

SENATE BILL REPORT

SB 5016

As Passed Senate, March 10, 1997

Title: An act relating to local government.

Brief Description: Making local improvements.

Sponsors: Senators McCaslin and Haugen; by request of Department of Community, Trade, and Economic Development.

Brief History:

Committee Activity: Government Operations: 1/21/97, 1/30/97 [DP].
Passed Senate, 3/10/97, 48-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass.

Signed by Senators McCaslin, Chair; Hale, Vice Chair; Anderson, Haugen, Horn and Patterson.

Staff: Kathleen Healy (786-7403)

Background: Municipalities are empowered to order local improvements, to establish local improvement districts (LID), and to levy special assessments on property specially benefitting from the improvements in order to pay the expense of the improvements. Subject to certain conditions, a reserve fund may be established for the purpose of securing payment on the principal and interest for the issue of local improvement bonds, notes, warrants, or other short term obligations.

Municipalities may enter into loan agreements with state or federal agencies. The loan agreement may provide for the municipality to repay the loan solely from revenues set aside into a special fund for repayment of that loan. Concern has been expressed that there is a lack of clear authority allowing municipalities to pledge LID assessments for repayment of public loan obligations.

Summary of Bill: A municipality may pledge and apply collected LID assessments to the payment of public loan obligations entered into for costs of improvements in the LID.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Presently, there is a lack of clear authority for municipalities to pledge the assessments from LIDs for public loans. Without clear authority, municipalities probably

cannot do this. Assessed property owners could challenge their assessments. This is basically a housekeeping bill. The bill clarifies an ambiguity and is cost efficient. Local governments recognize that grants are slipping away and being replaced by loans. This is another tool to obtain those loans.

Testimony Against: None.

Testified: PRO: Pete Butkus, Public Works Board; Joel Myer, City of Shelton; Lee Voorhees, Foster, Pepper & Shefelman; Jim Justin, AWC; Dave Arbaugh, WA PUD Assn.