

# SENATE BILL REPORT

## HB 1605

---

---

As of April 13, 2015

**Title:** An act relating to benefit charges of fire protection districts and regional fire protection service authorities.

**Brief Description:** Modifying certain provisions governing benefit charges of fire protection districts and regional fire protection service authorities.

**Sponsors:** Representatives Peterson, Van De Wege, Griffey, Riccelli and Fitzgibbon.

**Brief History:** Passed House: 3/10/15, 56-42.

**Committee Activity:** Government Operations & Security: 3/23/15.

---

### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

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

**Background:** Fire Protection Districts (Districts). Districts are created to provide fire prevention, fire suppression, and emergency services within a district's boundaries. A District may be established through voter approval. A District is governed by a board of commissioners composed of three, five, or seven members who are registered voters residing in the district. A District has the powers and authorities of a municipal corporation. A District may be financed by imposing regular property taxes, excess voter-approved property tax levies, and benefit charges.

Regional Fire Protection Service Authorities (RDFAs). RFAs may be created for the purpose of conducting fire protection functions at a regional level. An RFA is formed when elected officials from two or more adjacent fire protection jurisdictions develop a plan for the creation, financing, operation, and governance of an RFA. The governing body of an RFA is determined by the plan. Once the plan is adopted, it must be approved by the voters. The required margin for voter approval depends on the revenue sources proposed by the plan. If the plan includes benefit charges or 60 percent voter-approved taxes, the plan must be approved by 60 percent of the voters.

Benefit Charges. A benefit charge is a type of assessment imposed upon a property owner based upon the measurable benefits to be received by the property owner by Districts and RFAs. A District or an RFA may use this funding approach as a means for apportioning the real costs of service to an individual property in a manner that reflects the actual benefits

---

*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.*

provided to that property. Benefit charges of Districts and RFAs may be imposed for a maximum term of six years, although consecutive terms are permitted.

The aggregate amount of benefit charges in any one year may not exceed an amount equaling 60 percent of the operating budget for the year in which the benefit charge is to be collected. A District or an RFA that imposes a benefit charge is barred from imposing \$0.50 of the total property tax levy of \$1.50 per \$1,000 dollars of assessed valuation that a District or an RFA may otherwise impose through resolutions of its governing body.

For a District, the initial imposition of a benefit charge is subject to voter approval by a 60 percent majority of the voters living within the jurisdiction of the District and the continued imposition of a benefit charge is subject to voter approval by a simple majority of the voters living within the jurisdiction of a District. For an RFA, the initial and continued imposition of a benefit charge is subject to voter approval by a 60 percent majority of the voters living within the jurisdiction of the RFA.

The governing body of an RFA must hold a public hearing on its proposal to impose benefit charges. The public hearing must be held before the election at which the proposition to impose benefit charges is to be decided.

Protection of Future Levy Capacities. The regular property tax levy for Districts and other taxing districts may be set at the amount which would be allowed otherwise if the property tax levy for a district had been set at the full amount authorized by law, including any District levy that would have been imposed but for provisions barring the imposition of the levy because of the imposition of a benefit charge. The expressly stated purpose of these levy protection provisions is to remove the incentive for a taxing district to maintain its levy at the maximum level, and protect the future levy capacity of a district that reduces its levy below the level that it otherwise could impose by removing the adverse consequences to future levy capacities resulting from levy reductions.

**Summary of Bill:** Benefit Charges by RFAs – Six Years, Ten Years, or Permanently. The public hearing required before an election authorizing the imposition of benefit charges by an RFA may be conducted by an RFA planning committee, rather than only by the governing board of an RFA, if the benefit charge is proposed as part of the initial formation of the RFA. Provisions requiring the continuation of a benefit charge by a RFA to be approved, for a maximum of six years, by 60 percent of the voters voting on the ballot measure are deleted and replaced with an authorization allowing the continued imposition of a voter-approved benefit charge for six consecutive years, ten consecutive years, or permanently.

A ballot measure calling for the continued imposition of benefit charge by an RFA for six or ten consecutive years must be approved by a majority of the voters of the RFA voting at a general or special election called by the RFA for that purpose.

A ballot measure calling for the continued and permanent imposition of an RFA benefit charge must be approved by not less than 60 percent of the voters of the RFA voting at a general or special election called by the RFA for that purpose. At the election, the total number of persons voting must constitute not less than 40 percent of the voters in the RFA who voted in the preceding general election.

Benefit Charges by Districts – Six Years, Ten Years, or Permanently. Provisions allowing Districts to continue imposing benefit charges for a maximum of six years with majority voter approval are modified to allow the continued imposition of a voter-approved benefit charge for six consecutive years, ten consecutive years, or permanently.

A ballot measure calling for the continued imposition of a benefit charge by a district for six or ten consecutive years must be approved by a majority of the voters of the District voting at a general or a special election called by the District for that purpose.

A ballot measure calling for the continued and permanent imposition of a benefit charge by a District must be approved by not less than 60 percent of the voters of the District voting at a general or special election called by the district for that purpose. At the election, the total number of persons voting must constitute not less than 40 percent of the voters in the District who voted in the preceding general election.

Protection of Future Levy Capacities. Future levy capacity protections are extended to RFAs that impose benefit charges so that the levy of an RFA may be set at the amount which would otherwise be allowed if the property tax levy for the RFA had been set at the full amount authorized by law, including any levy that would have been imposed but for provisions barring the imposition of the levy because of an imposed benefit charge.

**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:** PRO: RFAs are an excellent way to provide public safety to citizens. RFAs have challenges when going to the voters and asking them for funding to provide services more efficiently and effectively throughout the region. Meeting the 60 percent threshold presents a real hurdle for RFAs to get over. This bill is an attempt to make fire benefit charges consistent with emergency medical service levies in terms of voter approval requirements and to provide voters with more flexibility to determine if they want, instead of a six-year levy, a ten-year or permanent levy. Fire benefit charges have existed in state law since 1974. This bill does nothing to change the eligibility of an RFA or a fire district to establish and impose a fire benefit charge. This bill provides more options for voters in terms of the length of the fire benefit charge and it makes the renewal requirement for RFAs consistent with a fire district's renewal requirement. There is no ability to exempt owners who are not eligible for a property tax exemption from a fire benefit charge. If a senior receives an exemption on their property tax, they are eligible for an exemption or a reduction on the fire benefit charge, but an owner of low-income housing does not receive a property tax exemption currently. A fire benefit charge cannot be adjusted annually because a fire benefit charge is established at the time of the vote and has to be adopted every six years

CON: For over ten years, fire protection agencies have been passing bills that allow for the expansion and proliferation of fire benefit charges. Fire benefit charges augment fire protection agency budgets by providing an alternative funding mechanism that bypasses the limit on property tax. For entities that are tax exempt and provide other public benefits like affordable housing and after-school youth programs, benefit charges have presented growing challenges. Fire benefit charges have been widely proliferating. Six years ago, the King County Housing Authority paid \$68,000 in fire benefit charges and today, they pay over \$300,000. In the Kent Fire District, charges increased 23 percent in the last year. The King County Housing Authority now pays more toward fire benefits charges than it does to providing assistance for 129 homeless children through the rapid rehousing pilot. Budgets are tight for housing authorities and the demand for services has only grown. Fire benefit charges are highly inconsistent. Within an area that imposes fire benefit charges, some houses are assessed and others are missed. Some agencies believe they have the legal authority to exempt affordable housing, but some do not. Some fire agencies use the fire benefit charge to cover a modest portion of their budget and others use benefit charges to cover the majority of their budget. The only limit is that a fire benefit charge cannot exceed 60 percent of an agency's operating budget. An exemption should be added for affordable housing from paying a benefit charge in the same way that affordable housing receives a tax exemption. Any bill that renews, extends, expands, or lowers the bar for voter approval for fire benefit charges without an exemption or discount for low-income housing, especially low-income senior housing, should be opposed. Fire benefit charges are imposed on low-income housing whether such housing is owned and operated by a public housing authority, a nonprofit organization, or a private for-profit owner. Regardless of the ownership structure, fire benefit charges are like any operating expense and, whenever possible, they are being passed on to the low-income renter. The main problem with a fire benefit charge is that businesses cannot vote. Property owners in Kent are paying over 30 percent more than they would be paying if Kent operated a fire department. Citizens do not want extra, expensive government in the form of an RFA.

**Persons Testifying:** PRO: Representative Peterson, prime sponsor; Geoff Simpson, WA State Council of Fire Fighters.

CON: Megan Hyla, King County Housing Authority, Assn. of WA Housing Authorities; Bryan Park, Senior Housing Assistance Group; Vincent Tom, Downtown Action to Save Housing; Eric Bernard, citizen.

**Persons Signed in to Testify But Not Testifying:** No one.