

SENATE BILL REPORT

EHB 1969

As Reported by Senate Committee On:
Government Operations, Tribal Relations & Elections, March 24, 2011
Ways & Means, March 31, 2011

Title: An act relating to the exemption of flood control zone districts that are coextensive with a county from certain limitations upon regular property tax levies.

Brief Description: Concerning the exemption of flood control zone districts that are coextensive with a county from certain limitations upon regular property tax levies.

Sponsors: Representatives Hasegawa and Springer.

Brief History: Passed House: 3/04/11, 75-22.

Committee Activity: Government Operations, Tribal Relations & Elections: 3/21/11, 3/24/11 [DP].

Ways & Means: 3/31/11 [DP, DNP, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Pridemore, Chair; Prentice, Vice Chair; Swecker, Ranking Minority Member; Benton, Chase, Nelson and Roach.

Staff: Diane Smith (786-7410)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Brown, Conway, Fraser, Hatfield, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Pridemore, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Holmquist Newbry.

Minority Report: That it be referred without recommendation.

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.

Signed by Senators Baxter and Pflug.

Staff: Dean Carlson (786-7305)

Background: Flood control zone districts (zones) are quasi municipal corporations of the state. They are independent taxing authorities and taxing districts. They are created by resolution of the board of county commissioners (board), initiated either by a petition of 25 percent the electors within the proposed zone, or upon the motion of the board. A public hearing on the resolution must be held. A zone may be countywide.

The board members are the ex officio supervisors of the zone. If the zone has a population exceeding 2000 residents then three zone supervisors may be separately elected for six year terms. The election is held without a primary with the person receiving the greatest number of votes for each position being elected.

Administration of the zone's affairs is by the county engineer or as otherwise provided by separately elected supervisors. The board may appoint a countywide advisory committee of not more than 15 members. The county treasurer is the treasurer of the zone.

Some of the zone's general powers include all powers vested in the county for flood water or storm water control purposes; the power to plan, construct, acquire, repair, maintain, and operate equipment and facilities to control, conserve, and remove flood waters and storm waters; to protect life and property within the zone from damage, including in the context of an emergency as defined in the emergency management act; and to acquire necessary property by condemnation. The supervisors may order an action be brought in superior court to require the removal of debris that materially contributes to the dangers of loss of life or property from flood waters, asking the court to declare them a public nuisance.

When necessary to protect life and property within the zone from flood water, the zone may exercise any of its powers outside its territorial limits.

The authority of the zone to generate revenue includes an annual excess ad valorem tax levy when authorized by the voters of the zone; an assessment upon property specially benefited by flood control or storm water control improvements under the flood control district act of 1937; an annual ad valorem property tax levy not to exceed \$0.50 per \$1,000 of assessed value, if within lawful limitations on property taxes; and an assessment of benefit charges from those who are contributing to an increase in surface water runoff.

In addition, the zone's supervisors may authorize the issuance of both general obligation and revenue bonds. The general obligation bonds are voter-approved, to be retired by ad valorem property tax levies, limited to three-fourths of 1 percent of the value of taxable property within the zone. The revenue bonds are issued to finance any flood control improvement or storm water control improvement, with the zone having a lien for delinquent service charges, including interest, that is superior to all other liens except general taxes and local and special assessments.

Zones are categorized as junior taxing districts and are subject to the statutory provisions that include them within the aggregate note limit of \$5.90 per \$1,000 of assessed value.

However, in the statutory schedule determining the order of proration, zones are in the second tier of junior districts to be prorated. In the latest tax year, the King County zone was subject to prorationing.

Summary of Bill: For taxes levied for collection in 2012 through 2017, zones with boundaries coextensive with a county may place up to \$0.25 of the district's \$0.50 levy outside the \$5.90 limit to avoid prorationing. The levy for such zones is still within the constitutional \$10 limit. Should the \$10 limit be exceeded, this levy will be the first to be prorated.

The act expires January 1, 2018.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Government Operations, Tribal Relations & Elections): PRO: This reverts back after six years. Moving too many taxing districts into the protected gap becomes ineffective in protecting them from prorationing. The King County Flood Control Zone District was essential to the successful efforts to protect the Kent Valley from potentially disastrous flooding should the Howard Hanson Dam be breached. Without this bill there is a very real risk that the Zone could have no money for capital projects, maintenance, or repair of the flood-control projects that protect 1/8th the entire gross domestic product of the state. The social costs of flooding should also be considered. We must break the flood/recovery cycle by funding for preparing ahead to avoid future flooding.

Persons Testifying (Government Operations, Tribal Relations & Elections): PRO: Representative Hasegawa, prime sponsor; Dow Constantine, King County Executive; Suzette Cooke, Mayor, City of Kent; Matt Larson, Mayor, City of Snoqualmie; Brian Murray, City of Seattle.

Staff Summary of Public Testimony on Companion SB 5638 (Ways & Means): PRO: Property tax levy pro-rationing threatens to eliminate needed funds for flood protection. The flood district is making great progress in protecting lives, homes, and businesses. King County is the highest rated community by FEMA insurance ratings. We have a flood control district working in partnerships with cities. This is an 18-mile system. Dealing with this pro-rationing issue is very important to keep up the flood control efforts. Flood damage has enormous social costs as well as health costs. Our goal is to remove 100 percent of the homes that are at risk of flooding. If these tax dollars are removed, 45 important projects would be cancelled. We have a lot of old levies that need to be repaired. The Howard Hanson Dam repairs that have been done are only temporary and more work needs to be done there. We don't want to go back to reaction mode.

Persons Testifying (Ways & Means): PRO: Reagan Dunn, King County Flood Control District; Matt Larson, City of Snoqualmie; Suzette Cook, City of Kent; Mark Isaacson, King County.