

# HOUSE BILL REPORT

## SHB 2528

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### As Passed Legislature

**Title:** An act relating to capacity charges for sewage facilities to enhance water quality.

**Brief Description:** Regulating capacity charges for sewage facilities by metropolitan municipal corporations.

**Sponsors:** By House Committee on Local Government (originally sponsored by Representatives Cairnes, Cooper, G. Chandler, Dunshee, Tokuda, Linville, Stensen, Lovick, Esser, Kenney, Barlean, Constantine, Murray and Keiser).

### Brief History:

#### Committee Activity:

Local Government: 1/24/00, 2/2/00 [DPS].

#### Floor Activity:

Passed House: 2/10/00, 88-8.

Passed Senate: 2/29/00, 41-3.

Passed Legislature.

### Brief Summary of Substitute Bill

- Eliminates maximum monthly rates and the 15 year duration for capacity charge.
- Authorizes the imposition of a reasonable capacity charge based on a property owner's equitable share of system costs, including interest charges to a maximum rate of 10 percent and for a maximum of 10 years.
- Specifies sewage capacity charges to be imposed monthly, reviewed and approved annually, and is considered revenue of the sewage facility.

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HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Mulliken, Republican Co-Chair; Scott, Democratic Co-Chair; Doumit, Democratic Vice Chair; Mielke, Republican Vice Chair; Edwards; Ericksen and Fortunato.

**Staff:** Scott MacColl (786-7106).

**Background:**

A metropolitan municipal corporation that is engaged in the transmission, treatment, and disposal of sewage may impose a capacity charge on the users of the facility when the customer connects, reconnects or establishes new service. The capacity charge is based upon the cost of the sewer facility's excess capacity, and may be collected over a 15 year period.

Sewer capacity charges for a metropolitan municipal corporation are currently set at a maximum monthly rate, and are subject to annual review and approval by the legislative authority. Sewer capacity charges for a building other than a single family residence are based on the projected number of residential customer equivalents to be represented by the building.

A metropolitan municipal corporation is defined as a municipal corporation of the state of Washington authorized by chapter 35.58 RCW in which two or more cities of at least 10,000 population have organized to perform certain functions, or a county which has, by ordinance or resolution, assumed the rights, powers and functions of a metropolitan municipal corporation.

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**Summary of Bill:**

The maximum monthly rates, residential customer equivalent provisions for capacity charges, and the 15 year duration for capacity charges are eliminated.

The capacity charge is to be set by the legislative body based on the property owners equitable share of the cost of the system. The capacity charge is imposed monthly, approved annually, and is considered revenue of the sewage facility.

The equitable share is defined to include interest charges that: a) apply from the date of construction of the sewage facilities until the connection; b) for a period not to exceed ten years, at a rate commensurate with the rate of interest applicable to the municipal corporation at the time of construction or major rehabilitation of the sewage facilities; or c) at the time of installation of the sewer lines, but not to exceed 10 percent per year. The aggregate amount of interest is not to exceed the equitable share of the cost of the sewage facilities allocated to such property owners.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (Original bill) King County needs this bill in order to facilitate development within the county. Without this bill, there will effectively be a moratorium on new development as there will be no sewage capacity. The charge is not levied by the people that are putting in the collection facilities. This bill is supported by all of King County, including 33 sewer districts, and is needed for growth. This bill is the same in intent as a bill that was introduced last year, because adequate capacity for Metro is a critical point for development.

**Testimony Against:** None.

**Testified:** Representative Jack Cairnes, prime sponsor; Kurt Tripplet, King County Department of Natural Resources; and Jim Halstrom, Master Builders of King County.