

Joint Municipal Utility Services Act

AN ACT Relating to the joint provision of municipal utility services; amending RCW 4.96.010; 39.34.020, 39.94.020, 70.150.020, 82.08.0271; 82.45.010; and 86.15.035; adding a new section to chapter 82.04 RCW, a new section to chapter 82.08 RCW, and a new section to chapter 82.16 RCW.

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

NEW SECTION. Sec. 1. Title of Act--Declaration of Purpose--Codification.

(1) This act shall be known as the Joint Municipal Utility Services Act.

(2) It is the purpose of this act to improve the ability of local government utilities to plan, finance, construct, acquire, maintain and operate facilities, to better provide services to the public, and to reduce costs and improve the benefits, efficiency and quality of utility services.

(3) Sections 1 through 9 of this act shall be codified as a chapter in Title 39, Revised Code of Washington.

NEW SECTION. Sec. 2. Definitions. Unless the context clearly requires otherwise, the definitions in this section apply throughout this act.

(1) "Agreement" means a joint municipal utility services agreement, among municipalities, that forms an authority, as more fully described in section 5 of this act.

(2) "Authority" means a joint municipal utility services authority formed under this act.

(3) "Board of directors" or "board" means the board of directors of an authority.

(4) "Member" means a municipality that is a party to an agreement forming an authority.

(5) "Municipality" means a city, town, county, special purpose district or other unit of local government of this state, and any Indian tribe recognized as such by the United States government, that is authorized to provide utility services.

(6) "Utility services" for purposes of this act means any or all of the following functions: any or all of the functions included or described as a component of a "waterworks" in RCW 35.92.010 or RCW 57.08.005, or as a "system of water" in RCW 36.94.010; any or all of the functions included or described as a component of a "system of sewerage" in RCW 35.67.010 or RCW 36.94.010, or as a "system of sewers" in RCW 57.08.005; the provision for the generation, production, storage, distribution, use or management of reclaimed water; the provision of storm water control facilities as described in RCW 36.89.010 and the management and handling of stormwater, drainage, and floodwaters[; and governmental services comprising the collection, handling, transport and disposal of solid waste as defined in RCW 70.95.030].

NEW SECTION. Sec. 3. Formation of Joint Municipal Utility Services Authorities—Characteristics—Substantive Powers.

(1) An authority may be formed by two or more municipalities pursuant to this act by execution of a joint municipal utility services agreement that materially complies with the requirements of section 5 of this act. The agreement must be approved by the legislative authority of each of the participating municipalities. The agreement must be filed with the Washington state secretary of state. An authority shall be deemed to have been formed as of the date of that filing. Any amendments to an agreement must be approved by the legislative authority of each of the participating municipalities, filed with the Washington State Secretary of State, and will become effective on the date of filing.

(2) An authority is a public body corporate and politic. Subject to Section 4(3) and the provisions of a joint municipal utility services agreement, (a) an authority may perform or

provide any utility service or services that all of its members may perform or provide under applicable law; and (b) in performing or providing those utility services, an authority may exercise any or all of the powers described in section 4(1) of this act.

(3) An authority shall be entitled to all the privileges, immunities and exemptions that are available to any or all of its members.

(4) Nothing in this act shall diminish a municipality's powers in connection with its provision of utility services or its taxing power with respect to those services.

NEW SECTION. Sec. 4. Corporate Powers of Joint Municipal Utility Services Authorities.

(1) In performing or providing utility services, and subject to subsection (3) of this section, an authority shall have and be entitled to exercise all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act, including the exercise of the following powers within and without the boundaries of its members:

(a) To sue and be sued, complain and defend, in its corporate name.

(b) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.

(c) To purchase, take, receive, take by lease, condemn, receive by grant, or otherwise acquire, and to own, hold, improve, use, operate, maintain, add to, extend, control, regulate the use of and otherwise deal in and with, real or personal property or property rights (including without limitation water and water rights) or other assets, or any interest therein, wherever situated.

(d) To sell, convey, lease out, exchange, transfer and otherwise dispose of all or any part of its property and assets.

(e) To incur liabilities for any of its purposes, to borrow money at such rates of interest as the authority may

determine, to issue its bonds, notes and other obligations, and to pledge any or all of its revenues to the repayment of bonds, notes and other obligations.

(f) To enter into contracts for any of its purposes with any individual or entity, both public and private, and to enter into contracts with its members and with other public agencies under chapter 39.34 RCW or other applicable law.

(g) To receive state, federal and private grants, loans and assistance that any of its members are eligible to receive.

(h) To adopt and alter rules, polices and guidelines, not inconsistent with this act or with other laws of this state, for the administration and regulation of the affairs and assets of the authority.

(i) To obtain insurance, to self-insure and to participate in pool insurance programs.

(j) To indemnify any officer, employee, volunteer, or former officer, employee or volunteer, or any participating municipality, for acts performed in the exercise of their duties for the authority, and to indemnify any other person for negligent or wrongful action or inaction of the authority.

(k) To employ such persons, as public employees, that the board determines are needed to carry out the authority's purposes and to fix wages, salaries and benefits, and to establish any bond requirements for those employees.

(l) To provide for and pay pensions and establish pension plans, pension trusts, and other benefit plans for any or all of its officers or employees, as public employees.

(m) To determine and impose fees, rates and charges for its services.

(n) To receive contributions or other transfers of money, assets or other property from its members or from any other person.

(o) To dispose of surplus property.

(p) Subject to section 4(3) and section 5(1), to have and exercise any other corporate powers capable of being exercised by any of its members in providing utility services.

(q) To terminate its operations, wind up its affairs, dissolve, and provide for the handling and distribution of its assets and liabilities in a manner consistent with the applicable agreement.

(r) To transfer its assets, rights, obligations and liabilities to successor entity, including without limitation a successor authority or municipal corporation.

(s) To engage in advertising, promotion, education, conservation, and other programs related to its utility services.

(2) An authority, as a public body, shall be subject to the public records act (chapter 42.56 RCW), the open public meetings act (chapter 42.30 RCW), the code of ethics for municipal officers (chapter 42.23 RCW), and an authority will be subject to audit by the state auditor under chapter 43.09 RCW.

(3) In the exercise of its powers, an authority shall be subject to the following:

(a) An authority shall have no power to levy taxes or special assessments.

(b) An authority shall have the power of eminent domain only if all of its members have powers of condemnation and eminent domain and the entire membership of its board is comprised of elected officials of the members.

(c) An authority may exercise police power (regulatory power) only to the extent it relates to the utility services the authority performs or provides, and only within the geographic boundaries of any member if expressly authorized to do so by the legislative authority of that member. Nothing in this subsection (c) shall be deemed to permit an authority to exercise land use regulatory powers.

(d) As a public entity without taxing power, an authority may not issue general obligation bonds, but shall issue only revenue bonds, notes and other obligations consistent with

chapter 39.46 RCW or any of the statutes applicable to any of its members. Notwithstanding the foregoing, an authority may pledge its full faith and credit to the payment of amounts due pursuant to a financing contract under chapter 39.94 RCW or other federal or state financing program.

(e) An authority's board may exercise the authority's powers, except as limited by an agreement.

(f) As a separate public entity, an authority's obligations and liabilities shall be its own and shall not be obligations or liabilities of its various members except to the extent and in the manner established under the provisions of an agreement or otherwise expressly provided by contract.

(g) An authority may pledge its revenues in connection with its obligations, and may acquire property or property rights through and subject to the terms of a conditional sales contract, a real estate contract, or a financing contract under chapter 39.94 RCW or other federal or state financing program. However, an authority must not in any other manner mortgage or provide security interests in its real or personal property or property rights.

(h) Upon its dissolution, after provision is made for an authority's liabilities, remaining assets must be distributed to a successor entity, or to one or more of the members, or to another public body of this state.

NEW SECTION. Sec. 5. Elements of Joint Municipal Utility Services Agreements.

(1) A joint municipal utility services agreement that forms and governs an authority must include the elements described in this subsection (1), together with such other provisions an authority's members deem appropriate. However, the failure of an agreement to include each and every one of the elements described above shall not render the agreement invalid. An agreement should:

(a) Identify the members, together with conditions upon which additional members, if any, may join the authority, and the conditions upon which members may or must withdraw (including provision for handling of relevant assets upon a withdrawal).

(b) State the name of the authority.

(c) Describe the utility services that the authority will provide.

(d) Specify how the number of directors of the authority's board will be determined, and how those directors will be appointed.

(e) Describe how votes of the members represented on the authority's board are to be weighted, and set forth any limitations on the exercise of powers of the authority's board (which may include, by way of example, requirements that certain decisions be made by a supermajority of members represented on an authority's board, based on number of members and/or some other factor for factors, and that certain decisions be ratified by the legislative authorities of the members).

(f) Describe how the agreement is to be amended, which must not be inconsistent with the requirements of Section 3(1) of this act.

(g) Describe how the authority's rules may be adopted and amended.

(h) Specify the circumstances under which the authority may be dissolved, and how it may terminate its operations, wind up its affairs, dissolve, and, subject to subsection 4(h), provide for the handling, assumption and/or distribution of its assets and liabilities.

(i) List any legally authorized substantive or corporate powers that the authority will not exercise.

(j) Specify under which personnel laws the authority will operate, which may be the personnel laws applicable to any one of its members (other than a tribal member).

(k) Specify under which public works and procurement laws the authority will operate, which may be the public works and procurement laws applicable to any one of the members (other than a tribal member).

(l) Specify under which eminent domain laws any condemnations by the authority will be subject, which may be the eminent domain laws applicable to any one of the members (other than a tribal member).

(m) Specify how the treasurer of the authority will be appointed, which may be an officer or employee of the authority, the treasurer or chief finance officer of any member, or the treasurer of any county in which any member of the authority is located. However, if the total number of utility customers of all of the members of an authority does not exceed 2500, the treasurer of an authority must be either the treasurer of any member or the treasurer of a county in which any member of the authority is located.

(n) Specify under which statute or statutes surplus property of the authority will be disposed.

(o) Describe how the authority's budgets will be prepared and adopted.

(p) Describe how any assets of members that are transferred to or managed by the authority will be accounted for.

(q) Generally describe the financial obligations of members to the authority, and describe how rates and charges imposed by the authority, if any, will be determined.

(r) Specify the statute or statutes under which bonds, notes and other obligations of the authority will be issued.

(s) Include any other provisions deemed necessary and appropriate by the members.

NEW SECTION. Sec. 6. Authority of Member Municipalities to Assist Authority and to Transfer Funds, Property and other Assets.

The members of an authority are authorized to transfer or assign to an authority any money, real or personal property or property rights, or other assets, including water rights, licenses or other assets (whether held by a member's utility or by a member's general government), with or without payment or other consideration.

NEW SECTION. Sec. 7. Tax Matters.

(1) As a public body, the property of an authority shall be exempt from taxation.

(2) An authority shall be entitled to all of the exemptions from or preferences with respect to taxes that are available to any or all of its members (other than a tribal member) in connection with the provision of utility services.

NEW SECTION. Sec. 8. Conversion of Existing Entities into Authorities.

Any entity formed under chapter 39.34 RCW may become a joint municipal utility services authority and be entitled to all the powers and privileges available under this act, if: (1) the public agencies that are parties to an interlocal agreement under that statute, amend, restate or replace that interlocal agreement so that it materially complies with the requirements of section 5 of this act, (2) the amended, restated or replacement agreement is filed with the Washington state secretary of state consistent with section 3 of this act, and (3) the amended, restated or replacement agreement expressly provides that all rights and obligations of the entity formerly existing under chapter 39.34 RCW shall thereafter be the obligations of the new authority created under this act. Upon compliance with those requirements, the new authority shall be a successor of the former entity for all purposes, and all rights and obligations of the former entity shall transfer to the new authority. Those obligations shall be treated as having been incurred, entered into or issued by the new authority; those obligations shall remain in full force and effect and shall continue to be enforceable in accordance with their terms. If an interlocal agreement forming a watershed management partnership and/or the provisions of obligations issued by such a watershed management partnership provide that such an entity has reserved the right to be converted into a separate municipal corporation, then upon compliance with the requirements set forth in this section the new authority shall be deemed to be a municipal corporation for that purpose.

NEW SECTION. Sec. 9. Powers conferred by act are supplemental.

The powers and authority conferred by this act shall be construed as in addition and supplemental to powers or authority conferred by any other law, and nothing contained herein shall be construed as limiting any other powers or authority of any municipality or any other entity formed under chapter 39.34 RCW or other applicable law.

Sec. 10. RCW 4.96.010 and 2001 c 119 s 1 are each amended to read as follows:

(1) All local governmental entities, whether acting in a governmental or proprietary capacity, shall be liable for damages arising out of their tortious conduct, or the tortious conduct of their past or present officers, employees, or volunteers while performing or in good faith purporting to perform their official duties, to the same extent as if they were a private person or corporation. Filing a claim for damages within the time allowed by law shall be a condition precedent to the commencement of any action claiming damages. The laws specifying the content for such claims shall be liberally construed so that substantial compliance therewith will be deemed satisfactory.

(2) Unless the context clearly requires otherwise, for the purposes of this chapter, "local governmental entity" means a county, city, town, special district, municipal corporation as defined in RCW 39.50.010, quasi-municipal corporation, any joint municipal utility services authority, or an entity created by public agencies under RCW 39.34.030, or public hospital.

(3) For the purposes of this chapter, "volunteer" is defined according to RCW 51.12.035.

Sec. 11. RCW 39.34.020 and 2003 c 327 s 3 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Public agency" means any agency, political subdivision, or unit of local government of this state including, but not limited to, municipal corporations, quasi municipal corporations, special purpose districts, and local service districts; any joint municipal utility services authority; any agency of the state government; any agency of the United States; any Indian tribe recognized as such by the federal government; and any political subdivision of another state.

(2) "State" means a state of the United States.

(3) "Watershed management partnership" means an interlocal cooperation agreement formed under the authority of RCW

39.34.200.

(4) "WRIA" has the definition in RCW 90.82.020.

Sec. 12. RCW 39.94.020 and 2010 1st sp.s. c 15 s 13 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Credit enhancement" includes insurance, letters of credit, lines of credit, or other similar agreements which enhance the security for the payment of the state's or an other agency's obligations under financing contracts.

(2) "Financing contract" means any contract entered into by the state for itself or on behalf of an other agency which provides for the use and purchase of real or personal property by the state and provides for payment by the state over a term of more than one year, and which provides that title to the subject property may secure performance of the state or transfer to the state or an other agency by the end of the term, upon exercise of an option, for a nominal amount or for a price determined without reference to fair market value. Financing contracts include, but are not limited to, conditional sales contracts, financing leases, lease purchase contracts, or refinancing contracts, but do not include operating or true leases. For purposes of this chapter, the term "financing contract" does not include any nonrecourse financing contract or other obligation payable only from money or other property received from private sources and not payable from any public money or property. The term "financing contract" includes a "master financing contract."

(3) "Master financing contract" means a financing contract which provides for the use and purchase of property by the state, and which may include more than one financing contract and appropriation.

(4) "Other agency" means any commission established under Title 15 RCW, a library or regional library, an educational service district, the superintendent of public instruction, the school directors' association, a health district, a public facilities district, or any county, city, town, school district, or other municipal corporation, ((or)) quasi-municipal corporation, or public body corporate and politic.

(5) "State" means the state, agency, department, or instrumentality of the state, the state board for community and technical colleges, and any state institution of higher education.

(6) "State finance committee" means the state finance committee under chapter 43.33 RCW.

(7) "Trustee" means a bank or trust company, within or without the state, authorized by law to exercise trust powers.

Sec. 13. RCW 70.150.020 and 1986 c 244 s 2 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Water pollution control facilities" or "facilities" means any facilities, systems, or subsystems owned or operated by a public body, or owned or operated by any person or entity for the purpose of providing service to a public body, for the control, collection, storage, treatment, disposal, or recycling of wastewater, including but not limited to sanitary sewage, storm water, residential wastes, commercial wastes, industrial wastes, and agricultural wastes, that are causing or threatening the degradation of subterranean or surface bodies of water due to concentrations of conventional, nonconventional, or toxic pollutants. Water pollution control facilities do not include dams or water supply systems.

(2) "Public body" means the state of Washington or any agency, county, city or town, political subdivision, municipal corporation, (~~or~~) quasi-municipal corporation, or any joint municipal utility services authority.

(3) "Water pollution" means such contamination, or other alteration of the physical, chemical, or biological properties of any surface or subterranean waters of the state, including change in temperature, taste, color, turbidity, or odor of the waters, or such discharge of any liquid, gaseous, solid, radioactive, or other substance into any waters of the state as will or is likely to create a nuisance or render such waters harmful, detrimental, or injurious to the public health, safety, or welfare, or to domestic, commercial, industrial, agricultural, recreational, or other legitimate beneficial uses,

or to livestock, wild animals, birds, fish, or other aquatic life.

(4) "Agreement" means any agreement to which a public body and a service provider are parties by which the service provider agrees to deliver service to such public body in connection with its design, financing, construction, ownership, operation, or maintenance of water pollution control facilities in accordance with this chapter.

(5) "Service provider" means any privately owned or publicly owned profit or nonprofit corporation, partnership, joint venture, association, or other person or entity that is legally capable of contracting for and providing service with respect to the design, financing, ownership, construction, operation, or maintenance of water pollution control facilities in accordance with this chapter.

NEW SECTION. Sec. 14. A new section is added to chapter 82.04 RCW to read as follows:

This chapter does not apply to any payments between, or any transfer of assets to or from, a member of a joint municipal utility services authority and an authority created under this act.

NEW SECTION. Sec. 15. A new section is added to chapter 82.08 to read as follows:

The tax levied by RCW 82.08.020 shall not apply to any sales, or transfers made, to or from a joint municipal utility services authority formed under this act and a member of such an authority.

Sec. 16. RCW 82.08.0271 and 1980 c37 s37 are each amended to read as follows:

The tax levied by RCW 82.08.020 shall not apply to sales to municipal corporations, any joint municipal utility services authority, or an entity created by public agencies under RCW 39.34.030, the state, and all political subdivisions thereof of tangible personal property consumed and/or of labor and services rendered in respect to contracts for watershed protection and/or flood prevention. This exemption shall be limited to that portion of the selling price which is reimbursed by the United States government according to the provisions of the Watershed

Protection and Flood Prevention Act, Public Laws 566, as amended.

NEW SECTION. **Sec. 17.** A new section is added to chapter 82.16 RCW to read as follows:

This chapter does not apply to any payments between, or any transfer of assets to or from, a member of a joint municipal utility services authority and an authority created under this act.

Sec. 18. RCW 82.45.010 and 2010 1st sp.s. c23 s 207 are each amended to read as follows:

(1) As used in this chapter, the term "sale" has its ordinary meaning and includes any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property, including standing timber, or any estate or interest therein for a valuable consideration, and any contract for such conveyance, grant, assignment, quitclaim, or transfer, and any lease with an option to purchase real property, including standing timber, or any estate or interest therein or other contract under which possession of the property is given to the purchaser, or any other person at the purchaser's direction, and title to the property is retained by the vendor as security for the payment of the purchase price. The term also includes the grant, assignment, quitclaim, sale, or transfer of improvements constructed upon leased land.

(2) (a) The term "sale" also includes the transfer or acquisition within any twelve-month period of a controlling interest in any entity with an interest in real property located in this state for a valuable consideration.

(b) For the sole purpose of determining whether, pursuant to the exercise of an option, a controlling interest was transferred or acquired within a twelve-month period, the date that the option agreement was executed is the date on which the transfer or acquisition of the controlling interest is deemed to occur. For all other purposes under this chapter, the date upon which the option is exercised is the date of the transfer or acquisition of the controlling interest.

(c) For purposes of this subsection, all acquisitions of persons acting in concert must be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place. The department must adopt standards by

rule to determine when persons are acting in concert. In adopting a rule for this purpose, the department must consider the following:

(i) Persons must be treated as acting in concert when they have a relationship with each other such that one person influences or controls the actions of another through common ownership; and

(ii) When persons are not commonly owned or controlled, they must be treated as acting in concert only when the unity with which the purchasers have negotiated and will consummate the transfer of ownership interests supports a finding that they are acting as a single entity. If the acquisitions are completely independent, with each purchaser buying without regard to the identity of the other purchasers, then the acquisitions are considered separate acquisitions.

(3) The term "sale" does not include:

(a) A transfer by gift, devise, or inheritance.

(b) A transfer of any leasehold interest other than of the type mentioned above.

(c) A cancellation or forfeiture of a vendee's interest in a contract for the sale of real property, whether or not such contract contains a forfeiture clause, or deed in lieu of foreclosure of a mortgage.

(d) The partition of property by tenants in common by agreement or as the result of a court decree.

(e) The assignment of property or interest in property from one spouse or one domestic partner to the other spouse or other domestic partner in accordance with the terms of a decree of dissolution of marriage or state registered domestic partnership or in fulfillment of a property settlement agreement.

(f) The assignment or other transfer of a vendor's interest in a contract for the sale of real property, even though accompanied by a conveyance of the vendor's interest in the real property involved.

(g) Transfers by appropriation or decree in condemnation proceedings brought by the United States, the state or any political subdivision thereof, or a municipal corporation.

(h) A mortgage or other transfer of an interest in real property merely to secure a debt, or the assignment thereof.

(i) Any transfer or conveyance made pursuant to a deed of trust or an order of sale by the court in any mortgage, deed of trust, or lien foreclosure proceeding or upon execution of a judgment, or deed in lieu of foreclosure to satisfy a mortgage or deed of trust.

(j) A conveyance to the federal housing administration or veterans administration by an authorized mortgagee made pursuant to a contract of insurance or guaranty with the federal housing administration or veterans administration.

(k) A transfer in compliance with the terms of any lease or contract upon which the tax as imposed by this chapter has been paid or where the lease or contract was entered into prior to the date this tax was first imposed.

(l) The sale of any grave or lot in an established cemetery.

(m) A sale by the United States, this state or any political subdivision thereof, ~~((or))~~ a municipal corporation of this state, any joint municipal utility services authority, or an entity created by public agencies under RCW 39.34.030.

(n) A sale to a regional transit authority or public corporation under RCW 81.112.320 under a sale/leaseback agreement under RCW 81.112.300.

(o) A transfer of real property, however effected, if it consists of a mere change in identity or form of ownership of an entity where there is no change in the beneficial ownership. These include transfers to a corporation or partnership which is wholly owned by the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner. However, if thereafter such transferee corporation or partnership voluntarily transfers such real property, or such transferor, spouse or domestic partner, or children of the transferor or the transferor's spouse or domestic partner voluntarily transfer stock in the transferee corporation or interest in the transferee partnership capital, as the case may be, to other than (i) the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic

partner, (ii) a trust having the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner as the only beneficiaries at the time of the transfer to the trust, or (iii) a corporation or partnership wholly owned by the original transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, within three years of the original transfer to which this exemption applies, and the tax on the subsequent transfer has not been paid within sixty days of becoming due, excise taxes become due and payable on the original transfer as otherwise provided by law.

(p) (i) A transfer that for federal income tax purposes does not involve the recognition of gain or loss for entity formation, liquidation or dissolution, and reorganization, including but not limited to nonrecognition of gain or loss because of application of 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal revenue code of 1986, as amended.

(ii) However, the transfer described in (p) (i) of this subsection cannot be preceded or followed within a twelve-month period by another transfer or series of transfers, that, when combined with the otherwise exempt transfer or transfers described in (p) (i) of this subsection, results in the transfer of a controlling interest in the entity for valuable consideration, and in which one or more persons previously holding a controlling interest in the entity receive cash or property in exchange for any interest the person or persons acting in concert hold in the entity. This subsection (3) (p) (ii) does not apply to that part of the transfer involving property received that is the real property interest that the person or persons originally contributed to the entity or when one or more persons who did not contribute real property or belong to the entity at a time when real property was purchased receive cash or personal property in exchange for that person or persons' interest in the entity. The real estate excise tax under this subsection (3) (p) (ii) is imposed upon the person or persons who previously held a controlling interest in the entity.

(q) A qualified sale of a manufactured/mobile home community, as defined in RCW 59.20.030, that takes place on or after June 12, 2008, but before December 31, 2018.

Sec. 19. RCW 86.15.035 and 2003 1 c327 s 219 are each amended to read as follows:

In addition to the authority provided in this chapter, flood control zone districts may participate in and expend revenue on cooperative watershed management arrangements and actions, including without limitation those (~~watershed management partnerships~~) under chapter 39.34 RCW ((39.34.210)) under this act, and under other intergovernmental agreements authorized by law, for purposes of water supply, water quality, and water resource and habitat protection and management.