

HOUSE BILL REPORT

HB 1811

As Reported by House Committee On:

Local Government
Finance

Title: An act relating to fire benefit charges imposed by cities and towns.

Brief Description: Concerning fire benefit charges imposed by cities and towns.

Sponsors: Representative Sells.

Brief History:

Committee Activity:

Local Government: 1/25/22, 1/28/22 [DP];

Finance: 2/4/22, 2/7/22 [DP].

Brief Summary of Bill

- Allows cities that are not part of a fire protection district or regional fire protection service authority to impose fire benefit charges upon voter approval.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 4 members: Representatives Pollet, Chair; Duerr, Vice Chair; Berg and Senn.

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

Staff: Elizabeth Allison (786-7129).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

A fire protection district (FPD) is a special purpose district established to provide fire prevention, fire suppression, and emergency medical services, and for the protection of life and property within the district boundaries. The affairs of the district are managed by a board of elected fire commissioners (FC Board). An FPD is authorized to levy a property tax on all taxable property within the FPD.

A regional fire protection service authority (RFA) is a special purpose district whose boundaries are coextensive with two or more fire protection jurisdictions, including an FPD or city fire department. An RFA is established to conduct fire protection services at a regional level and is governed by a board of elected officials charged with executing the RFA's service plan. The service plan provides for the design, financing, and development of fire protection services. To carry out its purposes, an RFA is authorized to levy a property tax on all taxable property with the RFA.

After a resolution and upon voter approval, the FC Board of an FPD and the governing board of an RFA may impose a benefit charge on personal property and improvements on real property located within the district or RFA, with various exceptions. The benefit charge is paid by the owners of the properties and must be reasonably proportioned to the measurable benefits to property resulting from the services afforded by the FPD or RFA. If an FPD or RFA imposes a benefit charge, the FPD or RFA may not impose the full amount of the property tax they are authorized to impose.

Cities are authorized to impose a property tax on property within their boundaries. A city that has annexed since 2006 or is conducting annexations of all or a part of a district is authorized to, upon voter approval, impose a benefit charge on personal property and improvements on real property that are located within a city or town, to be paid by the owners of the property, with various exceptions. The benefit charge must be reasonably proportioned to the measurable benefits to property resulting from the enhancement of services afforded by the local fire departments.

Summary of Bill:

A city or town that is not part of an FPD or RFA may impose a benefit charge on personal property and improvements to real property within the city or town to be paid by owners of the property. The benefit charge must be reasonably proportioned to the measurable benefits to property resulting from the services afforded by the local fire department.

The resolution establishing benefit charges must specify the charge to apply to each property by location, type, or other designation. The county assessor must determine and identify the personal property and improvements to personal property which are subject to the benefit charge in each city or town. Before imposing a benefit charge, each city and town must contract for the administration and collection of the benefit charge by each county treasurer.

A benefit charge must be approved by proposition by 60 percent of the voters of the city or town voting at a general or special election. The city or town must hold a public hearing setting forth the proposal for benefit charges before the election at which the the proposition is submitted. Property owners must be notified of the property subject to the benefit charge. The city or town imposing the charge must form a review board to evaluate and reduce charges on an individual basis.

The amount of a benefit charge is limited to a percentage of the fire department's operating budget, not to exceed 60 percent, which is specified in the ballot measure put before the voters. A benefit charge may not remain in effect for a period of greater than six years, or more than the number of years authorized by the voters, if fewer than six years, unless subsequently reapproved by the voters.

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) The bill provides a financing tool usually reserved for merged fire protection entities to cities with fire departments. Merging doesn't always work for cities, but such cities still need access to funding and maintaining fire services. The ability of local governments to deliver services becomes more difficult each year, and COVID-19 has made it worse. Benefit charges allow cities to have conversation with their residents on whether to impose the charge. A benefit charge also charges a fee based on risk rather than property valuation, which reduces costs to single family owners and increases costs for larger industrial buildings at higher risk. Hospitals and other large industrial buildings have unique risk and fire staff who are trained to take care of fires of those types of buildings. Current funding options come with significant limitations. Without a benefit charge, city fire departments compete for funds from the General Fund with police, parks, and community development. Having a voter-approved funding source specific to fire services has made sense for other fire service providers and it makes sense for cities.

(Opposed) None.

Persons Testifying: Representative Mike Sells, prime sponsor; Candice Bock, Association of Washington Cities; Cassie Franklin, City of Everett; and Dave DeMarco, City of Everett.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 10 members: Representatives Frame, Chair; Berg, Vice Chair; Chopp, Harris-Talley, Morgan, Orwall, Ramel, Springer, Thai and Wylie.

Minority Report: Do not pass. Signed by 6 members: Representatives Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase, Stokesbary, Vick and Young.

Minority Report: Without recommendation. Signed by 1 member: Representative Walen, Vice Chair.

Staff: Rachelle Harris (786-7137).

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

No new 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) Cities like Everett struggle to find services that are needed for our residents, and these challenges have been exacerbated by the pandemic. A benefit charge is the most progressive option, because it charges a fee based on risk rather than pure property taxation. This tends to reduce costs for residential buildings while increasing costs for industrial facilities and other properties that are higher risks. The charge must be voted on and must receive a 60 percent majority. It also must be reapproved every six years. Funds must be used exclusively for fire protection services. Currently, fire service tends to compete with other general fund services such as parks, street maintenance, and other important services. This bill gives cities an option for a more dedicated revenue service. Regional cooperation will still be important, but making sure stable funding sources are available is important too. Larger cities are not necessarily as well positioned to do regional mergers like small cities are, so this gives bigger cities another tool. Property tax lid lifts are not as progressive as this approach.

(Opposed) Creations of benefit districts have little or no restrictions. This is like a camel's nose under a tent.

(Other) These approaches are not sustainable and rely too much on growth of value and strong economy. The structural deficit in budgets will continue to persist.

Persons Testifying: (In support) Nick Harper, City of Everett; and Candice Bock, Association of Washington Cities.

(Opposed) Laurie Layne.

(Other) Bud Sizemore, Washington State Council of Fire Fighters.

Persons Signed In To Testify But Not Testifying: None.