

# HOUSE BILL REPORT

## ESB 6287

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

**Title:** An act relating to the disposition of existing voter-approved indebtedness at the time of annexation of a city, partial city, or town to a fire protection district.

**Brief Description:** Concerning annexation of a city, partial city, or town to a fire protection district.

**Sponsors:** Senators Fraser and Fairley.

**Brief History:**

**Committee Activity:**

Local Government & Housing: 2/18/10 [DP].

**Brief Summary of Engrossed Bill**

- Exempts the property in a city, partial city, or town being annexed into a fire protection district (district) from being subject to excess tax levies for pre-annexation debts of the district, provided the property in the city, partial city, or town is already subject to excess tax levies for pre-annexation debts incurred for fire protection related capital improvements.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

**Majority Report:** Do pass. Signed by 8 members: Representatives Nelson, Vice Chair; Angel, Ranking Minority Member; Fagan, Miloscia, Short, Springer, White and Williams.

**Staff:** Thamas Osborn (786-7129).

**Background:**

Overview of Fire Protection Districts.

Fire protection districts (districts) are created to provide fire prevention, fire suppression, and emergency medical services within a district's boundaries. Districts are governed by a board of commissioners consisting of either three or five members. The districts finance their

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activities and facilities by imposing regular property taxes, excess voter-approved property tax levies, and benefit charges. Generally, districts serve residents outside of cities or towns, except when cities and towns have been annexed into a district or when the district continues to provide service to a newly incorporated area.

#### Annexation of a City by a Fire Protection District.

A city or town adjacent to a district may be annexed to such a district provided the population of the city or town does not exceed 100,000. Such annexation is initiated through the adoption of an ordinance by the legislative authority of the city or town approving annexation into the district and stating a finding that the public interest is served by such annexation. The annexation must then be authorized through the concurrence of the district's board of fire commissioners. Following such approval of the annexation, notification must be sent to the governing body of the county or counties in which both the district and city or town are located. The pertinent county legislative authorities must then call a special election in the city or town to be annexed, as well as the district, so as to allow the voters in each jurisdiction to determine the annexation issue. The annexation is complete if a majority of voters in each jurisdiction vote in favor of annexation.

In accordance with specified limitations, both the district and the city are authorized to levy taxes related to district fire protection services.

After the passage of three years following a district's annexation of a city, the city has the option of withdrawing from the district. Such withdrawal requires that the legislative body of the city approve a resolution proposing the withdrawal which is then submitted for voter approval at the next general election.

#### Annexation of a "Partial City" by a Fire Protection District.

A district is authorized to annex part of a city or town that is located in two counties (partial city annexation). Such annexation must meet specified substantive and procedural requirements. The substantive requirements are as follows:

- the part of the city to be annexed must be adjacent to the boundaries of the district;
- the population of the proposed annexation area must be greater than 5,000 but less than 10,000;
- that portion of the city to be annexed must lie entirely within only one of the two counties; and
- that portion of the city to be annexed must contain at least 80 percent of the population of the entire city.

The procedural requirements for the completion of a partial city annexation are the same as for the annexation of an entire city, including the approval of the governing bodies of the city and the district, as well as voter approval.

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#### **Summary of Bill:**

Property located in a city, partial city, or town being annexed into a district and that is subject to an excess tax levy by such municipalities for pre-annexation debt incurred for fire protection related capital improvements, is exempt from voter-approved excess property taxes levied by the fire protection district for the payment of debts incurred by the district prior to the annexation.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) This bill addresses issues currently faced by the City of Lacey with respect to the handling of bonded indebtedness in situations where a city is being annexed into a fire protection district (district). Passage of the bill will ensure that property in the annexed city will not be subject to double taxation in the event both the district and the city have excess property tax levies pertaining to capital improvements related to fire protection. Under the bill, an excess property tax levy imposed on district residents for the pre-annexation debts of the district cannot be imposed on property in the annexed city if city residents are already subject to the same type of tax levy with respect to pre-annexation debts of the city. Accordingly, all the bill does is ensure that residents in annexed areas are not double taxed and that tax obligations will be apportioned equitably following an annexation. This bill takes a different approach than the companion House bill and provides a far simpler and more elegant solution to the double taxation issue. The Senate bill is a refinement of the House version insofar as it addresses many concerns about the approach and language of the original bill.

(Opposed) None.

**Persons Testifying:** Senator Fraser, prime sponsor; Mark Brown, City of Lacey; and Gary Pearson, Lacey Fire District 3.

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