

# HOUSE BILL REPORT

## HB 3056

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### As Passed Legislature

**Title:** An act relating to payment of claims by checks or warrants.

**Brief Description:** Allowing second class cities and towns to pay claims by check or warrant.

**Sponsors:** By Representatives Takko, Woods, Clibborn, B. Sullivan and Springer.

#### Brief History:

##### Committee Activity:

Local Government: 1/30/06 [DP].

##### Floor Activity:

Passed House: 2/8/06, 98-0.

Passed Senate: 3/2/06, 47-0.

Passed Legislature.

#### Brief Summary of Bill

- Allows second class cities or towns to pay claims out of solvent funds by check or warrant.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 7 members: Representatives Simpson, Chair; Clibborn, Vice Chair; Schindler, Ranking Minority Member; Ahern, Assistant Ranking Minority Member; B. Sullivan, Takko and Woods.

**Staff:** Stephanie Toby (786-7106).

#### Background:

Cities and towns are classified when they incorporate or are reorganized. Four classes of municipal government exist under Washington law: (1) first class cities; (2) second class cities; (3) towns; and (4) optional municipal code cities. Second class cities are cities with populations of at least 1,500 at the time of organization or reorganization that have not adopted Home Rule Charters. Towns generally have had populations fewer than 1,500 at the time of organization. Under current law, no new areas may incorporate to form a new town.

A second class city treasurer receives all money due the city and pays out city money on warrants issued by the clerk and countersigned by the mayor. The treasurer reconciles monthly with the city clerk, providing the clerk with receipts for money received and canceled warrants as evidence of money paid out.

A town's treasurer receives all money due the town and pays out the town's money on warrants signed by the mayor and countersigned by the clerk. The treasurer reconciles monthly with the clerk.

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**Summary of Bill:**

Second class cities and towns are given the power to adopt a policy on the payment of claims and other obligations, which are payable by warrant or check if the funds are solvent. If the funds are not solvent, warrants must be used as payment. The legislative bodies of second class cities and towns must also designate a depository upon which to draw checks, and authorize or require certain officers to sign checks.

The term "warrant" includes checks where allowed by these provisions.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Second class cities and towns still have to use warrants. Warrants are cumbersome. With check 21 now in effect, warrants are even more antiquated. The mayor and treasurer are required to sign everything and banks have to jump through more hoops when they get the warrants.

**Testimony Against:** None.

**Persons Testifying:** Representative Takko, prime sponsor; and Victoria Lincoln, Association of Washington Cities.

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