
Local Government Committee

HB 2667

Brief Description: Providing municipal services to annexed areas.

Sponsors: Representatives Springer, Nixon, Hasegawa, Jarrett, Upthegrove, Clibborn and Lovick.

Brief Summary of Bill

- Requires county road property taxes to be transferred to a city or town and expended for municipal services within an annexation area if specific criteria are met.
- Provides that county road property taxes may be made available to and expended by a city or town for municipal services for 10 years after the territory is annexed.
- Specifies that county road property taxes expended by an annexing city or town must be used solely to provide, maintain, and operate municipal services for the annexation area, and may not be used in an annexation area other than that from which the funds were levied.
- Includes provisions relating to the use of county road property taxes from within an annexation area that are allocated to a county sheriff.

Hearing Date: 1/23/06

Staff: Ethan Moreno (786-7386).

Background:

County Road Funds and Districts

Each county has a county road fund (road fund). Subject to statutory provisions, funds accruing to a county through a levy against taxable property or from other authorized sources must be credited to and deposited in the road fund.

While statute delineates transportation-based requirements and uses for road funds, including establishing and maintaining county roads, the funds may also be used for other purposes, including community revitalization financing and the provision of county services in unincorporated areas.

County legislative authorities are authorized to form road districts (districts) in unincorporated areas for the efficient administration of county roads. No specific governmental structure is

specified in law, as districts are administered by the county legislative authority through the county road engineer.

Interlocal Agreements

Interlocal agreements allow two or more public agencies, subject to statutory requirements, to enter into agreements to jointly exercise powers, privileges or authorities exercised or capable of being exercised singularly.

Summary of Bill:

County road fund and county road district provisions are modified to require, upon the satisfaction of certain criteria, road funds levied and collected from within an incorporated annexation area to be transferred to a city or town and expended for municipal services within that annexation area. "Annexation area" is defined to mean an area that has been annexed to a city or town. A county's authority to levy funds from incorporated territory within a district ends 10 years after the city or town annexes the subject area.

County road funds expended by a city or town must be used solely to provide, maintain, and operate municipal services - a term defined to mean those services customarily provided to the public by a city or town - for the annexation area. Expended funds may not be used in an annexation area other than that from which the funds were levied.

Prior to making such transfers and expenditures, specific requirements must be met. The county legislative authority must modify existing district boundaries to include territory inside a city or town within a road district. A boundary amendment to include incorporated territory within a district may be considered more frequently than annually and must have the approval of the applicable city and town legislative authorities. The authority of a county to include territory inside of a city or town within a district expires 10 years after the city or town annexes the subject territory.

Additional requirements must also be met. Prior to the transfer of district funds levied from within an annexation area to a city or town, the legislative authority of the annexing jurisdiction must:

- Complete the annexation;
- Determine by resolution or ordinance that the costs of providing municipal services to the annexation area exceed or are projected to exceed the annual revenue generated by the city or town from the annexation area; and
- Enter into an interlocal agreement with the applicable county or counties specifying the terms by which the funds may be transferred.

The authority of a county to transfer district funds from an annexation area to a city or town expires 10 years after the city or town annexes the subject territory. Similarly, a city's or town's authority to expend transferred funds ceases 10 years after the city or town annexes the subject territory. The period of expenditure may not commence before the date on which the annexation area is annexed.

If an annexing city or town and the applicable county or counties fail to reach agreement on the transfer of district funds, funds accruing to and deposited in the district fund from the annexation area or areas may only be expended by a county in the areas from which the funds were levied.

Funds transferred to a city or town, for three years after the adoption of the required resolution or ordinance, may not include county road taxes allocated by a county legislative authority to a county sheriff. This restriction is limited, however, as transferred funds made available to a city or town must include county road taxes allocated to a county sheriff that are in excess of four percent of the revenue from the annexation area.

Appropriation: None.

Fiscal Note: Not requested.

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