

HOUSE BILL REPORT

SSB 6119

As Passed House - Amended:

March 4, 1998

Title: An act relating to voter approval of a city assumption of a water-sewer district.

Brief Description: Concerning the assumption of a water-sewer district by a municipality.

Sponsors: Senate Committee on Government Operations (originally sponsored by Senators Schow, Haugen, Patterson, McCaslin and Roach).

Brief History:

Committee Activity:

Government Administration: 2/20/98, 2/27/98 [DPA].

Floor Activity:

Passed House - Amended: 3/4/98, 79-19.

HOUSE COMMITTEE ON GOVERNMENT ADMINISTRATION

Majority Report: Do pass as amended. Signed by 8 members: Representatives D. Schmidt, Chairman; D. Sommers, Vice Chairman; Scott, Ranking Minority Member; Doumit; Reams; Smith; L. Thomas and Wensman.

Minority Report: Do not pass. Signed by 5 members: Representatives Gardner, Assistant Ranking Minority Member; Dunn; Dunshee; Murray and Wolfe.

Staff: Steve Lundin (786-7127).

Background: A city or town that includes all or part of a water-sewer district within its boundaries may assume control of all or part of the district's utility operations as follows:

- The city may adopt an ordinance assuming control over all of the district's operations if all of the district is located in the city.
- The city may adopt an ordinance assuming control over all of the district's utility operations or the portion of the district's utility operations within the city if 60 percent of either the area or assessed valuation of the district is located in the city.

- The city may adopt an ordinance assuming control over the district's utility operations within the city if less than 60 percent of either the area or assessed valuation of a water-sewer district is located in the city.

In any instance where a city only assumes the utility operations of a water-sewer district within the city's boundaries, voters of the water-sewer district may approve a ballot proposition requiring the city to provide utility service throughout the entire district.

Article VII, Section 1, of the state constitution, requires that property taxes imposed by a taxing district be uniform throughout the boundaries of the taxing district.

Summary of Bill: A city may not assume jurisdiction of all or a portion of a water-sewer district that is partially located within its boundaries from the effective date of this act until July 1, 1999, unless voters of the entire district approve a ballot proposition authorizing the assumption. The city pays for the cost of the election.

During this same period two or more water-sewer districts may not merge or consolidate. However, a merger or consolidation may proceed if every city that includes territory in the district indicates it has no interest in assuming jurisdiction.

During this same period a water-sewer district may not take any action that would establish different contractual obligations, requirements for retiring indebtedness, authority to issue debt in parity with the district's existing outstanding indebtedness, rates of compensation, or terms of employment contracts, if a city assumes jurisdiction of all or a portion of the district. These restrictions do not prevent the issuance of parity bonds repeating prior terms and conditions of the use of customary covenants.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: (original bill): Federal Way is attempting to take over a district. What would happen to the ratepayers outside of the city if the city took over the district? Let the ratepayers have a say. Ratepayers have paid for the utility system. Many districts include numerous cities and unincorporated areas within their boundaries. A city could eat away the ability of the remainder of the utility to finance improvements. The current law is taxation without representation. This is a representation issue.

Testimony Against: (original bill): We have too many special districts. Voters outside of cities have a say and can require the city to take over that part of the district. This is a GMA issue. Bellevue has successfully assumed seven districts and has two additional assumptions that may occur. The current law works. This shifts decision

making to persons outside of a city. We will enter into agreements to protect the people outside of the district. Let the experts at the boundary review board make the determinations.

Testified: (PRO): Senator Schow, prime sponsor; Joe Daniels, Washington Association of Water/Sewer Districts; Hal Schlomann, Wash. Assn. of Sewer/Water Districts; Don Montfort, Birch Bay Water and Sewer District; Roger Eberhart, Olympic View Water/Sewer District; Jan Stafford, Covington Water District; and Steve Lindstrom, Sno-King Water District. (CON): Dave Williams, Association of Washington Cities; Larry Southwick, city of Bellevue; and Londi Lindell, city of Federal Way.