

# HOUSE BILL REPORT

## SSB 5460

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### As Passed House - Amended:

April 5, 2023

**Title:** An act relating to collection of assessments for irrigation and rehabilitation districts.

**Brief Description:** Concerning collection of assessments for irrigation and rehabilitation districts.

**Sponsors:** Senate Committee on Agriculture, Water, Natural Resources & Parks (originally sponsored by Senators Warnick and Van De Wege).

### Brief History:

#### Committee Activity:

Local Government: 3/22/23, 3/24/23 [DP];

Finance: 3/30/23, 3/31/23 [DP].

#### Floor Activity:

Passed House: 4/5/23, 98-0.

### Brief Summary of Substitute Bill (As Amended by House)

- Changes the process by which an irrigation and rehabilitation district collects assessments for rehabilitation operations.

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## HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 7 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Goehner, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Berg, Griffey and Riccelli.

**Staff:** Elizabeth Allison (786-7129).

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## HOUSE COMMITTEE ON FINANCE

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** Do pass. Signed by 13 members: Representatives Berg, Chair; Street, Vice Chair; Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Barnard, Chopp, Ramel, Santos, Springer, Stokesbary, Thai, Walen and Wylie.

**Staff:** Kristina King (786-7190).

**Background:**

Irrigation and Rehabilitation Districts.

An irrigation district that has the major portion of an inland navigable body of water within its exterior boundaries, and has filed and been granted a water right certificate from the Department of Ecology, may become an irrigation and rehabilitation district. An irrigation and rehabilitation district may be organized:

- for the construction or purchase of works, or parts of the same, for the irrigation of lands within the operation of the district;
- for the reconstruction, repair or improvement of existing irrigation works;
- for the operation or maintenance of existing irrigation works;
- for the construction, reconstruction, repair or maintenance of a system of diverting conduits from a natural source of water supply to the point of individual distribution for irrigation purposes;
- for the execution and performance of any contract authorized by law with any department of the federal government or of the State of Washington, for reclamation and irrigation purposes;
- to further the recreational potential of the area;
- to further the rehabilitation or improvement of inland lakes and shorelines; and
- for the modification or improvement of existing or planned control structures located in the district to further the health, recreation, and welfare of the residents in the area.

The directors of an irrigation and rehabilitation district may specially assess land located within the district for benefits received. The assessment may not exceed 25 cents per \$1,000 of assessed value without voter approval at an election called for that purpose. Notice of the election must be given. The special assessment is due at times and in amounts designated by the district directors and must be provided to the county auditor in writing. The amount must be added to the general taxes.

Moses Lake Irrigation and Rehabilitation District.

Prior to 2019, the Moses Lake Irrigation and Rehabilitation District had been levying an assessment up to \$1.00 per \$1,000.00 of the assessed value within the district for rehabilitation and irrigation purposes. The district was assessing \$0.25 per \$1,000.00 of assessed value pursuant to statutory provisions for irrigation and rehabilitation districts and an additional \$0.75 per \$1,000.00 of assessed value pursuant to statutory provisions for irrigation districts. This process for levying assessments was challenged in *Moses Lake Irrigation & Rehabilitation District v. Darryl Pheasant* (24 Wn. App. 2d 428), and the court held that the additional \$0.75 assessment was an invalid tax.

**Summary of Amended Bill:**

Existing provisions for collecting assessments are removed. The directors of an irrigation and rehabilitation district must annually determine the amount of money necessary to carry on the rehabilitation efforts of the district, and must classify the property within the district in proportion to the benefits to be derived from the district's rehabilitation operations. The district must apportion and assess the lots, blocks, tracts, and parcels of land or other property, and the assessment must be collected with the county general taxes. The district budget for rehabilitation purposes must not exceed an amount equal to \$1 per \$1,000 of the assessed aggregate valuation of all property within the district unless authorized to exceed that amount by a proposition submitted to the electors of the district and voted on by a majority of those electors.

A district may use the assessed valuation of property as a component in determining the district assessment of any class of lots. Property designated as forestland, farm and agricultural land, or open space land must use the assessed value applicable to such land. The district must provide notice of the proposed assessments and hold an equalization hearing.

**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 (Local Government):**

(In support) Moses Lake Irrigation and Rehabilitation District is the only district of this type in Washington. This bill allows the district to collect assessments again. The bill's language is the same as Substitute House Bill 1494. What precipitated this need for change was a court case where the court ruled that the current collection method was a tax, not an assessment. This bill addresses this issue. There is broad-based local support, and this bill only affects the local population of Moses Lake. It was unanimously supported by city council members. The Irrigation and Rehabilitation District has forgone assessments for the last three years to avoid improperly assessing community members. This bill is necessary to be able to collect assessments once again.

(Opposed) None.

**Staff Summary of Public Testimony (Finance):**

(In support) This is a companion bill to House Bill 1494, and it is a good bill that is needed for the youth of the community. Moses Lake is relatively shallow lake with a high nutrient

level and the Moses Lake Irrigation and Rehabilitation District (District) keeps the water clean and it needs revenue to do so. This bill stems from the fact that the District was already assessing taxpayers for improvements, but after recent litigation, the assessment was found to be a tax rather than an assessment. This bill changes language to clearly create a benefits-based assessment. The funding from this assessment goes to improve the water quality and economic and recreational opportunities related to the lake. This legislation has broad local support and only impacts the local population. The new language that is proposed is supported by those who previously challenged the assessment methodology in court. The new language is also unanimously supported by the city council and the county commissioners, legislators, and the Grand County Economic Development Council. It is very important for the district to resume assessments so it can get back to working in its full capacity.

(Opposed) None.

**Persons Testifying (Local Government):** Senator Judy Warnick, prime sponsor; and Kaj Selmann, Moses Lake Irrigation and Rehabilitation District.

**Persons Testifying (Finance):** Kaj Selmann, Moses Lake Irrigation and Rehabilitation District; and Representative Tom Dent.

**Persons Signed In To Testify But Not Testifying (Local Government):** None.

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