

FINAL BILL REPORT

ESSB 5836

C 285 L 07

Synopsis as Enacted

Brief Description: Regarding the determination of boundaries for taxing districts.

Sponsors: Senate Committee on Government Operations & Elections (originally sponsored by Senators Fairley, Roach, Kline and Pridemore).

Senate Committee on Government Operations & Elections
House Committee on Local Government

Background: Cities are the primary provider of services, including fire protection and library services, to residents within the boundaries of the city. Counties are the primary provider for residents outside of the incorporated areas of the city. Cities and counties levy a general property tax in order to provide services.

Cities and counties may also annex into special purpose districts, which provide specific services including fire protection and library services. When territory within a city is included in a fire protection or library district and the district levies a property tax, the property tax levied by the city is reduced by the amount levied by the fire protection or library district.

With certain exceptions, the official boundaries of counties, cities, and all other taxing districts, for the purposes of property taxation, are established on the first day of March of the year in which the property tax levy is made. The boundaries of a fire protection or library district that include any territory that was annexed to a city are changed as of June 1.

Property tax is calculated on a calendar year basis and is generally due in April following the year in which the levy was made. Consequently, when territory is annexed into a city from a fire protection or library district, the property tax due on the annexed territory will not change until new tax calculations are made based on the city's levy at the beginning of the calendar year following the annexation. If the annexation occurs after June 1, the property tax due will not be based on the city's levy until the start of the second calendar year following the annexation. The effect of the annexation is that for a period of time, the annexed property will be receiving services from the city while paying property taxes to the fire protection or library district.

Summary: When territory that is part of a fire or library district is annexed to a city or town, any taxes on annexed property that were levied, but not collected, must be paid to the annexing city or town when collected at times required by the county, but no less frequently than July 10 and January 10 following the annexation. If the taxes on annexed property were delinquent at the time of annexation, the taxes must be paid to the fire or library district when collected.

If the property annexed by the city or town was in a fire or library district while there was an outstanding general obligation bond, the bonded indebtedness of the fire or library district remains an obligation of the taxable property annexed to the city or town.

Cities or towns annexing fire or library district property must notify the district of the annexation. The provisions of the bill do not apply if the city has been annexed to a fire or library district and the city is seeking to annex unincorporated county territory.

The date that official boundaries are established for counties, cities, and other taxing districts is changed from the first day of March to the first day of August.

Votes on Final Passage:

Senate	49	0	
House	97	0	(House amended)
Senate	49	0	(Senate concurred)

Effective: July 22, 2007