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**SUBSTITUTE HOUSE BILL 2259**

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**State of Washington**

**59th Legislature**

**2005 Regular Session**

**By** House Committee on Local Government (originally sponsored by Representatives Takko, Simpson, Schindler and Blake)

READ FIRST TIME 03/04/05.

1 AN ACT Relating to water-sewer districts; adding a new section to  
2 chapter 35.13A RCW; adding a new section to chapter 35.21 RCW; and  
3 declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 35.13A RCW  
6 to read as follows:

7 (1) A city may not assume, under this chapter, the jurisdiction of  
8 all or part of a water-sewer district serving a population greater than  
9 one thousand residents and containing, within its boundaries, the  
10 territory of two or more cities, or one city and unincorporated  
11 territory, unless voters of the entire water-sewer district approve a  
12 ballot proposition authorizing the assumption under general election  
13 law. The cost of the election shall be borne by the city seeking  
14 approval to assume jurisdiction of a water-sewer district.

15 (2) A city or town may assume jurisdiction over a water-sewer  
16 district located within its boundaries without seeking approval of the  
17 voters, as required under subsection (1) of this section, if the board  
18 of commissioners of the water-sewer district consent to the assumption  
19 of jurisdiction by the city or town. The feasibility study required

1 under subsection (3) of this section is not required if the board of  
2 commissioners of the water-sewer district consents to the assumption of  
3 jurisdiction by the city or town.

4 (3) Following the passage of a resolution by a city or town to  
5 assume all or part of a special purpose water-sewer district under this  
6 chapter, a feasibility study of such assumption shall be conducted,  
7 unless the board of commissioners of the water-sewer district consents  
8 to the assumption of jurisdiction by the city or town as provided under  
9 subsection (2) of this section. The study will be jointly and equally  
10 funded by the city and the district through a mutually agreed contract  
11 with a qualified independent consultant with professional expertise  
12 involving public water and sewer systems. The study shall address the  
13 impact of the proposed assumption on both the city and district.  
14 Issues to be considered shall be mutually agreed to by the city and the  
15 district and shall include, but not be limited to, engineering and  
16 operational impacts, costs of the assumption to the city and the  
17 district including potential impacts on future water-sewer rates, bond  
18 ratings and future borrowing costs, status of existing water rights,  
19 and other issues jointly agreed to. The findings of the joint study  
20 shall be presented as a public record that is available to the  
21 registered voters of the district, both within and without the boundary  
22 of the city conducting the assumption, prior to a vote on the proposed  
23 assumption by all the voters in the district. The study shall be  
24 completed within six months of the passage of the resolution to assume  
25 the district. No vote shall take place until such study has been  
26 completed and the results have been made available to the registered  
27 voters of the district.

28 (4) This section is applicable to assumptions of jurisdiction of  
29 water-sewer districts by cities or towns that have been initiated prior  
30 to the effective date of this act and which are pending as of that  
31 date, as well as those assumptions of jurisdiction that are initiated  
32 on or after the effective date of this act.

33 (5) Once the voters in a water-sewer district have approved or  
34 disapproved an assumption through the ballot proposition process  
35 required under subsection (1) of this section, a boundary review board  
36 does not have jurisdiction, under chapter 36.93 RCW, to conduct a  
37 review of such assumption where the attempted or completed assumption  
38 involves not more than one city.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 35.21 RCW  
2 to read as follows:

3        (1) A city or town in which a water-sewer district operates works,  
4 plants, or facilities for the distribution and sale of water or sewer  
5 services has the power to levy and collect from the district a tax on  
6 the gross revenues derived by the district from the sale of water or  
7 sewer services within the city or town, exclusive of the revenues  
8 derived from the sale of water or sewer services for purposes of  
9 resale. The rate of tax shall not exceed six percent. The tax when  
10 levied shall be a debt of the district, and may be collected as such.  
11 The district has the power to add the amount of tax to the rates or  
12 charges it makes for water or sewer services sold within the limits of  
13 the city or town. A city or town shall not impose the tax under this  
14 section if the city or town is imposing any tax, fee, or charge on the  
15 water-sewer district pursuant to an interlocal agreement.

16        (2) A city or town that does not currently impose a utility tax  
17 shall not impose the tax under this section on a water-sewer district  
18 unless a majority of voters in the city or town approve the tax at a  
19 primary or general election.

20        NEW SECTION.    **Sec. 3.**    This act is necessary for the immediate  
21 preservation of the public peace, health, or safety, or support of the  
22 state government and its existing public institutions, and takes effect  
23 immediately.

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