

HOUSE BILL REPORT

HB 2707

As Reported by House Committee On:
Local Government & Housing

Title: An act relating to the method of calculating public utility district commissioner compensation.

Brief Description: Concerning the method of calculating public utility district commissioner compensation.

Sponsors: Representatives Simpson, Angel, Finn and Kretz.

Brief History:

Committee Activity:

Local Government & Housing: 1/20/10 [DP].

Brief Summary of Bill

- Changes the statutorily established monthly salaries for public utility district (PUD) commissioners to statutory amounts equal to the maximum amount currently authorized by a combination of the previous statutory amount and a resolution of the PUD commissioners.
- Removes provisions authorizing PUD commissions to increase monthly compensation through resolution.
- Includes provisions for inflation adjustments for salaries and per diem compensation of PUD commissioners as determined by the Office of Financial Management.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: Do pass. Signed by 11 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Fagan, Miloscia, Short, Springer, Upthegrove, White and Williams.

Staff: Becca Kenna-Schenk (786-7291) and Ethan Moreno (786-7386).

Background:

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.

Special Purpose Districts.

Special purpose districts (SPDs) are limited purpose local governments separate from a city, town, or county that provide an array of services and facilities that are otherwise not available from city or county governments. Most powers of SPDs are vested in a board of district commissioners.

In 2007 the Legislature increased the maximum annual and per diem compensation for several SPD commissioners, such as commissioners of public port districts, metropolitan park districts, water-sewer districts, public hospital districts, and cemetery districts. The maximum per diem compensation for public utility district commissioners was increased from \$70 per day to \$90 per day.

Public Utility Districts.

Public utility districts (PUDs) are SPDs authorized to generate and distribute electrical energy, provide potable water, and provide sewer and telecommunications services. Public utility districts are governed by an elected board of commissioners composed of either three or five members. Commissioners receive per diem compensation for each day spent devoted to the business of the PUD at a rate not exceeding \$90 per day and \$12,600 in any year.

In addition, PUD commissioners receive salaries as follows:

- In PUDs receiving total gross revenue of more than \$15 million in the previous fiscal year, commissioners receive a salary of \$1,400 per month. The board of commissioners may pass a resolution to increase monthly salary to \$1,800.
- In PUDs receiving total gross revenue of from \$2 million to \$15 million in the previous fiscal year, commissioners receive a salary of \$1,000 per month. The board of commissioners may pass a resolution to increase monthly salary to \$1,300.
- The commissioners of any other PUD serve without salary. The board of commissioners may pass a resolution to provide for monthly salary not exceeding \$600 for each commissioner.

Commissioners may choose to waive all or any portion of their compensation.

Summary of Bill:

Provisions authorizing PUD commissioners to increase monthly compensation through resolution are removed. The statutorily established salaries of PUD commissioners are changed to equal the maximum amounts that may currently be authorized by a combination of the previous statutory amounts and a resolution of the PUD commissioners. The salaries are set as follows:

- \$1,800 in PUDs receiving total gross revenues of more than \$15 million in the previous fiscal year;
- \$1,300 In PUDs receiving total gross revenues of \$2 million to \$15 million in the previous fiscal year; and
- \$600 for any other PUD.

In addition, PUDs are required to provide per diem compensation of \$90 to each commissioner. The salaries and per diem compensation of PUD commissioners must be periodically adjusted for inflation by the Office of Financial Management.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) The bill does not increase the salaries that PUD commissioners are eligible to receive. Current law establishes the maximum salary levels for commissioners. This bill simply authorizes PUDs to provide the established maximum compensation to commissioners without the current requirement to do so through a resolution. The State Auditor's Office (SAO) has concerns with current methods for calculating PUD commissioner compensation. The bill addresses these concerns by making the calculation of commissioner compensation a solely statutory function. The SAO and the Washington Public Utility Districts Association jointly support the bill. The state budget will not be affected by this bill because salaries of PUD commissioners come out of individual PUD funds.

(Opposed) None.

Persons Testifying: Bill Clarke, Public Utility District Association.

Persons Signed In To Testify But Not Testifying: None.