

HOUSE BILL REPORT

HB 1972

As Passed House:

March 6, 2007

Title: An act relating to proceeds from irrigation district foreclosure sales.

Brief Description: Regarding proceeds from irrigation district foreclosure sales.

Sponsors: By Representatives Ross and Newhouse.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 2/22/07, 2/26/07 [DP].

Floor Activity:

Passed House: 3/6/07, 95-0.

Brief Summary of Bill

- Requires that excess proceeds from an irrigation district judgment sale be remitted, upon application, to the record owner of the property.
- Defines "record owner of the property" as the person who held title to the property on the date the certificate of delinquency was issued.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 15 members: Representatives B. Sullivan, Chair; Blake, Vice Chair; Kretz, Ranking Minority Member; Warnick, Assistant Ranking Minority Member; Dickerson, Eickmeyer, Grant, Hailey, Kagi, Lantz, McCoy, Newhouse, Orcutt, Strow and VanDeWege.

Staff: Meg Van Schoorl (786-7105).

Background:

An irrigation district may be organized or maintained to:

- construct or purchase works for the irrigation of lands within the district;
- reconstruct, repair, improve, operate, or maintain existing irrigation works;

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- construct, reconstruct, repair, or maintain a system of diverting conduits from a natural water supply source to the point of individual distribution for irrigation purposes; and
- execute and perform any legally-authorized contract with the federal or state governments for reclamation and irrigation purposes.

The process for organizing a district, electing a board of directors, and carrying out its powers and duties is outlined in statute. A district may assess property within its boundaries in order to carry out these functions. A district's secretary must prepare an assessment roll, which will be reviewed and equalized by the board of directors. The real property assessment shall be a lien against the property assessed. The lien is superior to any other lien created except for a lien for prior assessments. Such lien shall not be removed until the assessments are paid or the property sold for the payment.

A date of delinquency is the date when an assessment first becomes delinquent. Thirty-six months after the date of delinquency, the county treasurer must prepare a certificate of delinquency on the property for the unpaid irrigation district assessments, and for costs and interest. After the county treasurer takes steps to notify the land owners, encourage payment of the amounts due, and conduct a title search, he or she must commence legal action to foreclose on the assessment liens. If the court issues a judgment of foreclosure, the court must direct the county treasurer to proceed with the sale of the property and specify the minimum sale price. The county treasurer shall sell the property to the highest and best bidder.

When proceeds from an irrigation assessment judgment sale exceed the amounts owed for delinquent assessments and certain additional assessments, costs and interest, the excess proceeds are remitted, upon application, to the owner of the property.

Summary of Bill:

When proceeds from an irrigation assessment judgment sale exceed the amounts owed for delinquent assessments and certain additional assessments, costs and interest, the excess proceeds shall be remitted, upon application, to the record owner of the property. The "record owner of the property" is the person who held title to the property on the date of issuance of the certificate of delinquency. Assignments of interests, deeds, or other documents executed or recorded after filing the delinquency certificate shall not affect the payment of excess funds to the record owner.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill stems from a situation that occurred during a foreclosure action in the Sunnyside Valley Irrigation District. We need to clarify existing law to avoid frivolous lawsuits in the future. Although foreclosures are not the norm, we want to change the existing state irrigation district law to be consistent with the state real estate law regarding the disposition of excess proceeds from foreclosure sales.

(Opposed) None.

Persons Testifying: Representative Ross, prime sponsor; and Tom Myrum, Washington State Water Resources Association.

Persons Signed In To Testify But Not Testifying: None.