

# FINAL BILL REPORT

## HB 1013

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### PARTIAL VETO

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**Brief Description:** Changing provisions relating to newly incorporated cities and towns.

By Representatives Zellinsky, Ferguson, Haugen, Horn, Roland, Wood and Mitchell.

House Committee on Local Government  
Senate Committee on Governmental Operations

**Background:** City and town incorporation laws were altered fundamentally in 1986.

Prior to that time, city and town incorporations occurred at a single election, including both a vote on the issue of whether the area should incorporate and the election of the new city or town officials. If voters approved the incorporation, the incorporation became effective, and those persons elected as initial city or town officials took office, immediately upon certification of the election results.

Under the 1986 changes, the city or town incorporation process extends over a period of time of up to one year after the initial election on the question of whether the area should incorporate. Three separate elections are held. First, an election is held to consider whether the area should incorporate. Second, if the incorporation is authorized, then an election is held to nominate persons for the initial city or town elective position. Third, an election is held to elect one person to each position. Immediately after the results of the third election are certified, the newly-elected officials take office in a limited capacity and provide for a transition of the area into a city or town.

During this transition period, ordinances can be adopted that are effective upon the official date of incorporation; staff can be hired; an election can be held for a library district or fire protection district to annex the new city or town, effective immediately upon the official date of incorporation; and, revenue anticipation notes or tax anticipation notes can be issued.

The city or town incorporation occurs officially 360 days after the date of the initial election authorizing the incorporation, unless during this transition period the city or town governing body adopts a resolution providing for an earlier official date of incorporation at least 180 days after the date of the initial election authorizing the incorporation.

**Summary:** The laws relating to city and town incorporations are modified.

The third Tuesday in July is designated as a new potential special election date to be used in the incorporation process as follows: (1) if the initial election to authorize the incorporation of the city or town were held in April or May, then the special election to nominate candidates for the initial elective positions would be at this new special election date; and (2) if the primary special election to nominate candidates were held in April or May, the special election to elect the initial city elective officers would be held at this new special election date.

Whenever a city or town governing body adopts an ordinance during the interim transition period for incorporation of the city or town, time requirements for publishing ordinances, and for potential referendum action against ordinances, commence when the ordinances are approved.

During the interim transition period, a city or town and the city or town officials are subject to general statutes relating to the immunity of public officials from certain civil liability, public disclosure, the preservation and disposition of public records, ethics and conflicts of interest, open public meetings and requirements for meeting minutes, the publication of notices and ordinances, the designation of an official newspaper, liability insurance, public contracts and bidding, and the Interlocal Cooperation Act.

Specific authority is given for moneys to be borrowed during the transition period.

Specific authority is given for the adoption and use of standards under the State Environmental Policy Act (SEPA) during the transition period.

The process is clarified for a newly incorporated city or town to impose its initial property tax levy.

A newly incorporated city or town is required to adopt an interim budget during the interim transition period in

consultation with the division of municipal corporations of the state auditor's office. Procedures are provided for the adoption of a budget for the city or town after its official date of incorporation, including preparation of a preliminary budget, public hearings on the preliminary budget, and adoption of the actual budget.

Provision is made for an interim city manager or administrator to be appointed or serve until the official date of incorporation, and for retention of this individual for up to 90 days pending selection of a city manager pursuant to regular procedures.

Local governments and state agencies are authorized to make loans of staff, equipment, and technical and financial assistance to a newly formed city or town during the interim transition period, and such loans and assistance may be made without compensation. The initially elected city or town officials serve until the next general municipal election held 12 or more months after the date when they were elected.

The city or town officials are authorized to borrow an amount not exceeding the lesser of \$5 per capita or \$100,000 from the municipal sales and use tax equalization account. Repayments to that account must be made over a three-year period.

The Department of Community Development must identify different agencies that should receive notification of the incorporation of a new city or town, and must assist the newly formed city or town to provide the notice during the interim transition period.

During the interim transition period, the governing body of a newly incorporated city or town may agree with the board of fire commissioners to delay for a one-year period the otherwise automatic removal of a fire protection district from the newly incorporated city.

The time period during which a library district or fire district may be required to serve all or part of a newly incorporated area is clarified to be until the new city or town receives its own property tax receipts.

The time period during which the county is required to provide road maintenance in a newly incorporated city or town is altered to be the lesser of 60 days or until at least 40 percent of the anticipated road district property tax distributions are made to the city or town, instead of whenever any road district property tax distributions are made to the city or town.

During the interim period, the governing body of the new city or town may adopt resolutions establishing moratoria during the interim period on the filing of applications with the county for development permits or applications.

The costs of every election relating to the city or town during its transition period shall be borne by the city or town.

The prohibition against holding an election to incorporate an area within three years of the date of an unsuccessful attempt to incorporate all or part of the area if the vote in favor of incorporation was 40 percent or less is altered to reduce the favorable vote that causes this prohibition to 30 percent or less. The three year prohibition does not apply to elections held before the effective date of the act when the vote in favor of incorporation received 30 percent or more of the vote.

***Vote on Final Passage:***

House	92	0	
Senate	48	0	(Senate amended)
House	96	0	(House concurred)

***Effective:*** May 21, 1991

***Partial Veto Summary:*** The section was vetoed that altered the existing restrictions on proposing to incorporate an area within three years of an unsuccessful election on the incorporation if the vote in favor of the incorporation was 40 percent or less.