

# SENATE BILL REPORT

## SB 6536

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As Reported by Senate Committee On:  
Government Operations, Tribal Relations & Elections, February 2, 2012

**Title:** An act relating to transferring ferry and flood control zone district functions and taxing authorities to county legislative authorities in counties with a population of one million five hundred thousand or more.

**Brief Description:** Concerning ferry and flood control zone district functions and taxing authorities.

**Sponsors:** Senators Keiser, Fain and Nelson.

**Brief History:**

**Committee Activity:** Government Operations, Tribal Relations & Elections: 2/02/12 [DP, w/oRec].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

**Majority Report:** Do pass.

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

**Minority Report:** That it be referred without recommendation.

Signed by Senator Benton.

**Staff:** Karen Epps (786-7424)

**Background:** County Ferry Districts. Counties are authorized to construct, purchase, operate, and maintain ferry systems under the direction and control of the county legislative authority. In lieu of governing a ferry system internally, the legislative authority of a county may adopt an ordinance creating a county ferry district (district) in all or a portion of the area of the county. The ordinance may be adopted only after a public hearing has been held, and the county makes a finding that it is in the public interest to create the district. The members of the county legislative authority compose the governing body of any district created in their county.

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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.*

A district may construct, purchase, operate, and maintain passenger-only ferries or wharves at any stream, lake, estuary, or bay within or bordering the district, or between the district and other districts, together with the necessary boats, grounds, roads, approaches, and landings. A district may provide services for free or may charge a toll. The governing body of a district may levy an ad valorem tax on all taxable property located within the district not to exceed \$0.75 per \$1,000 of assessed value, except that a district located in a county with a population of 1.5 million or more may not levy at a rate that exceeds \$0.075 cents per \$1,000 of assessed value. Revenue from the tax may only be used for providing ferry services, operating, maintaining and improving vessels and dock facilities, providing shuttle services, landside improvements directly related to ferry services, and related personnel costs. A district may also impose excess levies for a one-year period to be used for operating or capital purposes whenever authorized by the electors of the district. A district may incur general indebtedness and issue general obligation bonds.

In order to dissolve a district, a petition must be signed by a majority of the members of the county legislative authority and presented to the superior court of the county. If the court issues an order of dissolution, the district's assets are sold, and all proceeds of the sale, together with any cash assets, are used to pay for outstanding claims and related costs and expenses. Remaining proceeds and cash assets are paid to the county treasurer and credited to the school districts in the county.

Flood Control Zone Districts. Flood control zone districts (Zones) are quasi-municipal corporations created for the limited purpose of undertaking, operating, and maintaining flood control or storm water control projects. Zones are created by the legislative body of a county or by petition of at least 25 percent of the electors within a proposed Zone and are an independent taxing authority and a taxing district. Generally, the legislative body of a county serves as the Zone's supervisors and the county engineer as the administrator. In any Zone with more than 2000 residents, an election of supervisors other than the board may be held, subject to statutory requirements.

Zones possess the usual powers of a corporation for public purposes, including but not limited to, the authority to hire employees and staff, obtain services, enter into contracts, and sue and be sued. The county engineer is responsible for the administration of the Zone. The engineer may appoint deputies and engage employees, specialists, and technicians as may be required by the Zone and as are authorized by the Zone's budget. Subject to board approval, the engineer may also organize or reorganize the Zone into departments or other administrative relationships deemed necessary to its operation. There are currently at least nine Zones in Washington.

A Zone may be abolished either by the adoption of a resolution by the county legislative authority or by county legislative approval or voter approval of a petition filed by 25 percent of the voters. Any property or assets of the Zone may be conveyed to the county or a remaining Zone.

**Summary of Bill:** County Ferry Districts. If a district has been established with boundaries that are the same as the boundaries of a county with a population of 1.5 million or more, the county legislative authority may, by ordinance or resolution, initiate a process to assume the rights, powers, functions, and obligations of the district. Prior to assuming the powers and

obligations of the district, the county legislative authority must hold a public hearing and make a finding that it is in the public interest. Subsequently, all powers and obligations granted to or possessed by the district vest to the county, and the district must be abolished. All future actions must be taken in the name of the county and title to all property vests to the county. All pending business before the board of the transferred district must be continued and acted upon by the county. All existing contracts and obligations of the transferred district remain in full force and effect and must be performed by the county. Procedures and requirements for transferring other assets are established. Employees and personnel of the district do not automatically become employees of the county.

The county assumes the district's powers to finance a ferry system. The county legislative authority must act in the same manner as the governing body of the district for the purpose of certifying the amount of any property tax to be levied and collected, and may impose service charges and assessments. An ad valorem property tax levied by a county must be treated as a levy by a district for all purposes.

The county may perform all acts necessary to ensure the performance of the contractual obligations of the district in the same manner as if the property of the district had not been acquired by the county. The county must assume and agree to provide for the payment of all of the district's debts and obligations, including payment and retirement of outstanding general obligation and revenue bonds. Until debts and obligations are discharged, the owners and occupants of the property located within the district are liable for taxes, assessments, and other legally pledged to pay the district's debts and obligations.

Flood Control Zone Districts. If a Zone has been established with boundaries that are the same as the boundaries of a county with a population of 1.5 million or more, the county legislative authority may, by ordinance or resolution, initiate a process to assume the rights, powers, functions, and obligations of the Zone. Prior to assuming the powers and obligations of the Zone, the county legislative authority must hold a public hearing and make a finding that it is in the public interest. Subsequently, all powers and obligations granted to or possessed by the Zone vest to the county, and the Zone must be abolished. All future actions must be taken in the name of the county and title to all property vests to the county. All pending business before the board of the transferred Zone must be continued and acted upon by the county. All existing contracts and obligations of the transferred Zone remain in full force and effect and must be performed by the county. Procedures and requirements for transferring other assets are established.

The county assumes the Zone's powers to finance flood control projects and storm water control projects. The county legislative authority must act in the same manner as the governing body of the Zone for the purpose of certifying the amount of any property tax to be levied and collected, and may impose service charges and assessments. An ad valorem property tax levied by a county must be treated as a levy by a Zone for all purposes.

The county may perform all acts necessary to ensure the performance of the contractual obligations of the Zone in the same manner as if the property of the Zone has not been acquired by the county. The county must assume and agree to provide for the payment of all of the Zone's debts and obligations, including payment and retirement of outstanding general obligation and revenue bonds. Until debts and obligations are discharged, the owners and

occupants of the property located within the Zone are liable for taxes, assessments, and other charges legally pledged to pay the Zone's debts and obligations.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2012.

**Staff Summary of Public Testimony:** PRO: This is a government efficiency bill in the regard that it will consolidate King County Ferry District and King County Flood Control Zone District. This bill is fairly narrowly drafted so that it will only affect King County. Combining these two districts will lead to efficiencies and lead to better service. This bill also protects the existing property tax authority for both flood and ferry purposes. This legislation is critical to the county being able to deliver essential services in a more efficient, effective manner for all of the residents. Having separate districts requires the council to jump through various hoops. Recent analyses on the Zone and District estimate that the county spends an estimated \$1 million combined on overhead and consultants that could instead be spent on more ferry runs or strengthening levies. This bill allows the county to cut some red tape and act directly as a ferry and flood district. These functions can be supported by existing county staff. This bill does not alter the underlying statutes.

**Persons Testifying:** PRO: Senator Keiser, prime sponsor; Kathy Lambert, Councilmember, King County; Genesee Atkins, King County.