

taxpayer under sections 1 through 21 of this act. Any portion of the deduction allowed in this section which cannot be deducted in a tax year without reducing taxable premiums below zero may be carried forward and deducted in successive years until the deduction is exhausted.

**NEW SECTION.** Sec. 24. A new section is added to chapter 82.04 RCW to read as follows:

In computing tax there may be deducted from the measure of tax the amount of any assessment against the taxpayer under sections 1 through 21 of this act. Any portion of the deduction allowed in this section which cannot be deducted in a tax year without reducing taxable premiums below zero may be carried forward and deducted in successive years until the deduction is exhausted. Amounts deducted under section 23 of this act may not be deducted under this section.

**NEW SECTION.** Sec. 25. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION.** Sec. 26. The board shall report to the commissioner and the appropriate committees of the legislature by April 1, 1990, on the implementation of this act. The report shall include information regarding enrollment, coverage utilization, cost, and any problems with the program and suggest remedies.

**NEW SECTION.** Sec. 27. Sections 1 through 22 of this act shall constitute a new chapter in Title 48 RCW.

**NEW SECTION.** Sec. 28. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House April 20, 1987.

Passed the Senate April 13, 1987.

Approved by the Governor May 18, 1987.

Filed in Office of Secretary of State May 18, 1987.

## CHAPTER 432

[Substitute House Bill No. 63]

### LAKE MANAGEMENT DISTRICTS—RATES AND CHARGES—REVENUE BONDS—DISTRICT FORMATION

AN ACT Relating to lake management districts; amending RCW 36.61.010, 36.61.020, 36.61.030, 36.61.040, 36.61.070, 36.61.080, 36.61.090, 36.61.100, and 36.61.160; and adding new sections to chapter 36.61 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 1, chapter 398, Laws of 1985 and RCW 36.61.010 are each amended to read as follows:

The legislature finds that the environmental, recreational, and aesthetic values of many of the state's lakes are threatened by eutrophication and other deterioration and that existing governmental authorities are unable to adequately improve and maintain the quality of the state's lakes.

It is the purpose of this chapter to establish a governmental mechanism by which property owners can embark on a program of lake improvement and maintenance for their and the general public's benefit, health, and welfare. Public property, including state property, shall be considered the same as private property in this chapter, except liens for special assessments and liens for rates and charges shall not extend to public property. Lake bottom property shall not be considered to be benefited, shall not be subject to special assessments or rates and charges, and shall not receive voting rights under this chapter.

Sec. 2. Section 2, chapter 398, Laws of 1985 and RCW 36.61.020 are each amended to read as follows:

Any county may create lake management districts to finance the improvement and maintenance of lakes located within or partially within the boundaries of the county. All or a portion of a lake and the adjacent land areas may be included within one or more lake management districts. More than one lake, or portions of lakes, and the adjacent land areas may be included in a single lake management district. A lake management district may be created for a period of up to ten years.

Special assessments or rates and charges may be imposed on the property included within a lake management district to finance lake improvement and maintenance activities, including: (1) The control or removal of aquatic plants and vegetation; (2) water quality; (3) the control of water levels; (4) storm water diversion and treatment; (5) agricultural waste control; (6) studying lake water quality problems and solutions; (7) cleaning and maintaining ditches and streams entering or leaving the lake; and (8) the related administrative, engineering, legal, and operational costs, including the costs of creating the lake management district.

Special assessments or rates and charges may be imposed annually on all the land in a lake management district for the duration of the lake management district without a related issuance of lake management district bonds or revenue bonds. Special assessments also may be imposed in the manner of special assessments in a local improvement district with each landowner being given the choice of paying the entire special assessment in one payment, or to paying installments, with lake management district bonds being issued to obtain moneys not derived by the initial full payment of the special assessments, and the installments covering all of the costs related to issuing, selling, and redeeming the lake management district bonds.

Sec. 3. Section 3, chapter 398, Laws of 1985 and RCW 36.61.030 are each amended to read as follows:

A lake management district may be initiated upon either the adoption of a resolution of intention by a county legislative authority or the filing of a petition signed by ten landowners or ~~((twenty-five))~~ the owners of at least fifteen percent of the ~~((landowners))~~ acreage contained within the proposed lake management district, whichever is greater. A petition or resolution of intention shall set forth: (1) The nature of the lake improvement or maintenance activities proposed to be financed; (2) the amount of money proposed to be raised by special assessments or rates and charges; (3) if special assessments are to be imposed, whether the special assessments will be imposed annually for the duration of the lake management district, or the full special assessments will be imposed at one time, with the possibility of installments being made to finance the issuance of lake management district bonds, or both methods; (4) if rates and charges are to be imposed, the annual amount of revenue proposed to be collected and whether revenue bonds payable from the rates and charges are proposed to be issued; (5) the number of years proposed for the duration of the lake management district; and ~~((5))~~ (6) the proposed boundaries of the lake management district.

The county legislative authority may require the posting of a bond of up to five thousand dollars before the county considers the proposed creation of a lake management district initiated by petition. The bond may only be used by the county to finance its costs in studying, holding hearings, making notices, preparing special assessment rolls or rolls showing the rates and charges on each parcel, and conducting elections related to the lake management district if the proposed lake management district is not created.

A resolution of intention shall also designate the number of the proposed lake management district, and fix a date, time, and place for a public hearing on the formation of the proposed lake management district. The date for the public hearing shall be at least thirty days and no more than ninety days after the adoption of the resolution of intention unless an emergency exists.

Petitions shall be filed with the county legislative authority. The county legislative authority shall determine the sufficiency of the signatures, which shall be conclusive upon all persons. No person may withdraw his or her name from a petition after it is filed. If the county legislative authority determines a petition to be sufficient and the proposed lake management district appears to be in the public interest and the financing of the lake improvement or maintenance activities is feasible, it shall adopt a resolution of intention, setting forth all of the details required to be included when a resolution of intention is initiated by the county legislative authority.

Sec. 4. Section 4, chapter 398, Laws of 1985 and RCW 36.61.040 are each amended to read as follows:

Notice of the public hearing shall be published in at least two consecutive issues of a newspaper of general circulation in the proposed lake management district, the date of the first publication to be at least fifteen days prior to the date fixed for the public hearing by the resolution of intention. Notice of the public hearing shall also be given to the owner or reputed owner of any lot, tract, parcel of land, or other property within the proposed lake management district by mailing the notice at least fifteen days before the date fixed for the public hearing to the owner or reputed owner of the property as shown on the tax rolls of the county assessor at the address shown thereon. Notice of the public hearing shall also be mailed to the departments of fisheries, game, and ecology at least fifteen days before the date fixed for the public hearing.

Notices of the public hearing shall: (1) Refer to the resolution of intention; (2) designate the proposed lake management district by number; (3) set forth a proposed plan describing: (a) The nature of the proposed lake improvement or maintenance activities; (b) the amount of special assessments or rates and charges proposed to be raised by the lake management district; (c) if special assessments are proposed to be imposed, whether the special assessments will be imposed annually for the duration of the lake management district, or the full special assessments will be payable at one time, with the possibility of periodic installments being paid and lake management bonds being issued, or both; ~~((and))~~ (d) if rates and charges are proposed to be imposed, the annual amount of revenue proposed to be collected and whether revenue bonds payable from the rates and charges are proposed to be issued; and (e) the proposed duration of the lake management district; and (4) indicate the date, time, and place of the public hearing designated in the resolution of intention.

In the case of the notice sent to each owner or reputed owner by mail, the notice shall set forth the estimated amount of the cost of the lake improvement or maintenance activities to be borne by special assessment, or annual special assessments, or rates and charges on the lot, tract, parcel of land, or other property owned by the owner or reputed owner.

If the county legislative authority has designated a committee of itself or an officer to hear complaints and make recommendations to the full county legislative authority, as provided in RCW 36.61.060, the notice shall also describe this additional step before the full county legislative authority may adopt a resolution creating the lake management district.

Sec. 5. Section 6, chapter 398, Laws of 1985 and RCW 36.61.070 are each amended to read as follows:

After the public hearing, the county legislative authority may adopt a resolution submitting the question of creating the lake management district to the owners of land within the proposed lake management district, including publicly owned land, if the county legislative authority finds that it is in the public interest to create the lake management district and the financing

of the lake improvement and maintenance activities is feasible. The resolution shall also include: (1) A plan describing the proposed lake improvement and maintenance activities which avoid adverse impacts on fish and wildlife and provide for appropriate measures to protect and enhance fish and wildlife((;)); (2) the number of years the lake management district will exist((;)); (3) the amount to be raised by special assessments((;) or rates and charges; (4) if special assessments are to be imposed, whether the special assessments shall be imposed annually for the duration of the lake management district or only once with the possibility of installments being imposed and lake management bonds being issued, or both, and, if both types of special assessments are proposed to be imposed, the lake improvement or maintenance activities proposed to be financed by each type of special assessment; (5) if rates and charges are to be imposed, a description of the rates and charges and the possibility of revenue bonds being issued that are payable from the rates and charges; and (6) the estimated special assessment or rate and charge proposed to be imposed on each parcel included in the proposed lake management district.

No lake management district may be created by a county that includes territory located in another county without the approval of the legislative authority of the other county.

Sec. 6. Section 7, chapter 398, Laws of 1985 and RCW 36.61.080 are each amended to read as follows:

A ballot shall be mailed to each owner or reputed owner of any lot, tract, parcel of land, or other property within the proposed lake management district, including publicly owned land, which ballot shall contain the following proposition:

"Shall lake management district No. . . . . be formed?

Yes... . . . .

No ... . . . . "

In addition, the ballot shall contain appropriate spaces for the signatures of the landowner or landowners, or officer authorized to cast such a ballot. Each ballot shall include a description of the property owner's property(~~(, the number of acres of such property, and the number of feet of lake front footage, if any))~~ and the estimated special assessment, or rate and charge, proposed to be imposed upon the property. A copy of the instructions and the resolution submitting the question to the landowners shall also be included.

Sec. 7. Section 8, chapter 398, Laws of 1985 and RCW 36.61.090 are each amended to read as follows:

The balloting shall be subject to the following conditions, which shall be included in the instructions mailed with each ballot, as provided in RCW 36.61.080: (1) All ballots must be signed by the owner or reputed owner of property according to the assessor's tax rolls; (2) each ballot must be returned to the county legislative authority not later than five o'clock p.m. of

a specified day, which shall be at least twenty but not more than thirty days after the ballots are mailed; (3) each property owner shall mark his or her ballot for or against the creation of the proposed lake management district, with the ballot weighted so that the property owner has one vote for ~~((any amount of property up to one acre and one vote for each additional acre, or major portion of an acre, he or she owns in the proposed lake management district and one vote for any amount up to fifty feet, and one vote for each additional fifty feet, or major portion thereof, of lake frontage he or she owns in the proposed lake management district))~~ each dollar of estimated special assessment or rate and charge proposed to be imposed on his or her property; and (4) the valid ballots shall be tabulated and a simple majority of the votes cast shall determine whether the proposed lake management district shall be approved or rejected.

Sec. 8. Section 9, chapter 398, Laws of 1985 and RCW 36.61.100 are each amended to read as follows:

If the proposal receives a simple majority vote in favor of creating the lake management district, the county legislative authority shall adopt an ordinance creating the lake management district and may proceed with establishing the special assessments or rates and charges, collecting the special assessments or rates and charges, and performing the lake improvement or maintenance activities. If a proposed lake management district includes more than one lake and its adjacent areas, the lake management district may only be established if the proposal receives a simple majority vote in favor of creating it by the voters on each lake and its adjacent areas. The county legislative authority shall publish a notice in a newspaper of general circulation in a lake management district indicating that such an ordinance has been adopted within ten days of the adoption of the ordinance.

The ballots shall be available for public inspection after they are counted.

NEW SECTION. Sec. 9. A new section is added to chapter 36.61 RCW to read as follows:

A special assessment, or rate and charge, on any lot, tract, parcel of land, or other property shall not be increased beyond one hundred ten percent of the estimated special assessment, or rate and charge, proposed to be imposed as provided in the resolution adopted in RCW 36.61.070, unless the creation of a lake management district is approved under another mailed ballot election that reflects the weighted voting arising from such increases.

Sec. 10. Section 16, chapter 398, Laws of 1985 and RCW 36.61.160 are each amended to read as follows:

Whenever special assessments are imposed, all property included within a lake management district shall be considered to be the property specially benefited by the lake improvement or maintenance activities and shall

be the property upon which special assessments are imposed to pay the costs and expenses of the lake improvement or maintenance activities, or such part of the costs and expenses as may be chargeable against the property specially benefited. The special assessments shall be imposed on property in accordance with the special benefits conferred on the property up to but not in excess of the total costs and expenses of the lake improvement or maintenance activities as provided in the special assessment roll.

Special assessments may be measured by front footage, acreage, the extent of improvements on the property, or any other factors that are deemed to fairly reflect special benefits, including those authorized under RCW 35.51.030. Special assessments may be calculated by using more than one factor. Zones around the public improvement may be used that reflect different levels of benefit in each zone that are measured by a front footage, acreage, the extent of improvements, or other factors.

Public property, including property owned by the state of Washington, shall be subject to special assessments to the same extent that private property is subject to the special assessments, except no lien shall extend to public property.

NEW SECTION. Sec. 11. A new section is added to chapter 36.61 RCW to read as follows:

Whenever rates and charges are to be imposed in a lake management district, the county legislative authority shall prepare a roll of rates and charges that includes those matters required to be included in a special assessment roll and shall hold a public hearing on the proposed roll of rates and charges as provided under RCW 36.61.120 through 36.61.150 for a special assessment roll. The county legislative authority shall have full jurisdiction and authority to fix, alter, regulate, and control the rates and charges imposed by a lake management district and may classify the rates or charges by any reasonable factor or factors, including benefit, use, front footage, acreage, the extent of improvements on the property, the type of improvements on the property, uses to which the property is put, service to be provided, and any other reasonable factor or factors. The flexibility to establish rates and charges includes the authority to reduce rates and charges on property owned by low-income persons.

Except as provided in this section, the collection of rates and charges, lien status of unpaid rates and charges, and method of foreclosing on such liens shall be subject to the provisions of chapter 36.94 RCW. Public property, including state property, shall be subject to the rates and charges to the same extent that private property is subject to them, except that liens may not be foreclosed on the public property, and the procedure for imposing such rates and charges on state property shall conform with the procedure provided for in chapter 79.44 RCW concerning the imposition of special assessments upon state property. The total amount of rates and

charges cannot exceed the cost of lake improvement or maintenance activities proposed to be financed by such rates and charges, as specified in the resolution of intention. Revenue bonds exclusively payable from the rates and charges may be issued by the county under chapter 39.46 RCW.

Passed the House April 26, 1987.

Passed the Senate April 8, 1987.

Approved by the Governor May 18, 1987.

Filed in Office of Secretary of State May 18, 1987.

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## CHAPTER 433

[House Bill No. 1090]

### STUDENT LOANS—NONPROFIT ORGANIZATIONS INVOLVED WITH STUDENT LOANS—TAX EXEMPTIONS

AN ACT Relating to the taxation of nonprofit organizations involved with student loans; amending RCW 84.36.030; and adding a new section to chapter 82.04 RCW.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Sec. 1. A new section is added to chapter 82.04 RCW to read as follows:

This chapter does not apply to gross income received by nonprofit organizations exempt from federal income tax under section 501(c)(3) of the internal revenue code of 1954, as amended, that are guarantee agencies under the federal guaranteed student loan program or that issue debt to provide or acquire student loans.

Sec. 2. Section 2, chapter 40, Laws of 1973 2nd ex. sess. as last amended by section 1, chapter 220, Laws of 1984 and RCW 84.36.030 are each amended to read as follows:

The following real and personal property shall be exempt from taxation:

(1) Property owned by nonprofit organizations or associations, organized and conducted for nonsectarian purposes, which shall be used for character-building, benevolent, protective or rehabilitative social services directed at persons of all ages. The sale of donated merchandise shall not be considered a commercial use of the property under this section if the proceeds are devoted to the furtherance of the purposes of the selling organization or association as specified in this paragraph.

(2) Property owned by any nonprofit church, denomination, group of churches, or an organization or association, the membership of which is comprised solely of churches or their qualified representatives, which is utilized as a camp facility if used for organized and supervised recreational