

# HOUSE BILL REPORT

## ESHB 1598

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**As Passed House:**  
February 13, 2020

**Title:** An act relating to providing code cities of a certain size with the ability to annex unincorporated areas without a referendum provision pursuant to a jointly approved interlocal agreement with the county.

**Brief Description:** Providing code cities of a certain size with the ability to annex unincorporated areas without a referendum provision pursuant to a jointly approved interlocal agreement with the county.

**Sponsors:** House Committee on Local Government (originally sponsored by Representatives Doglio, Dolan, Pollet and Macri).

**Brief History:**

**Committee Activity:**

Local Government: 1/29/19, 2/6/19 [DPS].

**Floor Activity:**

Passed House: 2/13/20, 77-20.

**Brief Summary of Engrossed Substitute Bill**

- Allows counties and code cities to jointly initiate an annexation process for unincorporated territory by jointly agreeing and adopting an interlocal agreement.
- Requires a code city proposing to annex territory to give notice of the annexation to an adjacent city if its transportation network provides a majority of the access to the territory proposed for annexation, and to give notice to certain special purpose districts that include areas proposed for annexation.
- Allows an adjacent city or special purpose district that has been provided notice to prevent the proposed annexation.
- Requires that areas zoned for residential use within the annexed area maintain a zoning designation that allows residential development for five years after the annexation.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

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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.*

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives Pollet, Chair; Peterson, Vice Chair; Appleton and Senn.

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

**Staff:** Kellen Wright (786-7134).

**Background:**

A code city may annex unincorporated "islands" of territory within the city using certain procedures. The city council may initiate annexation proceedings by resolution if the area of the proposed annexation:

- contains less than 175 acres and all of its boundaries are contiguous to the city; or
- is of any size, contains residential property owners, and at least 80 percent of its boundaries are contiguous to the city. Annexations conducted under this provision must be within the same county and urban growth area as the city, and the city must be planning under the Growth Management Act.

The resolution must describe the boundaries of the area to be annexed, state the number of voters within the subject area, and set a date for a public hearing on the annexation resolution. Notice of the hearing must be given by publication at least once a week for two weeks prior to the date of the hearing in one or more newspapers of general circulation within the code city and within the area to be annexed. At the hearing, residents or property owners of the area to be annexed must be afforded an opportunity to be heard. The city legislative body may then adopt an ordinance annexing the territory; the effective date of this ordinance may not be less than 45 days after its passage. During the 45 days after passage of the ordinance, it is subject to a referendum. If no referendum petition is filed within 45 days after passage of the ordinance, the area annexed becomes part of the city.

Washington's Interlocal Cooperation Act authorizes public agencies to contract with other public agencies via interlocal agreements that enable cooperation among the agencies to perform governmental activities and deliver public services. The purpose of such agreements is to permit local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby providing services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population, and other factors influencing the needs and development of local communities. Local governments engage in a wide array of cooperative efforts with each other, state agencies, and other governmental entities, and intergovernmental cooperation can take many forms.

A fire protection district is a special purpose district that can provide fire protection, fire suppression, and emergency medical services within its boundaries. A regional fire protection service authority is formed from two or more fire protection districts.

A water-sewer district is a special purpose district that provides water, sewer, and/or related services to areas within the district.

A transportation benefit district is a special purpose district that can raise revenue for transportation projects or improvements within the district.

**Summary of Engrossed Substitute Bill:**

As an alternative method of annexation, a code city may annex unincorporated territory pursuant to an interlocal agreement between the city and the county.

The legislative bodies of the county and city may jointly initiate an annexation process for unincorporated territory by jointly agreeing and adopting an interlocal agreement. The interlocal agreement must describe the agreed upon boundaries, the effective date of the area to be annexed, and set a date for a public hearing on the annexation. The interlocal agreement must ensure that parcels zoned for residential development within the annexed area maintain a zoning designation that allows for residential development at a minimum gross residential density at least equal to that provided before annexation for five years after the annexation. The interlocal agreement may also include phased annexation of territory, and may be amended following the same process as initial approval, including additional territory. If the annexation agreement includes phased annexation of territory, the legislative body must adopt a separate ordinance at the time of annexation of each phase.

The code city must provide notice of the proposed annexation to any fire protection district, regional fire service authority, water-sewer district, or transportation benefit district that includes within its district an area that the code city is proposing to annex. The code city must also provide notice to a city adjacent to the area that the code city is proposing to annex, if the transportation network of the adjacent city provides a majority of the egress and ingress to the territory that is proposed to be annexed. Once provided notice, the district or adjacent city has 30 days to provide the code city with written notice of its interest to become a party to the interlocal agreement. If notice is provided by the district or adjacent city, then it becomes a party to the agreement. If a district or adjacent city becomes a part of the agreement and does not approve it, then the proposed annexation cannot proceed.

A public hearing must be held by each legislative body, separately or jointly, before the agreement is executed. Notice of the hearing must be given by publication at least once a week for four weeks prior to the date of the hearing in one or more newspapers of general circulation within the code city and within the area to be annexed, as well as on the legislative body's website (if the legislative body has the ability to do so). At the hearing, residents or property owners of the area to be annexed must be afforded an opportunity to be heard. Following the hearing, if the legislative body determines to effect the annexation, the legislative body may then adopt an ordinance annexing the territory and must subsequently file a copy of the certified ordinance with the board of county commissioners where the annexed property is located.

**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) Annexation is a complex issue. This bill, which attempts to provide equity, pertains to islands that are surrounded on three sides by 80 percent or more of a city.

The lack of annexations in urban growth areas and the continuation of the creation of new islands is causing financial problems for both cities and counties. There is also confusion among residents as to what level of service to expect and who provides those services. This confusion leads to additional cost for counties and cities.

When the Growth Management Act was originally created, it was expected that unincorporated areas would be annexed and many unincorporated areas of the state have already done so. However, pockets of islands still exist. These islands create challenges to cities and counties in providing services and how to pay for those services.

The benefit of this bill is that it provides an interlocal agreement process that requires cities and counties to find common ground and address the issue of annexing territory and how to provide and charge for services on a more equitable basis. This process between the local jurisdictions will alleviate many disagreements that cities and counties have on annexation proposals.

Local jurisdictions have unique needs and this bill is another tool in the annexation process that would alleviate some of the concerns between city and county governments with the goal of preventing future unincorporated boundaries and islands.

(Opposed) None.

**Persons Testifying:** Representative Doglio, prime sponsor; Paul Jewell, Washington State Association of Counties; Carl Schroeder, Association of Washington Cities; and Jeremy Davis, Thurston County Senior Planner.

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