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## Local Government Committee

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### HB 2031

**Brief Description:** Addressing the timing of accrual of property tax revenues.

**Sponsors:** Representatives Eddy and Simpson.

#### Brief Summary of Bill

- Establishes procedures related to the collection of taxes for fire district and library district territories that are annexed by a city or town.
- Establishes notification requirements pertaining to city or town annexations of fire and library district territory.
- Requires the official boundary of counties, cities, and all other taxing districts to be established for the purpose of property taxation on August 1, rather than March 1, of the year in which the property tax levy is made.

**Hearing Date:** 2/15/07

**Staff:** Jessica Nowakowski (786-7291).

#### **Background:**

##### **Library Districts**

Statute provides for the establishment, management, and operation of different categories of library districts, including rural county library districts, intercounty rural library districts, and island library districts. Notwithstanding other provisions, cities or towns may annex library district territory through a number of methods.

Property taxes may be levied by county legislative authorities for the establishment and maintenance of library services, subject to statutory requirements. The legislative body for rural county library districts, intercounty rural library districts, and island library districts is composed of appointed district trustees and is authorized to determine the amount of taxes to be levied for these districts.

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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.*

Rural county library districts, intercounty rural library districts, or island library districts may contract indebtedness and issue general obligation bonds, subject to statutory requirements and limitations.

### ***Fire Protection Districts***

Fire protection districts are generally charged with providing fire prevention, suppression, and emergency medical services to protect life and property within jurisdictional boundaries. Cities and towns may annex territory lying within a fire protection district.

Subject to statutory requirements, property taxes may be levied by county legislative authorities of a fire protection district against real and personal property in the district. Fire protection districts may also impose special levies for maintenance and operation purposes or for bond retirement for capital facilities when authorized by law.

### ***Boundary Review Boards***

Boundary review boards (BRBs) are authorized by statute to guide and control the creation and growth of municipalities in metropolitan areas. While statute provides for the establishment of BRBs in counties with at least 210,000 residents, current law provides that a BRB may be created and established in any other county.

Upon receiving a request for review that satisfies statutory requirements and following an invocation of a board's jurisdiction, a BRB must review and approve, disapprove, or modify specific proposed actions, including actions pertaining to the creation, incorporation, or change in the boundary of any city, town, or special purpose district within 45 days. If a period of 45 days elapses without the board's jurisdiction being invoked as provided in statute, the proposed action must be deemed approved.

### **Summary of Bill:**

When territory that is part of a fire district is annexed to a city, town, or code city, fire district taxes on annexed property that were levied, but not collected, and were not delinquent at the time of the annexation, must be paid to the annexing city or town once collected. Payment must be made to the annexing city or town at times required by the county, but no less frequently than by June 30th and December 30th following the annexation. If fire district taxes on annexed property were levied, but not collected, and were delinquent at the time of the annexation, the taxes must be paid to the fire district once collected. The same provisions apply to library district taxes on annexed property. The collection of taxes levied by fire districts or library districts does not apply to any special assessments due in behalf of such property.

If a city or town annexes property within a fire district or library district while a nonvoter-approved general obligation bond secured by the taxing authority of the district is outstanding, the bonded indebtedness of the fire district or library district remains an obligation of the taxable property annexed as if the annexation had not occurred.

A city or town must provide notification by certified mail to the fire district or library district at least 30 days before the effective date of the annexation. The county treasurer is only required to remit to the city or town those fire district taxes and library district taxes collected 30 days or more after receipt of the notification.

In counties without a boundary review board, the city or town must provide notification to the fire district or library district of the jurisdiction's resolution approving the annexation. The notification must be made by certified mail within seven days of the resolution approving the annexation and include a description of the annexed area. Cities or towns with a county boundary review board must provide notification of the proposed annexation to the fire district or library district simultaneously to when notice of the proposed annexation is provided by the jurisdiction to the boundary review board.

The provisions addressing the transfer of property taxes and notification of fire and library districts do not apply if the city or town has been annexed to and is within the fire district or library district when the city or town approves a resolution to annex unincorporated county territory.

Except as otherwise provided, the date by which the boundaries of counties, cities, and all other taxing districts must be established as the official boundaries for property taxation and collection purposes is changed from the first day of March to the first day of August of the year in which the property tax levy is made.

**Appropriation:** None.

**Fiscal Note:** Requested on February 9, 2007.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.