

FINAL BILL REPORT

SHB 1274

C 141 L 91
Synopsis As Enacted

Brief Description: Adjusting provisions relating to street utilities.

By House Committee on Transportation (originally sponsored by Representatives R. Fisher and Schmidt).

House Committee on Transportation
Senate Committee on Transportation

Background: Last year, the Legislature authorized the formation of city street utilities to generate revenues for city street maintenance, operation and preservation. Total revenues generated by the utility may not exceed 50 percent of the actual maintenance, operation, and preservation costs.

Two classes of service are established: residential and business. Residential property charges may not exceed \$2 per month per housing unit. Business charges must not exceed \$2 per month per employee.

Property that is exempt from the property tax or the leasehold tax may not be charged by the street utility. The city pays the tax exempt entity's portion of the utility charge.

Concern has been raised that the city's payment of tax-exempt entity's portion of the street utility charges may violate the constitutional prohibition against lending of the state's credit, as well as constitutional doctrine regarding separation of church and state. In addition, technical issues have been raised by bond counsel.

Limitation of use of the revenues to maintenance and preservation is thought by some to be too narrow.

Summary: Technical changes are made to clarify that revenues generated by a street utility are eligible to be pledged for bonds.

Technical changes are made to ensure compliance with constitutional doctrine.

Construction is added as a permissible use of the revenues.

Votes on Final Passage:

House	98	0
Senate	41	1

Effective: May 10, 1991