreclose on the related lien, and make payments out of
10 the local improvement fund, guaranty fund, or reserve fund if one
11 exists. Any number of owners of local improvement district bonds may
12 join as plaintiffs.

13 NEW SECTION. **Sec. 51.** A new section is added to chapter 35.21 RCW
14 to read as follows:

15 A city or town may conform with the provisions of chapter 39.-- RCW
16 (sections 1 through 49 of this act) and section 50 of this act as an
17 alternative to the procedures contained in chapters 35.43 through 35.54
18 RCW concerning local improvement districts, special assessments, and
19 local improvement district bonds, or utility local improvement
20 districts, special assessments, and revenue bonds payable in part from
21 special assessments.

22 NEW SECTION. **Sec. 52.** A new section is added to chapter 35.58 RCW
23 to read as follows:

24 A metropolitan municipal corporation may conform with the
25 provisions of chapter 39.-- RCW (sections 1 through 49 of this act) and
26 section 50 of this act as an alternative to the procedures authorized
27 in RCW 35.58.500 concerning local improvement districts, special
28 assessments, and local improvement district bonds, or utility local

1 improvement districts, special assessments, and revenue bonds payable
2 in part from special assessments.

3 NEW SECTION. **Sec. 53.** A new section is added to chapter 36.69 RCW
4 to read as follows:

5 A park and recreation district may conform with the provisions of
6 chapter 39.-- RCW (sections 1 through 49 of this act) and section 50 of
7 this act as an alternative to the procedures authorized in RCW
8 36.69.200 through 36.69.305 concerning local improvement districts,
9 special assessments, and local improvement district bonds.

10 NEW SECTION. **Sec. 54.** A new section is added to chapter 36.73 RCW
11 to read as follows:

12 A transportation benefit district may conform with the provisions
13 of chapter 39.-- RCW (sections 1 through 49 of this act) and section 50
14 of this act as an alternative to the procedures authorized in RCW
15 36.73.080 concerning local improvement districts, special assessments,
16 and local improvement district bonds.

17 NEW SECTION. **Sec. 55.** A new section is added to chapter 36.83 RCW
18 to read as follows:

19 A service district may conform with the provisions of chapter 39.--
20 RCW (sections 1 through 49 of this act) and section 50 of this act as
21 an alternative to the procedures authorized in RCW 36.83.050 concerning
22 local improvement districts, special assessments, and local improvement
23 district bonds.

24 NEW SECTION. **Sec. 56.** A new section is added to chapter 36.88 RCW
25 to read as follows:

1 A county may conform with the provisions of chapter 39.-- RCW
2 (sections 1 through 49 of this act) and section 50 of this act as an
3 alternative to the procedures authorized in this chapter concerning
4 road improvement districts, special assessments, and road improvement
5 district bonds.

6 NEW SECTION. **Sec. 57.** A new section is added to chapter 36.94 RCW
7 to read as follows:

8 A county may conform with the provisions of chapter 39.-- RCW
9 (sections 1 through 49 of this act) and section 50 of this act as an
10 alternative to the procedures authorized in this chapter concerning
11 local improvement districts, special assessments, and local improvement
12 district bonds, or utility local improvement districts, special
13 assessments, and revenue bonds payable in part from special
14 assessments.

15 NEW SECTION. **Sec. 58.** A new section is added to chapter 52.20 RCW
16 to read as follows:

17 A fire protection district may conform with the provisions of
18 chapter 39.-- RCW (sections 1 through 49 of this act) and section 50 of
19 this act as an alternative to the procedures authorized in this chapter
20 concerning local improvement districts, special assessments, and local
21 improvement district bonds.

22 NEW SECTION. **Sec. 59.** A new section is added to chapter 53.08 RCW
23 to read as follows:

24 A port district may conform with the provisions of chapter 39.--
25 RCW (sections 1 through 49 of this act) and section 50 of this act as
26 an alternative to the procedures authorized in RCW 53.08.050 concerning

1 local improvement districts, special assessments, and local improvement
2 district bonds.

3 NEW SECTION. **Sec. 60.** A new section is added to chapter 54.16 RCW
4 to read as follows:

5 A public utility district may conform with the provisions of
6 chapter 39.-- RCW (sections 1 through 49 of this act) and section 50 of
7 this act as an alternative to the procedures authorized in RCW
8 54.16.120 through 54.16.170 concerning local utility districts, special
9 assessments, and local improvement district bonds.

10 NEW SECTION. **Sec. 61.** A new section is added to chapter 56.20 RCW
11 to read as follows:

12 A sewer district may conform with the provisions of chapter 39.--
13 RCW (sections 1 through 49 of this act) and section 50 of this act as
14 an alternative to the procedures authorized in this chapter concerning
15 utility local improvement districts, special assessments, and revenue
16 bonds payable in part from special assessments.

17 NEW SECTION. **Sec. 62.** A new section is added to chapter 57.16 RCW
18 to read as follows:

19 A water district may conform with the provisions of chapter 39.--
20 RCW (sections 1 through 49 of this act) and section 50 of this act as
21 an alternative to the procedures authorized in this chapter and RCW
22 57.20.030 through 57.20.090 concerning local improvement districts,
23 special assessments, and local improvement district bonds, or utility
24 local improvement districts, special assessments, and revenue bonds
25 payable in part from special assessments.

1 NEW SECTION. **Sec. 63.** A new section is added to chapter 87.03 RCW
2 to read as follows:

3 An irrigation district may conform with the provisions of chapter
4 39.-- RCW (sections 1 through 49 of this act) and section 50 of this
5 act as an alternative to the procedures authorized in RCW 87.03.480
6 through 87.03.527 concerning local improvement districts, special
7 assessments, and local improvement district bonds.

8 NEW SECTION. **Sec. 64.** HEADINGS. Section headings as used in this
9 act do not constitute any part of the law.

10 NEW SECTION. **Sec. 65.** CODIFICATION. Sections 1 through 49 of
11 this act shall constitute a new chapter in Title 39 RCW.