

HOUSE BILL REPORT

HB 1075

As Reported by House Committee On:
Local Government

Title: An act relating to the sale of water-sewer district real property.

Brief Description: Concerning the sale of water-sewer district real property.

Sponsors: Representatives Takko, Angel, Springer, Upthegrove and Fitzgibbon.

Brief History:

Committee Activity:

Local Government: 1/18/11 [DP].

Brief Summary of Bill

- Authorizes a water-sewer district (district) to engage in the private sale of real property provided the estimated value is \$5,000 or less.
- Authorizes a district's board of commissioners (board) to determine the estimated value of sale property based upon the advice of brokers and appraisers, as the board deems appropriate, provided the estimated value of the property does not exceed \$5,000.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives Takko, Chair; Tharinger, Vice Chair; Angel, Ranking Minority Member; Asay, Assistant Ranking Minority Member; Fitzgibbon, Springer and Upthegrove.

Staff: Heather Emery (786-7136).

Background:

Water districts are units of local government initially authorized in 1913 to provide potable water facilities, sanitary sewers, drainage facilities, and street lighting. Sewer districts are units of local government initially authorized in 1941 to provide sanitary sewers, drainage facilities, and potable water facilities. Legislation enacted in 1996, and effective July 1, 1997, consolidated water district laws with sewer district laws and made a number of

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technical changes to these laws. Among other changes, the term "sewer system," which had been defined to include both sanitary sewers and drainage systems, was altered to apply only to sanitary sewer systems, and separate provisions were added for drainage systems.

District powers include the authority to purchase, construct, maintain, and supply waterworks to furnish water to inhabitants within and outside of the district, and to develop and operate systems of sewers and drainage. In addition, a district has broad authority to create facilities, systems, and programs for the collection, interception, treatment, and disposal of wastewater, and for the control of pollution from such wastewater. Before implementing plans for the development of facilities or incurring any indebtedness, a district must adopt a general comprehensive plan for the types of services it proposes to provide. Such general comprehensive plans must be consistent with specified requirements.

Sale of Water-Sewer District Property.

A water-sewer district (district) may sell property at public or private sale if the board determines that the property is not and will not be needed for district purposes, and if the district provides, in a specified manner, notice of intent to sell. The sale of real property is subject to additional restrictions. A district is prohibited from engaging in the private sale of real property if the appraised value exceeds \$2,500. Additionally, such sales must meet the following requirements:

- subject to specified exceptions, the sale price must be at least 90 percent of the property's appraised value;
- the district must obtain a written appraisal not more than six months prior to the date of sale;
- the appraisal must be made by three disinterested, licensed real estate brokers or professionally designated real estate appraisers;
- the appraisal must be signed, filed, and made available to the public in accordance with specified requirements; and
- notice of a district's intention to sell the property must state the appraised value.

Summary of Bill:

A district may engage in the private sale of real property provided the estimated value is \$5,000 or less. In conducting such a sale, a district's board is authorized to determine the estimated value based upon the advice of brokers and appraisers, as the board deems appropriate. Formal written appraisals are not required.

If the estimated value of the sale property exceeds \$5,000, then the sale price must be determined through a formal property valuation process. This process must include either a written broker price opinion from three real estate brokers or an appraisal by one professionally designated real estate appraiser.

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) This is an efficiency bill for the sale of low-value properties, which in many cases are small easements purchased during a building boom. The expense of obtaining the required three appraisals (which may be higher than the value of the property itself) to sell these properties is cost-prohibitive. Reducing the costs associated with the sale of low-value property would allow districts to liquidate it and return it to the tax rolls.

(Opposed) None.

Persons Testifying: Representative Takko, prime sponsor; and Joe Daniels, Washington Association of Sewer and Water Districts.

Persons Signed In To Testify But Not Testifying: None.