

HOUSE BILL REPORT

HB 1040

As Passed Legislature

Title: An act relating to administration costs for municipal utilities.

Brief Description: Authorizing municipal utilities to reimburse the city or town for management services.

Sponsor(s): Representatives Rayburn, Lisk, Haugen and Bray.

Brief History:

Reported by House Committee on:
Local Government, February 1, 1991, DP;
Passed House, March 8, 1991, 96-0;
Passed Legislature, 96-0.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *Do pass.* Signed by 15 members:
Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson,
Ranking Minority Member; Mitchell, Assistant Ranking
Minority Member; Bray; Edmondson; Franklin; Horn; Nealey;
Nelson; Rayburn; Roland; Wood; Wynne; and Zellinsky.

Staff: Steve Lundin (786-7127).

Background: For decades, and perhaps since statehood or even before statehood, cities and towns have paid compensation for employees of their utility departments out of moneys included within their utility funds and budgets.

The City of Grandview apportioned part of the duties of its city administrator to its utility department and paid that portion of the city administrator's salary out of its utility fund. This practice was questioned in an audit of Grandview by the State Auditor since no statute expressly authorizes this practice. Subsequently, it was stated in a letter by an assistant attorney general relating to this issue that since salaries of municipal employees are current expenses, all salaries be paid out of the current expense fund of a city.

Summary of Bill: Whenever a city or town apportions a percentage of the management staff's time for the administration, oversight, or supervision of a utility

operated by the city or town, the utility budget may reimburse the city's or town's current expense fund for the value of such services. This management staff includes a city manager, administrator, or supervisor.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This clarifies a practice that has been followed for years.

Testimony Against: None.

Witnesses: Stan Finkelstein, Association of Washington Cities (Pro).