
Local Government Committee

HB 1047

Brief Description: Modifying procedures for assumptions of water-sewer districts by cities or towns.

Sponsors: Representatives Miloscia, Bush and Dunshee.

Brief Summary of Bill

- Requires a Boundary Review Board to consider various additional factors when reviewing a proposal by a city to assume less than 100 percent of the area of a water-sewer district.
- Requires a city that assumes less than all of the area of a water-sewer district install and maintain a water consumption meter on every line providing water between the city and the district.
- Requires a city that intends to impose a B&O tax on water delivered to a water-sewer district area it intends to assume shall pass an ordinance imposing the tax and provide for a referendum procedure to apply.

Hearing Date: 1/22/03

Staff: Amy Wood (786-7127).

Background:

City assumption of water-sewer district territory

If all the territory of a water-sewer district lies within the corporate boundaries of a city, the city legislative authority may assume the jurisdiction of the district by resolution or ordinance.

When either 60% or more of the area or 60% or more of the assessed valuation of district property is included within the corporate boundaries of a city, the city may assume the entire district by ordinance, unless another city is included in whole or in part in the district. If two or more cities are involved, the city having less area or valuation may approve the assumption of the entire area by the city having 60% or more.

When less than 60% of the area and less than 60% of the assessed valuation of district property is within the corporate boundaries of the city, the city may assume by ordinance the portion of the district lying within the city's corporate boundaries. If a majority of the voters in the district then so vote, the city may assume responsibility for the operation and maintenance of the entire district. The district then pays the city for extending these services to the district.

Review by Boundary Review Board

Boundary Review Boards were created by the legislature in 1967 to resolve disputes over city and special purpose district boundary changes, including assumptions by a city or town of all or part of the assets, facilities, or indebtedness of a special purpose district. When a city or town proposes to assume a water-sewer district in a county in which a board has been established, the city or town must file notice of its intent with the board. Boundary Review Boards may review and approve, disapprove, or modify and approve the assumption of a water-sewer districts. Various factors and objectives are listed in statute for a boundary review board to consider when rendering a decision.

Imposition of B&O Tax

Any city or town ordinance imposing a business and occupation (B&O) tax for the first time or increasing the rate of the current B&O tax must provide for a referendum procedure to apply.

Summary of Bill:

Review by Boundary Review Board

A Boundary Review Board is required to consider specific criteria in its review of a proposed assumption. When reviewing a proposal by a city to assume less than all of the area of a water-sewer district, the board must consider the following factors:

- (1) rates and charges for the city and district system;
- (2) operation and maintenance of the city and district systems;
- (3) staffing levels and employees of the city and district;
- (4) condition, age, and type of system facilities in the city and district;
- (5) water supply rights and contracts and sewer service contracts of the city and district; and
- (6) financing of capital improvements to the city and district.

In addition, the board shall identify the relevant facilities and determine the available capacity and reasonable rates for the facilities. The board shall also determine a division of assets and liabilities between the city and district. The board shall hire a consultant, paid for by the city, to prepare a report on these factors and determinations.

Installation of Water Consumption Meters

When a city assumes less than 100% of the territory of a water-sewer district, the city shall

install and maintain, at the city's expense, a water consumption meter at the boundary on every line between the city and the district.

Utility B&O Tax

If a city intends to impose a B&O tax on water-sewer service to be provided to assumed water-sewer district territory, the city must pass an ordinance imposing the tax and must provide for a referendum procedure to apply.

Appropriation: None.

Fiscal Note: Not Requested.

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