

# HOUSE BILL REPORT

## HB 2170

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**As Passed House:**  
February 12, 2014

**Title:** An act relating to providing an additional method for water-sewer districts to disburse funds.

**Brief Description:** Providing an additional method for water-sewer districts to disburse funds.

**Sponsors:** Representatives Takko and Kochmar.

**Brief History:**

**Committee Activity:**

Local Government: 1/16/14 [DP].

**Floor Activity:**

Passed House: 2/12/14, 98-0.

**Brief Summary of Bill**

- Authorizes water-sewer districts that had annual operating budgets in each of the preceding three years, either between \$250,000 and \$5 million, or of \$5 million or more, to adopt a policy to issue their own warrants for payments of claims and other obligations of the district.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 8 members: Representatives Takko, Chair; Gregerson, Vice Chair; Overstreet, Ranking Minority Member; Kochmar, Assistant Ranking Minority Member; Fitzgibbon, Pike, Springer and Taylor.

**Staff:** Michaela Murdock (786-7289).

**Background:**

Special purpose districts are limited purpose local governments separate from a city, town, or county government. Water-sewer districts (districts), a type of special purpose district, are created to further public health and safety and to furnish water, sewerage, and drainage

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services to persons within and without the district. Districts may include within their boundaries one or more counties, cities, and towns, or other political subdivisions.

Districts have many statutorily enumerated powers, including the power to construct, condemn and purchase, maintain, and operate waterworks, systems of sewers, systems of reclaimed water, and systems of drainage. Additionally, districts may seek to reduce, minimize, or eliminate pollutants from lakes, streams, groundwater, or other waterways that are in or adjacent to the district. Districts are authorized to fix rates and charges for services. Districts may also enter into contracts, have employees and fix salaries, loan and borrow funds, issue bonds and instruments evidencing indebtedness, and levy taxes.

The treasurer of the county in which all or the largest area of district land is located, is treasurer of the district. However, with the approval of the county treasurer, the board of commissioners (board) of any district with more than 2,500 water customers or sewer customers may by resolution designate another person to act as treasurer of the district. The district treasurer must have experience in financial or fiscal matters.

All taxes and revenue collected by the district, except those funds received for specified obligations, must be maintained in a maintenance or general fund (general fund) created and maintained by the district treasurer. Disbursements from the general fund are authorized only by warrants of the county auditor issued with the authority of the board or upon a resolution of the board. The district treasurer also maintains special funds as prescribed by the district, and similarly, disbursements may occur by warrants of the county auditor.

Another type of special purpose district, fire protection districts, currently has the authority to adopt a policy to issue its own warrants for payment of claims or other obligations. A fire protection district adopting such a policy must have had an annual operating budget in each of the preceding three years, either between \$250,000 and \$5 million or of \$5 million or more.

**Summary of Bill:**

The board of a district that had an annual operating budget of \$5 million or more in each of the preceding three years is authorized to adopt by resolution a policy to issue its own warrants for payment of claims or other obligations of the district.

Similarly, the board of a district that had an annual operating budget between \$250,000 and \$5 million in each of the preceding three years is authorized to adopt by resolution a policy to issue its own warrants for payment of claims or other obligations of the district; however, prior to adoption of the policy, the district must also obtain agreement between the county treasurer and the district commission.

For both categories of districts, before issuing warrants, one general certificate may be issued authorizing the county treasurer to pay the warrants specified in the general certificate. The district may then issue the warrants.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**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) This bill will allow water-sewer districts to operate more efficiently and autonomously. Some water-sewer districts have difficulty paying their bills on time. Currently, district boards must first approve vouchers for payment. They are then sent to the county auditor and finally, they are sent to the county treasurer who issues the payments. This is a lengthy process that causes delay.

The Department of Revenue will only accept payments by electronic funds transfer, and at least some county auditors do not issue warrants by electronic funds transfer, which causes problems for water-sewer districts trying to make payments. Fire districts have almost identical powers as those proposed to be given to water-sewer districts by this bill. There are about six districts throughout the state that would like to exercise this option.

(Opposed) None.

**Persons Testifying:** Representative Takko, prime sponsor; Representative Kochmar; Joe Daniels, Washington State Association of Water and Sewer Districts; and Bill Neal, North Beach Water District.

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