

HOUSE BILL REPORT

SB 5331

As Passed House:
April 11, 2017

Title: An act relating to irrigation district administration.

Brief Description: Concerning irrigation district administration.

Sponsors: Senators Takko and Warnick.

Brief History:

Committee Activity:

Local Government: 3/21/17, 3/23/17 [DP].

Floor Activity:

Passed House: 4/11/17, 98-0.

Brief Summary of Bill

- Modifies provisions relating to the administration of irrigation districts (districts) by establishing that tolls and charges are not subject to the requirement that assessments be in proportion to the benefits to the land.
- Authorizes an irrigation board to waive payment for the cost of annexation proceedings if a board determines that the annexation would be of benefit to the district as a whole.
- Authorizes districts to sell real property owned by the district or transfer it for no payment if certain conditions exist.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 4 members: Representatives Appleton, Chair; McBride, Vice Chair; Gregerson and Peterson.

Minority Report: Do not pass. Signed by 3 members: Representatives Griffey, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Taylor.

Staff: Yvonne Walker (786-7841).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

An irrigation district (district) is a type of special purpose district with broad statutory authorization to engage in a wide range of activities and provide a myriad of services. Generally, districts provide for the construction, improvement, maintenance, and operation of irrigation systems. Districts also may provide drainage, domestic water supply, electric power facilities, fire hydrants, and street lighting. Districts are established through a landowner petition process and subsequent voter approval.

An elected board of directors comprising of three to seven members govern districts. An irrigation district's board (board) has the authority to develop and to sell, lease, or rent the use of the following:

- water derived from the operation of the district water facilities to municipal and quasi-municipal entities, the State of Washington, state agencies, public and private corporations, and individuals located within and outside the boundaries of the district; and
- power derived from hydroelectric facilities to municipal and quasi-municipal entities, electric companies, and other districts.

Irrigation District Charges.

Districts may finance their operations and actions by imposing rates, tolls, and charges for district services through collection or by levying assessments. Unpaid rates and charges are deemed a lien against the property to which the district service is available until the rates and charges are paid in full. Districts do not have the authority to impose property taxes.

District Annexations.

A district annexation is initiated by a petition filed with the board from landowners representing one-half or more of any body of land. The petition must contain the assent of the petitioners to the inclusion of land described in the petition to be included within the district and of which the petition alleges they are the respective owners of the land. The petitioners must pay sufficient money to the board in advance to pay the estimated costs of the annexation proceedings.

If a board determines that abandoned district right-of-way property held by the district is to be sold, notice must be given to the owners of lands adjoining the property and the neighboring owners have a right of first refusal to purchase the property that adjoins or is adjacent to their land. The property must first be appraised by the county assessor and the neighboring owners must purchase the property at the appraised price. If after 60 days from the date of the notice, no applications for purchase have been received by the district, the rights of first refusal of owners of adjoining lands are deemed to have been waived, and the real property may be otherwise disposed of or sold.

Summary of Bill:

Irrigation District Charges.

For the purposes of collection and enforcement, all tolls and charges levied by a district is an assessment against the irrigation lands and treated in the same manner as other district assessments. Any tolls and charges that constitute an assessment for collection and

enforcement purposes are not subject to the requirement that assessments be in proportion to the benefits to the land.

District Annexations.

A board may waive payments and deposits in whole or in part for the cost of an annexation proceeding if a board determines that the annexation would be of benefit to the district as a whole.

Abandoned real property held by a district may be sold at a negotiated price when: (1) no applications for purchase have been received by the district for the property; (2) the board determines that due to the configuration of the property or other facts, it appears unlikely that the property or a portion of the property can be sold for the appraised price; and (3) the property is considered a burden to the district. The negotiated price can include a transfer for no payment, without further publication or notice to all adjoining owners.

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 clarifies a number of items to make things run smoother for irrigation districts (districts). The enabling act for districts is one of the oldest special purpose district authorizing acts that was established in the 1800s. This bill is an attempt to keep the law current.

Members in the Spokane Valley suggested two sections of the bill because of a lawsuit that they were engaged in this year. There was a contradiction in statute relating to how districts finance their operations. Irrigation districts assessed the lands within the district to provide funds for the operation and maintenance of the districts. The district's board of directors (board) establishes the districts assessments. Although the assessments look like property taxes, they are not property taxes. There is also a provision in the statute that states that when there is a foreclosure the district can jointly, with the county, assess past due property taxes. Assessments are uniform for all the landowners within the district. The boards of equalization convene to hear landowners' complaints about assessments.

Districts also do a variety of activities where they charge tolls and fees for such things as crossing a canal with a pipeline, a bridge for a road, or creating a utility crossing to deliver water to a municipality. There is an anomaly in statute where it appears that those tolls and charges have to be uniform, and in reality, that is not the case. This bill will correct that anomaly.

Another provision in the bill relates to annexation of lands. Districts have found that if they are interested in annexing lands to provide water service to people joining the district, it is

beneficial for the district to do that and it is not fair to charge the landowners for the cost of annexation proceedings.

The last part of the act deals with disposable unused easements. Many of these districts, created hundreds of years ago, acquired easements that are not in use today. This has resulted in the district being stuck with odd shaped parcels for which they are responsible for providing upkeep. It is in the districts' interest to dispose of these lands at less than the assessed value and to remove them as a liability from the district.

(Opposed) None.

Persons Testifying: Senator Takko, prime sponsor; and Mike Schwisow, Washington State Water Resources Association.

Persons Signed In To Testify But Not Testifying: None.