

**SENATE BILL REPORT**

**SB 5675**

**AS PASSED SENATE, MARCH 13, 1993**

**Brief Description:** Concerning the financing of bonds for storm water facilities.

**SPONSORS:** Senators Drew, Loveland, Skratek and Haugen

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** Do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, Oke, Owen, von Reichbauer, and Winsley.

**Staff:** Katie Healy (786-7784)

**Hearing Dates:** February 17, 1993; February 19, 1993

**HOUSE COMMITTEE ON LOCAL GOVERNMENT**

**BACKGROUND:**

Any county legislative authority may authorize the issuance of revenue bonds to finance any storm water facility. Service charges imposed for the use of or benefit received from the storm water facility are deposited in a special fund or funds in the county treasury. The revenue collected is used only for paying the cost and expense of maintaining and operating the storm water control facility, all or any part of the cost and expense of planning, developing, and improving the facility, or to pay any issue of general obligation or revenue bonds issued for planning, developing, and improving the facility.

As unincorporated areas of a county are annexed or incorporated, the retirement of the debt on a storm water facility becomes an increasing burden on those properties remaining in the unincorporated area.

**SUMMARY:**

If bonds are issued to finance the planning, developing, and improving of a storm water facility in an unincorporated area of a county, and an unincorporated area served by the storm water facility is annexed or incorporated, two options exist to pay the debt service on the bonds. First, the county may continue to collect the portion of the service charge allocated to the payment of the debt service, whether or not the debt service is specifically financing facilities located within the area annexing or incorporating, until the debt is retired by the county. In the alternative, the annexing or incorporating municipality may reimburse the county an amount

sufficient to retire that portion of the debt borne by the annexed or incorporated area.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

Failure to provide stormwater facilities would inhibit the development of unincorporated King County. There is concern that unincorporated areas being lost from the county due to annexation or incorporation effectively eliminates one-half of the counties' ability to pay for the infrastructure. With the uncertainty of county size in the future, the counties cannot safely issue 20-year bonds and are limited to 10-year bonds.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Cynthia Sullivan, King County Council (pro)

**HOUSE AMENDMENT(S):**

Both chapters of law authorizing counties to create storm water utilities are amended. The counties are permitted to continue to collect a portion of the service charges or rates on land annexed or incorporated by a city or town allocated to debt service payments on either revenue bonds or general obligation bonds payable from the service charges or rates. This requirement applies even if the facilities financed by the bonds are not located in the area that is annexed.

The service charges or rates remain on the annexed or incorporated area until the bonds are retired, refinanced bonds are retired, or the city or town reimburses an amount to the county that is sufficient to retire the portion of the debt borne by the annexed or incorporated area.

A county must construct the storm water facilities described in its storm water plan financed or intended to be financed by the bonds.

A county may consider the nature or type of land users when establishing service charges or rates for storm water service and facilities.