

# HOUSE BILL REPORT

## HB 1088

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### As Reported by House Committee On: Local Government

**Title:** An act relating to per diem compensation for flood control zone district supervisors.

**Brief Description:** Modifying per diem compensation for flood control zone district supervisors.

**Sponsors:** Representative Takko.

#### **Brief History:**

##### **Committee Activity:**

Local Government: 1/15/15, 1/20/15 [DPS].

#### **Brief Summary of Substitute Bill**

- Increases the maximum amounts that elected flood control zone district supervisors (supervisors) may receive in compensation for attending official meetings and performing official services and duties from \$70 to \$114 per day, and from \$6,720 to \$10,944 per calendar year.
- Provides that the per diem compensation rate for supervisors in office on January 1, 2015, is \$114.
- Requires the Office of Financial Management to adjust for inflation the dollar threshold amounts every five years.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Takko, Chair; Gregerson, Vice Chair; Griffey, Assistant Ranking Minority Member; Fitzgibbon, McBride, Peterson and Pike.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Taylor, Ranking Minority Member; McCaslin.

**Staff:** Michaela Murdock (786-7289).

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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.*

## **Background:**

### Special Purpose Districts.

Special purpose districts (SPDs) are local governments separate from a city, town, or county government that are created to provide a limited number of public facilities or services. Members of a SPD governing body may be elected or appointed to office, or serve in *ex officio* capacities as the result of holding other offices.

For SPD supervisors or directors elected to office, various statutes allow them to receive compensation, not to exceed certain dollar threshold amounts, for each day or portion of a day spent in actual attendance at official meetings or in performance of their duties.

Different SPD statutes, including, for example, those governing port, water, sewer, diking, drainage, irrigation, and flood control districts, require periodic adjustments for inflation to the dollar thresholds, generally by using the Consumer Price Index for Urban Wage Earners and Clerical Workers for Washington.

### Flood Control Zone Districts.

Flood control zone districts (zones) are a type of SPD created for the purpose of undertaking, operating, or maintaining flood control or storm water control projects, or groups of projects, that are of special benefit to specified areas of the county. Zones are governed by a board of supervisors. Supervisor positions are *ex officio*, but may be elected. In general, the county commissioners in a county where a zone is created serve by virtue of their offices as the zone's board of supervisors. However, for zones containing more than 2,000 residents, an election of supervisors other than the county commissioners may be held.

In zones with elected supervisors, statute allows supervisors to receive up to \$70 for attendance at official meetings and for each day or major part of a day performing necessary services in connection with their duties. The county commissioners fix the amount of compensation, if any, paid to initial supervisors during their initial terms of office, and thereafter, supervisors fix the amount of compensation. A supervisor may choose to waive any or all of their compensation by written waiver.

Statute sets the maximum amount of supervisors' compensation that may be fixed by the county commissioners or supervisors: (1) per diem compensation for attendance of meetings and performance of official duties may not exceed \$70 per day; and (2) total compensation in one calendar year may not exceed \$6,720. These statutory dollar amounts were adopted in 2005 (Chapter 127, Laws of 2005, Senate Bill 5354). Statute does not require or authorize adjustments for inflation to these amounts.

In addition to compensation, supervisors are entitled to reimbursement for reasonable expenses incurred in the performance of their duties as a supervisor, including reimbursements for food, lodging, and mileage on private vehicles.

### Consumer Price Index.

The Consumer Price Index (CPI) measures the change in prices of all goods and services purchased for consumption by urban households. It is used to illustrate the extent that prices have risen or the amount of inflation that has taken place. The CPI reflects spending patterns for each of two population groups: all urban consumers (CPI-U); and urban wage earners

and clerical workers (CPI-W). The CPI is prepared and published by the Bureau of Labor Statistics, United States Department of Labor.

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**Summary of Substitute Bill:**

The maximum statutory dollar amounts for supervisors' compensation are increased. Compensation for supervisors, as fixed by the county commissioners or the supervisors, may not exceed \$114 per day and \$10,944 per calendar year. Statute also establishes that the per diem compensation rate for supervisors in office on January 1, 2015, is \$114.

The Office of Financial Management is required to adjust for inflation the statutory dollar thresholds for supervisor compensation every five years, beginning July 1, 2018. Adjustments for inflation must be based upon the CPI-W for Washington, and must be calculated and transmitted for publication to the Office of the Code Reviser at least one month before the new threshold is to take effect.

**Substitute Bill Compared to Original Bill:**

The substitute bill changes the date established in the underlying bill when the Office of Financial Management must first adjust the per diem compensation dollar thresholds for inflation from July 1, 2020, to July 1, 2018.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** 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 bill was previously heard before the committee, but it was unable to make it through the short session. There will be no budget impact to the state, because all funds come from flood control zone district (zone) funds. It is believed that there is only one zone in the state with elected supervisors, and only that zone will be affected by this bill.

A few years ago, the Legislature standardized the per diem compensation rate and method of adjustment for inflation for the commissioners or supervisors of several junior taxing districts (e.g., water, sewer, fire districts, etc.). Somehow elected zone supervisors were overlooked at that time. It seems fair that all types of district supervisors or commissioners receive the same amount of compensation and the same adjustments for inflation. This bill will equalize compensation for elected zone supervisors and will include them in the same adjustment schedule as other districts.

One amendment could improve the bill. The bill currently calls for adjustments to the dollar thresholds to begin on July 1, 2020. This date should be changed to July 1, 2018. Other districts had their compensation adjusted in 2013, and will be adjusted again in 2018. Zone compensation should be adjusted at the same time as the other districts for two reasons: (1) it will prevent disparity in the amount of compensation provided to all district supervisors and commissioners; and (2) the Office of Financial Management will be able to calculate the adjustments for all districts at the same time, which will be easier and more efficient.

(Opposed) None.

**Persons Testifying:** Representative Takko, prime sponsor; and Ken Stone, Lexington Flood Control District.

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