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Finance Committee

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SSB 5326

**Brief Description:** Creating regional fire protection service authorities.

**Sponsors:** Senate Committee on Government Operations & Elections (originally sponsored by Senators Winsley, B. Sheldon, Doumit and T. Sheldon).

**Brief Summary of Substitute Bill**

- Allows for the creation of regional fire protection service authorities by participating fire protection districts, cities, towns, port districts, and tribes.
- Authorizes the transfer of powers, duties, and functions with respect to fire protection of participating jurisdictions to the new authority.
- Provides the new authority with regular property tax levying authority of up to \$1.50 per thousand dollars of assessed value and the authority to impose benefit charges under certain circumstances.
- Reduces regular property tax levy rates of participating jurisdictions by the rate levied by the new authority.

**Hearing Date:** 4/1/03

**Staff:** Mark Matteson (786-7145).

**Background:**

Fire protection services are generally provided either by fire protection districts or by cities. Fire protection districts have specific requirements with respect to formation, organization, annexation, merger, and withdrawal.

*Fire Protection Districts - Formation and Organization*

To form a fire protection district, at least 10 percent of the registered voters within the boundaries of the proposed district must sign and submit a petition to the county auditor. If the petition is deemed sufficient, the county legislative authority may approve it by resolution. If approved, the legislative authority must then submit an authorizing proposition to the voters within the proposed district. If three-fifths of votes cast are in favor, then the

district is declared organized by resolution of the county commissioners.

The board of fire commissioners is the elected government of the district. It may be composed of either three or five fire district commissioners. Each fire district commissioner may receive \$70 per day compensation, up to \$6,720 per year. The county treasurer is the treasurer of the fire protection district.

Fire protection districts have the powers usual to any other corporation for public purposes. They may contract with any governmental entity by interlocal agreement, or with private parties, for fire protection and emergency medical purposes. They have the power of eminent domain. They may finance the purchase of real property, but are limited in total indebtedness to three-eighths of 1 percent of the value of the taxable property in the district. Any indebtedness in excess of this must be approved by the voters.

#### *Fire Protection Districts - Revenue Sources*

Fire protection districts' main source of revenue is property taxes which are based on the assessed value of taxable property within the taxing districts. Like other junior taxing districts, fire protection districts have a designated statutory regular rate. Fire protection districts are authorized to impose three separate 50 cents levies for their operations. The third 50 cents levy may be imposed only if the district has at least one full-time employee. In lieu of imposing the third 50 cents levy, a fire district may impose a benefit charge. Benefit charges are not based on the value of real property but are instead linked to other factors such as insurance savings, water sources, or the distance from fire service facilities. Some jurisdictions have imposed these as a way to reduce property taxes and to apportion the costs of service in a manner that more accurately reflects the benefits delivered.

Fire protection districts may also impose excess levies for maintenance and operation purposes or for bond retirement for capital facilities when authorized by law. Bond levies pay the annual principal and interest required for the term of the bond, typically 20 years. Excess levies must be approved by 60 percent of the majority of the votes cast.

#### *Mergers of Fire Protection Jurisdictions*

Cities and towns of less than 100,000 persons may annex into a fire protection district. To be annexed, a city's legislative authority must adopt an ordinance with an intent to join the district. The county legislative authority must then call a special election, and if a majority of the persons voting on the proposition within the city and the district approve, the city is annexed to the district. If a city is annexed, then the city's fire protection employees may be transferred to the district.

In addition, a fire protection district may merge with an adjacent fire protection district by voter approval or petition method. If the voters of the merging district approve the merger, both fire district boards must adopt a concurrent resolution declaring the districts merged. The merging fire protection district is then dissolved. If 60 percent of all qualified electors in the merging district sign a petition to merge, no election is necessary.

The commissioners of a merged district have the power to levy, assess, and collect property

taxes on land in both former districts. Commissioners of the merging district transfer, convey, and deliver all property and funds to the merged district.

### *Fire Protection Jurisdictions Other than Fire Protection Districts*

Cities are the other principal type of local government that provides fire protection services. In addition, certain fire protection services may be supplied by port districts. With respect to tribal governments, since tribes are sovereign entities, services are provided by the government or under contract with a fire protection district.

### **Summary of Bill:**

A regional fire protection service authority (RFPSA) may be created for the purpose of conducting selected fire protection functions at a regional level. A RFPSA would be created by the merger of two or more adjacent fire protection jurisdictions, including fire protection districts, cities, port districts, and Indian tribes. The fire protection jurisdictions proposing the creation of such an authority must establish a planning committee to develop and adopt a plan. The plan is to provide for the design, financing, and development of fire protection services. Once adopted, the plan must be forwarded to the participating jurisdictions' governing bodies to initiate the election process. The voters may, by majority vote, approve or reject a single ballot measure that both approves the formation of the RFPSA and the plan. If the ballot measure is not approved, the planning committee may redefine the authority projects, financing plan, and ballot measure.

Upon voter approval, county election officials must certify the results. Persons may challenge the results within 30 days of the final certification by writing to the attorney general and the prosecuting attorneys of the affected counties.

When it first meets, the board of the RFPSA must adopt bylaws and operational procedures. The board must consist solely of elected officials. The board is responsible for the execution of the voter-approved plan. The board's duties include the powers to:

- Levy and impose taxes as authorized;
- Enter into intergovernmental agreements;
- Acquire, hold, or dispose of real property;
- Exercise the powers of eminent domain;
- Enforce fire codes;
- Accept grants and contributions to support the purposes of the authority;
- Monitor and audit the progress and execution of the authority's programs and projects;
- Enter into leases, contract, and pay for services;
- Hire and fire personnel; and
- Exercise other duties as are reasonably necessary to carry out its purposes.

All powers, duties, and functions of a participating fire protection jurisdiction may be transferred by resolution to the RFPSA. The powers, duties, functions, and personnel shall not affect the validity of any act performed before the effective date of the resolution. Transfer does not affect existing collective bargaining agreements.

A RFPSA may allow participating jurisdictions to withdraw from the authority. Withdrawal is authorized upon a finding of the RFPSA board that inclusion of the jurisdiction in the authority will adversely affect the jurisdiction's regular property tax levy under prorationing procedures. Withdrawal is also authorized if the area seeking to withdraw is within a city or town or fire district and the corresponding legislative authority of the city, town, or district adopts a resolution approving the withdrawal.

The financing options include benefit charges analogous to those provided for fire protection districts, and three regular property tax levies of 50 cents each for every \$1,000 of assessed property value. A simple majority vote of the voters in the RFPSA is required for the approval of the ballot measure that includes the taxes. The regular property taxing authority of the participating jurisdictions is reduced by the rate of tax that is levied by the RFPSA.

The RFPSA may issue its own debt maturing in up to 10 years, and notes maturing in up to 20 years. It may also pledge taxes of the RFPSA, by contract of up to 25 years, to pay principal and interest on bonds issued by the RFPSA. The RFPSA may incur general indebtedness and issue general obligation bonds maturing in up to 10 years to be paid by voter-approved excess property tax levies.

**Appropriation:** None.

**Fiscal Note:** Requested on March 27, 2003.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.