

HOUSE BILL REPORT

HB 1166

As Reported by House Committee On:
Local Government
Finance

Title: An act relating to fire protection district tax levies.

Brief Description: Concerning fire protection district tax levies.

Sponsors: Representatives Griffey and Springer.

Brief History:

Committee Activity:

Local Government: 1/19/17, 1/26/17 [DP];

Finance: 1/31/17, 2/21/17 [DP].

Brief Summary of Bill

- Eliminates the requirement that a fire district must have, or contract with another entity that has, at least one paid full-time employee in order to levy an additional regular property tax levy.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Appleton, Chair; McBride, Vice Chair; Griffey, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Gregerson and Peterson.

Minority Report: Do not pass. Signed by 1 member: Representative Taylor.

Staff: Yvonne Walker (786-7841).

Background:

Regular Property Taxes.

The state Constitution limits regular property tax levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value [AV]). The Legislature has established individual district rate maximums and aggregate rate maximums to keep the total tax rate for

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regular property taxes within the constitutional limit. The state, counties, and cities are referred to as "senior" districts. Junior districts such as fire, library, hospital, and metropolitan park districts each have specific rate limits as well. The tax rates for the city, county, and junior districts must fit within an overall rate limit of \$5.90 per \$1,000 AV. State statutes contain schedules specifying the order in which the various junior taxing district levies will be prorated in the event that the \$5.90 limit is exceeded. Under this prorating system, senior districts are given preference over junior districts.

Fire Protection Districts.

A fire protection district is a type of special purpose district with responsibility to provide fire prevention and suppression services and emergency medical response services. A fire district has the powers and authorities of a municipal corporation. Fire districts are generally managed by a board of commissioners.

Fire districts have statutory authority to levy three individual regular property tax levies, each with a maximum rate of \$0.50 per \$1,000 AV. The levy limit calculation treat the three separate levies as one levy, with a maximum rate of \$1.50 per \$1,000 AV, when calculating the levy limit and for prorationing purposes. The fire district levies are subject to the \$5.90 aggregate limit; however, they can protect up to \$0.25 per \$1,000 AV from prorationing.

One of the three \$0.50 per \$1,000 AV levies can be authorized by the board of fire commissioners of a fire district, provided the following criteria are met:

- The levy will not affect the rates of other taxing districts or cause the combined levies to exceed the constitutional \$10 per \$1,000 AV limit or the statutory \$5.90 per \$1,000 AV limit.
- The fire district must have at least one full-time paid employee or contract with another fire district for the services of at least one full-time paid employee.

Summary of Bill:

The statutory provision that requires a fire district to have one full-time paid employee or contact with another entity that has one full time paid employee, in order to levy an additional property tax, is eliminated.

Appropriation: None.

Fiscal Note: Requested on January 27, 2017.

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 is an efficiency bill. Current law incentivizes districts to hire an employee even if they are an all-volunteer entity. This bill eliminates the provision that states there must be one paid firefighter on staff in order to levy the 50 cents. This is important for those fire districts that are comprised of all volunteers. The provisions of this bill will help smaller districts, especially rural districts in eastern Washington.

(Opposed) None.

Persons Testifying: Representative Griffey, prime sponsor; and Ryan Spiller, Washington Fire Commissioners Association.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Dolan, Pollet, Springer, Stokesbary, Wilcox and Wylie.

Minority Report: Do not pass. Signed by 2 members: Representatives Orcutt, Assistant Ranking Minority Member; Condotta.

Staff: Richelle Geiger (786-7139).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government:

No changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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 removes the requirement that fire districts must have one full time paid employee in order to levy the additional 50 cents. Small volunteer departments with diverse duties are hurting, especially in rural eastern Washington. Districts can already levy this tax, but only by hiring someone they do not need. This is purely an efficiency bill. Protections are still built in, and the voter approval requirement would remain.

(Opposed) The requirement to have at least one full-time paid employee is a protection to ensure taxing capacity comes with commensurate benefits. Increasing the property tax of fire districts also increases fire benefit charges.

Persons Testifying: (In support) Representative Griffey, prime sponsor; and Ryan Spiller, Washington Fire Commissioners Association.

(Opposed) Brad Tower, Washington Christmas Tree Growers; and Eric Bernard, Puget Sound Christmas Tree Association.

Persons Signed In To Testify But Not Testifying: None.