

***Local Government & Housing
Committee***

HB 2039

Brief Description: *Dissolving and suspending special districts.*

Sponsors: *Representatives Marine, Mielke, Armstrong, Barlean, Morell, D. Schmidt, Sump and Dunn.*

Brief Summary of Bill

- *Removes the county obligation to use property transferred from a dissolved special purpose district for the purposes for which the district used the property, and removes county responsibility for the obligations or liabilities of the district.*
- *Authorizes the county storm drainage and surface water management utility to determine to modify or cease operations and remove facilities of a dissolved drainage district or drainage improvement district.*

Hearing Date: *2/22/01*

Staff: *Scott MacColl (786-7106).*

Background:

Special District Dissolution

The county legislative authority has the authority to determine whether or not a special district has reached "inactive" status. Inactive status is when a special district either has not operated within the preceding five years, or no members of the governing body have been elected or appointed within the previous seven years. The county has authority to dissolve a special district, and a special district is considered dissolved and ceases to exist thirty-one days after the adoption of a dissolution ordinance, except to wind up any affairs of the district.

Special district funds left over must be used to pay any outstanding debts, and any

remaining funds are paid to the county legislative authority for costs incurred from the dissolution. If the district is in more than one county, the remaining funds must be apportioned between the counties.

Diking, Drainage, & Flood Control Special Purpose Districts

Diking, drainage, and flood control special purpose districts may be suspended by an action of the special district governing body, a petition signed by 10% of the voters in the district, or by an ordinance passed by the county legislative authority. The county legislative authority may reactivate the district through adoption of an ordinance finding such action to be in the public interest. However, no special district that owns drainage or flood control improvements may be dissolved unless the county accepts responsibility for the operation and maintenance of the improvements.

As an alternative to the standard dissolution procedures for diking and drainage or drainage improvement districts, diking and drainage or drainage improvement districts that are located within the boundaries of a county storm drainage and surface water management utility, and are not currently levying assessments, may be dissolved by ordinance of the county legislative authority. If this alternative method is used, the following must apply: a) the county surface water management utility assumes responsibility for settlement of outstanding debts; b) all assets, including property, become property of the county; and c) the county surface water utility may determine the best way to manage or dispose of all property of the dissolved district.

Summary of Bill:

Special District Dissolution

Special district dissolution procedures are clarified to state that on the day the district ceases to exist, the authority and obligation to carry out the purposes of the district also cease.

When properties are transferred to counties as a result of a dissolved special purpose district, the county is not required to use real property or improvements for the purposes that the district was created, nor does the county assume the obligations or liabilities of the dissolved district as a result of the transfer.

Diking, Drainage, & Flood Control Special Purpose Districts

Suspension procedures for a diking, drainage, or flood control district are amended to state that no special district that owns drainage or flood control improvements may be suspended unless the county accepts responsibility for operation and maintenance of the improvements during the suspension period.

The criteria that must be met as part of the alternative dissolution method for diking and drainage or drainage improvement districts is modified to state that the county storm drainage and surface water utility also has authority to modify, cease the operation of, and/or remove all facilities or improvements to real property of the dissolved district.

Appropriation: None.

Fiscal Note: Not Requested.

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