

# HOUSE BILL REPORT

## HB 2074

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

**Title:** An act relating to the petition-based annexation method for owners of property within a city or town that seek annexation to another city or town.

**Brief Description:** Relating to the petition-based annexation method for owners of property within a city or town that seek annexation to another city or town.

**Sponsors:** Representatives Fey, Jinkins, Sawyer and Kirby.

**Brief History:**

**Committee Activity:**

Local Government: 2/18/15, 2/19/15 [DPS].

**Brief Summary of Substitute Bill**

- Modifies the direct petition annexation method under which territory may be annexed from one city or town to another city or town by specifying that a decision by a city or town legislative body to reject an annexation proposal may be appealed to the legislative body of the city or town rejecting the proposal.

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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 6 members: Representatives Takko, Chair; Gregerson, Vice Chair; Fitzgibbon, McBride, Peterson and Pike.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Taylor, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; McCaslin.

**Staff:** Ethan Moreno (786-7386).

**Background:**

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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.*

In addition to authorized methods for the annexation of unincorporated territory, current law includes multiple methods for the annexation of all or part of one city or town to another city or town.

The municipality to municipality annexation method may be initiated through a voter petition process that includes approval of the petition by the legislative body of the city or town from which the territory will be taken, and submission of the petition to the legislative body of the city or town to which annexation is proposed. If the legislative body of the city or town to which annexation is proposed agrees to the proposal, the question of annexation is put to the voters of the annexation area. If authorized by the voters, the annexation is completed through the adoption of an ordinance by the applicable city or town.

A municipality to municipality annexation may also be initiated through the adoption of a resolution indicating its desire to be wholly or partially annexed that is adopted by the legislative body of the city or town from which the territory will be taken and submitted to the legislative body of the city or town to which annexation is proposed. Upon compliance with public notice requirements, and absent a sufficient property owner protest, the annexation is effective if the legislative body of the city or town to which annexation is proposed adopts a resolution concurring with the annexation request of the initiating city or town.

As an alternative to voter and government-initiated processes, a municipality to municipality annexation may be completed through a direct petition method involving sufficient petitions signed by either:

- the owners of at least 60 percent of the assessed value of the property for which annexation is proposed; or
- the owners of a majority of the acreage for which annexation is proposed and a majority of the registered voters residing in the same area.

Under this direct petition method, approval of the annexation proposal is required by the legislative body of the city or town from which the territory will be taken before petitions on the proposal can be circulated, and the decision of the city or town may not be appealed. Additionally, the proposal cannot proceed unless the legislative body of the city or town from which the territory would be taken also approves of the annexation.

Public notice and hearing requirements must be satisfied, and the municipality to municipality annexation, following submission of the proper number of sufficient petitions, is completed through the adoption of an ordinance that the applicable city or town may, at its discretion, choose to adopt. Additionally, the direct petition method, as well as the voter and government-initiated municipality to municipality annexation processes, are subject to potential review by a boundary review board.

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### **Summary of Substitute Bill:**

Provisions governing the municipality to municipality direct petition annexation method under which territory may be annexed from one city or town to another city or town are

modified to specify that a decision by a city or town legislative body to reject the annexation proposal, either before or after the circulation of petitions, may be appealed to the legislative body of the city or town rejecting the proposal within 90 days of the issuance of a rejection decision.

**Substitute Bill Compared to Original Bill:**

The substitute bill removes all provisions of the original bill and inserts provisions modifying the direct petition annexation method under which territory may be annexed from one city or town to another city or town by specifying that a decision by a city or town legislative body to reject an annexation proposal, either before or after the circulation of petitions, may be appealed to the legislative body of the city or town rejecting the proposal within 90 days of the issuance of a rejection decision.

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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 relates to very unusual circumstances at Point Ruston: a 100-acre Superfund site that is the location of a former smelter plant. Quite a bit of remediation has occurred on the site, and a developer agreement for the property was signed a number of years ago. Sixty percent of the site is in the City of Tacoma (Tacoma), and 40 percent is in the City of Ruston (Ruston). Tacoma formed a local improvement district (LID) for infrastructure for the site; that infrastructure is in and the property is ready for development. Ruston has a lot of pride in its community, and they, like others, have an interest in having the development proceed, but progress has been a struggle. Legislators now have an opportunity to encourage a resolution of disputes and to move the development process forward. Everyone has something to lose in this process: Ruston has very little economic development outside of this proposal, Tacoma has financed the LID, and the developer wishes to see the project completed.

The Point Ruston site is probably the most developable property remaining in the Puget Sound area. Tacoma wants the development proposal to succeed and has been working on the process for years. Last November, Tacoma thought it had reached a resolution with Ruston and had developed a path forward, but in December, the resolution process halted. A spirit of cooperation now exists, but that spirit may fade. This legislation is important to keep the process moving forward. This is potentially a \$1.5 billion private investment project. When Ruston does well, Tacoma does well. This legislation can help make sure that both parties are moving forward in good faith.

This bill is about jobs. A \$1.5 billion project will need people to construct it. The parties have been at loggerheads for years, and those jobs would have been beneficial years ago.

The Point Ruston developer is committed to the highest levels of protection. This is one of the most remarkable Superfund clean-up sites in Washington. Five basic truths about the project are: (1) the developer did not receive permits in a timely manner, as some permit requests are four years old; (2) the developer has been able to work through the issues with Tacoma for the part of the project that is in Tacoma; (3) no business or person can wait four years for a permit; (4) the developer and Tacoma do not wish for a legislative resolution, and annexation proceedings are complex, but the issue has been brought to the Legislature out of necessity and a need to protect business interests; and (5) optimism about a non-legislative remedy remains, but despite the pleadings of congressional members and others, the process has stalled. The backstop that this bill provides is necessary to ensure that the developer is treated properly. The aim of this process is to get permits, put people to work, and realize the economic benefits of the project.

(Opposed) The bill before the committee is a red herring; a title-only bill that existed for three weeks before substance was added to it. This bill is supposed to be a credible threat to force the parties to meet. This bill should not move, as Ruston is now issuing permits. Serious work has been done on the site without permits, and the developer claims an exemption under federal Superfund laws, but the U.S. Environmental Protection Agency has indicated that the development is subject to local regulations. Ruston believes the issue is heading in the right direction and the project will eventually come to fruition. However, when construction activities, some of which were not permitted, raise public safety issues, Ruston cannot ignore them. This bill is a draconian attempt to keep parties at the table. The committee should lay this bill down and focus on the other 18 substantive bills on their agenda.

The Association of Washington Cities (AWC) has had numerous conversations with parties involved in the dispute. The AWC is concerned about a proposal that could have statewide implications and that could pit one city against another.

**Persons Testifying:** (In support) Representative Fey, prime sponsor; Marilyn Strickland, Mayor's Office, City of Tacoma; Mark Martinez, Pierce County Building and Construction Trades Council; and Tim Thompson, Point Ruston LLC.

(Opposed) Jim Hedrick, City of Ruston; and Dave Williams, Association of Washington Cities.

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