

HOUSE BILL REPORT

HB 1707

As Reported by House Committee On:
Local Government

Title: An act relating to irrigation district administration.

Brief Description: Concerning irrigation district administration.

Sponsors: Representatives Takko, Dent and Fagan.

Brief History:

Committee Activity:

Local Government: 2/3/15, 2/10/15 [DP].

Brief Summary of Bill

- Modifies notice and summons requirements in provisions governing foreclosures of assessment liens of irrigation districts.
- Repeals provisions requiring boards of jointly controlled irrigation entities to: prepare an annual budget; satisfy related notice and public hearing requirements; and adopt an annual budget for operations in the ensuing calendar.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 9 members: Representatives Takko, Chair; Gregerson, Vice Chair; Taylor, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Fitzgibbon, McBride, McCaslin, Peterson and Pike.

Staff: Ethan Moreno (786-7386).

Background:

Irrigation Districts.

Irrigation districts (districts) provide for the construction, improvement, maintenance, and operation of irrigation systems, and may provide drainage, domestic water supply, and electric power facilities. Districts are established through a landowner petition process and subsequent voter approval, and a board of three, five, or seven elected directors (Board) is

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responsible for the management of each district. Districts may finance their operations and actions through fees, charges, and assessments, but irrigation districts do not have the authority to impose property taxes.

Irrigation Districts–Delinquent Assessments, Foreclosure.

If a regular district assessment is delinquent according to legal requirements for 36 months, or if an assessment for a local improvement district is sufficiently delinquent for 24 months, the treasurer of the district (treasurer) must prepare certificates of delinquency on the property for the unpaid irrigation district assessments, and for costs and interest. Each certificate must contain the following information:

- a description of the property assessed, including a street address, if available;
- years for which assessed;
- the amount of delinquent assessments, costs, and interest;
- the name appearing on the treasurer's most current assessment roll for the property; and
- a statement that interest will be charged at an annual rate of 12 percent, computed monthly and without compounding, from the date of the issuance of the certificate, and that additional costs, incurred as a result of the delinquency, will be imposed, including the costs of a title search.

After the completion of title searches, the treasurer must commence legal action to foreclose on the assessment liens. Under this process, the treasurer must give notice of application for judgment foreclosing assessment liens and summons to the parties of interest disclosed by the title search. The required notice and summons must include specific information, including:

- a statement that the district is applying to superior court of the county in which the property is located for a judgment foreclosing the lien against the property for delinquent assessments, costs, and interest;
- the description of the property, the local street address (if any), and the name of each party in interest;
- a description of the lien amount due, plus any costs and interest accruing since the date of preparation of the certificate of delinquency;
- a notice that, in case of failure to defend or pay the amount due, judgment will be rendered foreclosing the lien of the assessments, costs, and interest against the property; and
- the date, time, and place of the foreclosure sale as specified in the application for judgment.

The treasurer must record in the applicable county auditor's office written notice of a pending suit before commencing the service of the notice and summons. The notice and summons shall be served in a manner reasonably calculated to inform each party in interest of the foreclosure action. At a minimum, service must be accomplished by either: (1) personal service upon a party in interest; or (2) publication once in a newspaper of general circulation in the area in which the property is located, and mailing of notice by certified mail to the party in interest.

If amounts due to the district remain unpaid, the superior court may render a judgment of foreclosure and direct the treasurer to proceed with the sale of the property. Proceeds from

the sale are then used to pay the districts the amounts owed. A person who purchases property at a foreclosure sale receives a deed vesting title to the property that is referred to as a "treasurer's deed."

Joint Control of Irrigation Districts.

A Board of Joint Control of irrigation entities (Joint Board) may be created by two or more irrigation entities, a term defined to include districts and other entities, for the purpose of administering:

- the construction, operation, maintenance, betterments, and regulations of the joint use facilities; and
- activities and programs that promote more effective and efficient water management for the benefit of member entities of a Joint Board.

The process to create a Joint Board must be initiated through the filing of a petition signed by two or more qualified entities with the applicable board of county commissioners. Following compliance with notification and public hearing requirements, the county commissioners may elect to create the Joint Board.

Joint Boards have specific powers prescribed in statute. Joint Boards are also required to prepare an annual budget each September, satisfy related notice and public hearing requirements, and adopt annual budgets for their operations in the ensuing calendar year. Irrigation entities participating in a Joint Board are obligated to include in their levies for the ensuing year, the amount apportioned and charged to it in the Joint Board's adopted budget.

Summary of Bill:

Irrigation Districts.

Notice and summons requirements in provisions governing foreclosures of assessment liens of irrigation districts are modified. A notice and summons is not required to be served on holders of easements on the property if the easements are a matter of public record (public record easement) in the auditor's office of the county in which the property is located.

Any foreclosure of delinquent assessments on real property subject to a public-record easement or easements, and any treasurer's deed subsequently issued after a foreclosure sale, is subject to a public record easement or easements established before the date of the applicable certificate of delinquency.

Joint Control of Irrigation Districts–Repeal of Budget Adoption Provisions.

Provisions requiring boards of jointly controlled irrigation entities to prepare an annual budget each September, satisfy related notice and public hearing requirements, and adopt an annual budget for their operations in the ensuing calendar year, are repealed.

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 bill will make the operations of irrigation districts (districts) more efficient.

Districts are the infrastructure for irrigated agriculture in Washington. This is the lean management bill of the year for districts, and this bill is at the request of districts. District assessments are similar to property taxes, in that non-payment eventually leads to foreclosure. The foreclosure process for districts requires significant title searches to locate easement holders that have an interest in the property. This process, and the associated notices, involve searching extensively through paperwork. Districts have discovered that, because easements flow with the property, counties don't notify easement holders in similar situations. This bill will reduce paperwork for districts by recognizing that easements flow with the property and are not affected by foreclosures.

The Joint Board of Control (Joint Board) law for districts was originally written in 1949 to allow districts to join together for specific purposes. Each district that participates in a Joint Board makes provisions for its Joint Board activities when it prepares its budget. This bill eliminates redundancy by eliminating the need for districts to adopt a Joint Board budget after having done so at the individual district level.

(Opposed) None.

Persons Testifying: Representative Takko, prime sponsor; and Mike Schwisow, Washington State Water Resources Association.

Persons Signed In To Testify But Not Testifying: None.