

HOUSE BILL REPORT

HB 2409

As Reported by House Committee On:
Local Government & Housing

Title: An act relating to the sale of water-sewer district real property.

Brief Description: Concerning the sale of water-sewer district real property.

Sponsors: Representatives Simpson, Angel, Upthegrove and Moeller.

Brief History:

Committee Activity:

Local Government & Housing: 1/11/10, 1/18/10 [DPS].

Brief Summary of Substitute Bill

- Authorizes a water-sewer district to engage in the private sale of real property provided the estimated value is \$5,000 or less.
- Authorizes a water-sewer district's board of commissioners to determine the estimated value of sale property based upon the advice of brokers and appraisers, as the board deems appropriate, provided the estimated value of the property does not exceed \$5,000.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Fagan, Miloscia, Short, Springer, Upthegrove, White and Williams.

Staff: Thamas Osborn (786-7129).

Background:

Water districts are units of local government initially authorized in 1913 to provide potable water facilities, sanitary sewers, drainage facilities, and street lighting. Sewer districts are units of local government initially authorized in 1941 to provide sanitary sewers, drainage facilities, and potable water facilities. Legislation enacted in 1996 and effective July 1, 1997,

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consolidated water district laws with sewer district laws and made a number of technical changes to these laws. Among other changes, the term "sewer system," which had been defined to include both sanitary sewers and drainage systems, was altered to apply only to sanitary sewer systems, and separate provisions were added for drainage systems.

Water-sewer district (district) powers include the authority to purchase, construct, maintain, and supply waterworks to furnish water to inhabitants within and outside of the district, and to develop and operate systems of sewers and drainage. In addition, a district has broad authority to create facilities, systems, and programs for the collection, interception, treatment, and disposal of wastewater, and for the control of pollution from such wastewater.

Before implementing plans for the development of facilities or incurring any indebtedness, a district must adopt a general comprehensive plan for the types of services it proposes to provide. Such general comprehensive plans must be consistent with specified requirements.

Sale of Water-Sewer District Property.

A district is prohibited from engaging in the private sale of real property if the appraised value exceeds \$2,500.

The sale of real property by a district is subject to the following requirements:

- subject to specified exceptions, the sale price must be at least 90 percent of the property's appraised value;
- the district must obtain a written appraisal not more than six months prior to the date of sale;
- the appraisal must be made by three disinterested, licensed real estate brokers or professionally designated real estate appraisers;
- the appraisal must be signed, filed, and made available to the public in accordance with specified requirements; and
- notice of a district's intention to sell the property must state the appraised value.

Summary of Substitute Bill:

A district may engage in the private sale of real property provided the estimated value is \$5,000 or less. In conducting such a sale, a district's board of commissioners (board) is authorized to determine the estimated value based upon the advice of brokers and appraisers, as the board deems appropriate. Formal written appraisals are not required.

If the estimated value of the sale property exceeds \$5,000, then the sale price must be determined through a formal property valuation process. This process must include either a written broker price opinion from three real estate brokers or an appraisal by one professionally designated real estate appraiser.

Substitute Bill Compared to Original Bill:

The substitute bill contains technical language changes for the purposes of clarification and consistency with the terminology currently used in the real estate industry with respect to property valuation.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Water-sewer districts (districts) need this bill in order to eliminate procedural obstacles to selling off very small parcels of surplus property that are of no use to the districts. The properties affected by this legislation are very insignificant, hence there is nothing to be gained by requiring districts to go through an elaborate appraisal process prior to such property being offered for sale. Making it easier for districts to sell such property would result in significant cost savings that would benefit the public. A technical amendment is needed to clarify terminology relating to "appraisals" versus "broker price opinions," so as to keep the bill language consistent with the terms of art currently used in the real estate industry.

(Opposed) None.

Persons Testifying: Stan Sidor, Appraiser Coalition of Washington; and Joe Daniels and Ron Speer, Washington Association of Sewer and Water Districts.

Persons Signed In To Testify But Not Testifying: None.