

HOUSE BILL REPORT

EHB 3192

As Passed Legislature

Title: An act relating to reimbursement by property owners for street, road, and water or sewer projects.

Brief Description: Authorizing a contract extension for reimbursement by property owners for street, road, and water or sewer projects.

Sponsors: By Representatives B. Sullivan, Ericks and Sells.

Brief History:

Committee Activity:

Local Government: 2/1/06 [DP].

Floor Activity:

Passed House: 2/13/06, 98-0.

Passed Senate: 3/2/06, 45-0.

Passed Legislature.

Brief Summary of Engrossed Bill

- Allows excess infrastructure reimbursement contracts between property owners and local governments to exceed 15 years provided certain conditions are met.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives Simpson, Chair; Clibborn, Vice Chair; Schindler, Ranking Minority Member; Ahern, Assistant Ranking Minority Member; B. Sullivan, Takko and Woods.

Staff: Thamas Osborn (786-7129).

Background:

Cities, towns, and water-sewer districts are authorized to enter into contracts with developers and other property owners that create reimbursement procedures for the construction and/or funding of infrastructure improvements that exceed the scope or capacity necessary for a particular development or property. Such contracts may pertain to the construction or improvement of either street projects or water-sewer facilities.

Typically, such contracts involve situations in which a new property development necessitates the construction of additional infrastructure, and the developer agrees to provide infrastructure improvements on a scale sufficient to service the current development project as well as future

development that is likely to occur in the area. In return, the contract provides that the developer will receive pro rata reimbursement from other developers or property owners who later benefit from the excess capacity provided by the infrastructure improvements. Such reimbursement agreements are limited to a period of 15 years.

As the result of various state and local regulations pertaining to the management of growth, local governments sometimes impose development restrictions that can delay the development of an area for up to several years. Such development delays may, in turn, have the effect of delaying the reimbursement due a developer or property owner who has funded "excess" infrastructure improvements in the restricted area under a contract with a city, town, or water-sewer district.

Summary of Engrossed Bill:

Subject to specified conditions, contracts by cities, towns, or water-sewer districts requiring pro rata reimbursement to a property owner for funding excess infrastructure capacity may be of a duration exceeding 15 years. However, the contract extension may not exceed the duration of pertinent legal constraints restricting applications for new development within the area benefitted by the excess infrastructure capacity.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The fifteen year limit on "latecomer agreements" needs to be extended. Developers are unable to obtain the reimbursement they deserve when local governments impose development moratoria in order to control growth. Such moratoria diminish the duration of the reimbursement period and can result in developers not receiving what they are due. This bill would resolve this problem by allowing the duration of "latecomer agreements" to be extended if growth is halted as the result of local planning policies. This bill would encourage private development of public infrastructure and would allow growth to pay for itself.

(With concerns) The extension of the duration of latecomer agreements presents logistical and administrative problems for water-sewer districts. Potentially, it puts the districts in the middle of contractual issues arising between the original developer and latecomer property owners/developers who are benefitted by the original infrastructure improvements. When more than 15 years has passed, it can be difficult to locate the original developer.

Testimony Against: The bill is a bad idea with respect to latecomer agreements as they apply to special districts. It would put special districts in the middle of potential contract disputes between third parties.

Persons Testifying: (In support) Representative Sullivan, B., prime sponsor; Jason Chambers, Barclay's North; Nathan Gorton, Snohomish City Association of Realtors; and Elbert Esparza, Washington Realtors.

(With concerns) Steve Lindstrom, Sno-King Water District Coalition; and Joe Daniels, Washington Association of Sewer/Water Districts.

(Opposed) Ashley Probart, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: None.