
Local Government Committee

HB 1752

Brief Description: Transferring the assets and liabilities of certain fire protection districts.

Sponsors: Representatives Schindler, Romero, Edwards, Mielke, Upthegrove, Jarrett and Rockefeller.

Brief Summary of Bill

- Requires that all assets and liabilities of a fire protection district be transferred to the annexing or newly incorporated code city upon annexation or incorporation of all district territory.
- Repeals provisions requiring the transfer of fire protection district assets resulting from annexations or incorporations of less than 60 percent of a district.

Hearing Date: 2/18/03

Staff: Ethan Moreno (786-7386).

Background:

Annexation/incorporation - 60 percent or greater

Currently, if a code city annexes or incorporates 60 percent or more of the assessed value of a fire protection district, ownership of all district assets must be vested in the city. A payment from the city for fire protection services based upon the real property value in the district remaining outside the incorporated or annexed area is a condition for the transfer of assets.

The fire protection district may elect, by a majority vote of voters residing outside the annexed area, to require the annexing city to assume fire protection, operation, and maintenance responsibilities in exchange for a reasonable fee from the city.

While the laws governing fire protection district annexations for non-code cities and towns are generally similar, non-code statutes include provisions permitting:

- a city or town to be annexed by another fire protection district (with a corresponding

transfer of assets);

- voters residing outside the *incorporated* city or town area to vote on the assumption of fire protection, operation, and maintenance responsibilities;
- the partial transfer of fire protection district liabilities when more than 60 percent, but less than 100 percent, is annexed or incorporated into a city or town; and
- delays in the transfer of district assets when agreed to by a city or town and a board of fire commissioners.

Additionally, if the entire fire protection district is in an area that incorporates or is annexed to a fire protection district or non-code city or town, all district assets and liabilities must be transferred to the newly incorporated city or town, annexing city, or annexing fire protection district on the date the district ceases to provide fire protection services.

Annexation/incorporation - less than 60 percent

If less than 60 percent of the assessed value of a fire protection district is annexed or incorporated into a non-code city or town, or annexed into another fire protection district, district assets are not transferred. The district from which territory is annexed must, however, pay the annexing city, town, or fire protection district for fire protection services. The payment is based upon the real property value in the district lying within the incorporated or annexed area. "Assets," with respect to such payments, are total district assets reduced by liabilities, including bonded indebtedness. Additionally, statute permits delaying such transfers when agreed to by a city or town and a board of fire commissioners.

If the annexed or incorporated territory comprises less than five percent of the district's *area*, no district payment for services or transfer of assets must be made unless:

- the annexing city or town adopts a resolution finding that the annexation or incorporation will impose a significant increase in the fire suppression responsibilities of the city or town with a corresponding reduction in the responsibilities of the district; and
- the district concurs with the city or town finding.

If no agreement is reached between the annexing city or town and the fire protection district, the parties shall enter into binding arbitration.

The code city provisions for asset transfers resulting from incorporations of less than 60 percent of a district are largely similar, but exclude provisions for district annexations by other fire protection districts and asset transfer delays agreed upon between newly formed cities, towns and fire commissioners.

Summary of Bill:

Existing provisions for non-code cities requiring all fire protection district assets and liabilities to be transferred when the entire fire protection district is an area that incorporates or is annexed are extended to code cities. The existing non-code city provision requiring the transfer date to be the date the district ceases to provide fire protection services is also extended to code cities.

Statutes requiring fire protection district assets to be transferred to the annexing or incorporating city, town, or fire protection district when less than 60 percent of district is annexed or incorporated are repealed. A statutory provision requiring the conditional transfer of assets from a district to an annexing or incorporating non-code city, town, or fire protection district when the annexed area constitutes less than five percent of the district area is repealed. A statute permitting the delay of asset transfers when agreed upon by a non-code city or towns and a board of fire commissioners is also repealed.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.