
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2259

State of Washington

59th Legislature

2005 Regular Session

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

READ FIRST TIME 03/07/05.

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 the voters in the city or town approve the tax at
19 a 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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