

# HOUSE BILL REPORT

## ESSB 5836

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**As Reported by House Committee On:**  
Local Government

**Title:** An act relating to the determination of boundaries for taxing districts.

**Brief Description:** Regarding the determination of boundaries for taxing districts.

**Sponsors:** Senate Committee on Government Operations & Elections (originally sponsored by Senators Fairley, Roach, Kline and Pridemore).

**Brief History:**

**Committee Activity:**

Local Government: 3/29/07 [DPA].

**Brief Summary of Engrossed Substitute Bill  
(As Amended by House Committee)**

- Establishes new collection provisions for taxes levied on property within a fire or library district that has been annexed to a city or town.
- Establishes new city and town notification requirements pertaining to annexations of property within a fire or library district.
- Changes the date taxing district boundaries are established from March 1 to August 1 of the year in which the property tax levy is made.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass as amended. Signed by 7 members: Representatives Simpson, Chair; Eddy, Vice Chair; Curtis, Ranking Minority Member; Schindler, Assistant Ranking Minority Member; Ross, B. Sullivan and Takko.

**Staff:** Ethan Moreno (786-7386).

**Background:**

*City Governance/Annexations*

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Cities are classified according to their population at the time of organization or reorganization. In addition to first class, second class, and town classifications, cities and towns may also organize under the optional municipal code, an alternative form of classification that provides "code" cities with broad authority over matters of local control.

Current law authorizes multiple methods for municipal annexations. While code and non-code cities and towns have separate statutory provisions for governance and operation, the annexation methods employed are generally similar.

#### Special Purpose Districts

Statute provides for the establishment, management, operation, and funding of numerous special purpose districts. Examples include:

- fire protection districts (fire districts) charged with providing fire prevention, suppression, and emergency medical services to protect life and property within jurisdictional boundaries; and
- library districts charged with providing library services within jurisdictional boundaries.

Although special purpose districts do provide services to incorporated areas, cities are the primary providers of public services to residents within their corporate limits.

#### Tax Collection and Annexation Notification Provisions

When territory is annexed to a city or town that is part of a county road district, and road district taxes have been levied but not collected on property within the annexed territory, the taxes must be paid to the city or town and placed in the city or town street fund. However, county road district taxes that are delinquent before the date of annexation must be paid to the county and placed in the county road fund. These requirements do not apply to any special assessments due in behalf of such property.

Related notification requirements are also specified in law. More specifically, the annexing city or town must provide notification of the annexation to the county treasurer and assessor at least 30 days before the effective date of the annexation. The county treasurer is only required to remit to the city or town those road taxes collected 30 days or more after receipt of the notification.

In general, the boundaries of counties, cities and all other taxing districts, for purposes of property taxation and the levy of property taxes, are the established official boundaries of the districts as they exist on March 1 of the year in which the property tax levy is made.

#### Boundary Review Boards

Boundary Review Boards (Boards) are authorized in statute to guide and control the creation and growth of municipalities in metropolitan areas. While statute provides for the establishment of Boards in counties with at least 210,000 residents, a Board may be created and established in any other county.

Upon receiving a timely request for review that meets statutory requirements, and following an invocation of a Board's jurisdiction, a Board must review and approve, disapprove, or

modify certain proposed actions, including actions pertaining to the creation, incorporation, or change in the boundary of any city, town, or special purpose district.

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**Summary of Amended Bill:**

*Tax Collection and Annexation Notification Provisions*

When territory that is part of a fire or library district (district) is annexed to a code city, non-code city, or town, the following apply:

- district taxes on annexed property that were levied, but not collected, and were not delinquent at the time of the annexation must be paid to the annexing city or town at times required by the county, but no less frequently than by July 10 for collections through June 30, and January 10 for collections through December 31 following the annexation; and
- district taxes on annexed property that were levied, but not collected, and were delinquent at the time of the annexation, and the pro rata share of the current year levy budgeted for general obligation debt, must, when collected, be paid to the fire district.

These district provisions do not apply to any special assessments due in behalf of property.

If a code city, non-code city, or town annexes property within a district while any general obligation bond secured by the taxing authority of the district is outstanding, the bonded indebtedness of the district remains an obligation of the taxable property annexed as if the annexation had not occurred.

The code city, non-code city, or town must notify, by certified mail, the county treasurer and assessor, and the districts, as appropriate, of the annexed parcel numbers at least 30 days before the effective date of the annexation. The county treasurer is only required to remit to the city or town those road taxes and district taxes collected 30 or more days after receipt of the notification.

In counties that do not have a boundary review board (BRB), the code city, non-code city, or town must provide notification to the district of the jurisdiction's resolution approving the annexation. This notification must meet specified requirements.

In counties that have a BRB, the code city, non-code city, or town must provide notification of the proposed annexation to the district simultaneously when notice of the proposed annexation is provided by the jurisdiction to the BRB.

Provisions regarding (1) the transfer of district property taxes and (2) code city, non-code city, and town notifications to districts do not apply if the code city, non-code city, or town has been annexed to and is within the district when the code city, non-code city, or town approves a resolution to annex unincorporated county territory.

Except as otherwise provided, the boundaries of counties, cities and all other taxing districts, for purposes of property taxation and the levy of property taxes, are the established official

boundaries of the districts as they exist on August 1, rather than March 1, of the year in which the property tax levy is made.

**Amended Bill Compared to Engrossed Substitute Bill:**

The amended bill deletes a section specifying that first class cities in counties with fewer than 80,000 residents that are seeking to annex territory under a direct petition method of annexation must receive consent from the county legislative authority prior to enacting an annexation ordinance. The deleted section also specifies that the county legislative authority may not modify the boundaries of the proposed annexation that were established and defined in the petition for annexation.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) The essential differences between this bill and its companion are technical date changes that were inserted at the request of library and fire districts. This bill represents one of those rare occasions when there is agreement between cities, counties, districts, and others on annexation issues.

(Opposed) None.

**Persons Testifying:** Dave Williams, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** None.