

**Chapter 87.56 RCW  
DISSOLUTION OF INSOLVENT DISTRICTS**

**Sections**

- 87.56.001 Actions subject to review by boundary review board.
- 87.56.010 When district insolvent—Election to dissolve.
- 87.56.020 Majority vote—Action for dissolution.
- 87.56.030 Powers of court.
- 87.56.040 Service of process.
- 87.56.050 Complaint—Contents.
- 87.56.060 Notice of hearing—Publication.
- 87.56.065 Hearing—Decree—Receiver.
- 87.56.100 Unmatured claims—Acceleration.
- 87.56.160 Liquidation—Assessments to pay remaining debts.
- 87.56.170 Judgment upon stipulation—Payment.
- 87.56.180 Trustee for creditors—Bond—Duties.
- 87.56.190 Enforcement of judgment.
- 87.56.200 Distribution of funds—Court to retain jurisdiction.
- 87.56.203 Compensation of trustee.
- 87.56.205 Judgment upon stipulation—Prerequisites.
- 87.56.210 Judgment upon stipulation—Evidences of indebtedness to be canceled.
- 87.56.225 Appellate review.
- 87.56.230 Final report of receiver—Apportionment of excess assets—Decree of dissolution.
- 87.56.240 Decree to be filed in each county.
- 87.56.900 Chapter alternative method—Saving.
- 87.56.910 Construction—1925 ex.s. c 124.

*Dissolution of inactive special purpose districts: Chapter 36.96 RCW.*

**RCW 87.56.001 Actions subject to review by boundary review board.** Actions taken under chapter 87.56 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 69.]

**RCW 87.56.010 When district insolvent—Election to dissolve.** In all instances where fifty percent of the acreage within an irrigation district has been sold to the district on account of delinquent district assessments, and more than one year has elapsed since the sale of said property to the district without redemption by the owners thereof, and the district is unable to raise sufficient revenue to meet its obligations when the same become due and payable, such district shall be deemed insolvent and the district board shall have authority to call an election in the district to determine whether the district shall discontinue operation and dissolve: PROVIDED, That in case there are bonds of the district outstanding, written consent of the holders of at least fifty-one percent in amount of such outstanding bonds shall be obtained by the district board before calling said election: PROVIDED, FURTHER, That if any portion of such outstanding bonds are owned by the state of Washington the board of directors of such district shall give written notice to the director of ecology of the intention of the board of directors to call such

election, and unless the director of ecology shall sign written objection to the calling of such election within ten days after the giving of such notice the state shall be deemed as consenting thereto.

Said election shall be called, shall be conducted and the results canvassed in the same manner substantially provided by law for a bond election in the district. [1988 c 127 § 63; 1931 c 60 § 11; 1925 ex.s. c 124 § 1; RRS § 7543-1.]

*Bonds, election for: RCW 87.03.200.*

**RCW 87.56.020 Majority vote—Action for dissolution.** If a majority of the votes cast at said election is in favor of dissolution of the district, the district board shall institute an action in the superior court of the county in which the office of the board is located to determine the indebtedness of the district and to adopt a plan of appropriating the available resources of the district to the satisfaction of such indebtedness as in this chapter provided. [1925 ex.s. c 124 § 2; RRS § 7543-2.]

**RCW 87.56.030 Powers of court.** The superior court in the exercise of its jurisdiction in matters of this kind shall have full authority to determine the indebtedness of the district and to determine the status and priorities thereof in accordance with the laws of the state relating to irrigation districts, shall have power to apportion the obligation of such indebtedness against the district and the several lands included therein; the court may award process and cause to come before it all persons whom it may deem necessary to examine and have and cause to be issued all such writs as may be proper or necessary, and do all things proper or incidental to the exercise of such jurisdiction. [1925 ex.s. c 124 § 3; RRS § 7543-3.]

**RCW 87.56.040 Service of process.** Such action shall be one in rem and personal service of process shall not be required to be made on any interested person: PROVIDED, That the court shall be authorized in proper instances to order issuance and personal service of process specifying such time for appearance as the court shall require, AND PROVIDED FURTHER, That any owner of land within the district or any creditor of the district or their respective attorneys may file with the receiver provided for in this chapter, a written request that his or her name and address be placed on the receiver's mailing list and thereafter the receiver shall mail to such person at his or her given address at least ten days' written notice of all subsequent hearings before the court. Personal service of said notice may be made in any instance in lieu of mailing at the option of the receiver. [2013 c 23 § 523; 1925 ex.s. c 124 § 4; RRS § 7543-4.]

**RCW 87.56.050 Complaint—Contents.** The complaint in said action shall recite the holding of the election and the result thereof and shall give in general terms a summary of the district assets and the amount and character of its obligations and the maturities thereof; shall state that the district desires to discontinue operation and dissolve its corporate existence and shall pray that the court take

the necessary steps to effect such an object. [1925 ex.s. c 124 § 5; RRS § 7543-5.]

**RCW 87.56.060 Notice of hearing—Publication.** The court shall thereupon fix a time and place for a hearing of the complaint and notice of the hearing shall be published once a week for two successive weeks in a newspaper of general circulation in each county in which any lands in the district are located. [1985 c 469 § 92; 1925 ex.s. c 124 § 6; RRS § 7543-6. FORMER PART OF SECTION: 1925 ex.s. c 124 § 7; RRS § 7543-7, now codified as RCW 87.56.065.]

**RCW 87.56.065 Hearing—Decree—Receiver.** At the time and place fixed in the notice the court shall hear the objections of interested persons and shall determine whether the district is insolvent within the provisions of this chapter and whether the district shall be dissolved. If the court concludes that the district shall not dissolve, the court shall so find and dismiss the action. If the court concludes that the district should be dissolved, the court shall appoint a receiver to take charge of the district assets and to perform such other duties as may be required by the court or by law. [2004 c 165 § 45; 1925 ex.s. c 124 § 7; RRS § 7543-7. Formerly RCW 87.56.060, part.]

**Purpose—Captions not law—2004 c 165:** See notes following RCW 7.60.005.

**RCW 87.56.100 Unmatured claims—Acceleration.** If the owner or holder of a claim of indebtedness against the district not yet due or matured files a claim in any case in which a receiver is appointed under RCW 87.56.065, the maturity of the indebtedness owing to the person by the district shall be accelerated to such date as the court shall determine upon. [2004 c 165 § 46; 1925 ex.s. c 124 § 12; RRS § 7543-12.]

**Purpose—Captions not law—2004 c 165:** See notes following RCW 7.60.005.

**RCW 87.56.160 Liquidation—Assessments to pay remaining debts.** In the execution of a plan of liquidation, the court shall have authority to order the sale of any or all of the district property or the exchange of any of the district property for any evidence of district indebtedness in accordance with the rights of the district and of all the creditors concerned, and if upon the exhaustion of the district property in the payment of the district indebtedness including the costs of dissolution and receivership proceedings, any district indebtedness remain undischarged, the court shall have authority to order district assessments against the lands included within the operation of the district to continue to be made in accordance with the rights of the persons interested in the manner provided by law to pay the remaining indebtedness until sufficient revenue has been raised to pay fully all the obligations of the district. [1925 ex.s. c 124 § 21; RRS § 7543-21.]

*Assessments, levies: RCW 87.03.240 through 87.03.305.*

**RCW 87.56.170 Judgment upon stipulation—Payment.** Upon stipulation of the owners of lands within the district, and holders of bond liens against said lands, and the district creditors concerned, the court shall have authority in such proceedings in lieu of the plan of liquidation set forth in RCW 87.56.160, to determine the amount of the district indebtedness remaining after the exhaustion of the district property and the proportion thereof which each ownership of land within the district shall be obligated to pay, and judgment may be rendered in favor of the respective creditors against the several lands concerned. Said judgment may in the discretion of the court provide that the payment thereof shall be made by the landowners in one or more annual installments not to exceed ten in all with annual interest on all unpaid installments at such rate as the court shall fix not in excess of the rate to which the respective creditors may be entitled in their original evidences of indebtedness. [1925 ex.s. c 124 § 22; RRS § 7543-22. FORMER PART OF SECTION: 1925 ex.s. c 124 § 27; RRS § 7543-27, now codified as RCW 87.56.205.]

*Prerequisite to judgment upon stipulation: RCW 87.56.205.*

**RCW 87.56.180 Trustee for creditors—Bond—Duties.** The judgment shall also name a trustee to be nominated by the creditors representing a majority of the indebtedness who shall give bond conditioned for the faithful performance of his or her duties and the strict accounting of all funds received by him or her in such amount as the court shall determine, and who shall have authority to receive payment on account of said judgment and to satisfy said judgment against the several lands at the time payment thereon is made by the landowners in proportion to the amount of said payment. When any landowner shall make full payment of the amount of the judgment apportioned against his or her land, he or she shall be entitled to full satisfaction thereof of record. [2013 c 23 § 524; 1925 ex.s. c 124 § 23; RRS § 7543-23.]

**RCW 87.56.190 Enforcement of judgment.** In case any landowner fails to pay the judgment against his or her land or any installment thereof, when the same shall become due and payable, said judgment may be enforced by the trustee named in the decree in the manner provided by law for the enforcement of judgments in the superior court, and the costs of execution and sale shall be charged to the defaulting land. [2013 c 23 § 525; 1925 ex.s. c 124 § 24; RRS § 7543-24.]

*Enforcement of judgments: Title 6 RCW.*

**RCW 87.56.200 Distribution of funds—Court to retain jurisdiction.** The trustee named in the decree shall make distribution of all funds collected on account of said decree in such manner as the creditors shall agree upon, or in case of disagreement, then in such manner as the court shall direct, and jurisdiction of the court in the dissolution proceedings shall continue until full disbursement of

funds collected on account of said judgment has been made to the judgment creditors. [1925 ex.s. c 124 § 25; RRS § 7543-25.]

**RCW 87.56.203 Compensation of trustee.** The trustee named in the decree shall receive such compensation for his or her services as the court shall determine to be paid at such times as the court shall fix from funds collected on account of said judgment. [2013 c 23 § 526; 1925 ex.s. c 124 § 26; RRS § 7543-26. Formerly RCW 87.56.220.]

**RCW 87.56.205 Judgment upon stipulation—Prerequisites.** Before the court shall enter judgment upon stipulation of the parties as in this chapter provided, the creditors concerned shall file all evidences of district indebtedness held by them into the registry of the court to be held subject to the order of the court. [1925 ex.s. c 124 § 27; RRS § 7543-27. Formerly RCW 87.56.170, part.]

*Judgment upon stipulation—Payment: RCW 87.56.170.*

**RCW 87.56.210 Judgment upon stipulation—Evidences of indebtedness to be canceled.** If the judgment rendered by the court, upon stipulation, be not appealed from as in this chapter provided and the time for appeal has expired, or having been appealed from has been finally determined upon appeal, the court shall upon application of the receiver, order all evidences of indebtedness filed in the registry of the court under the provisions relating to judgment upon stipulation to be delivered to the office of the county treasurer, who shall have authority and it shall be his or her duty to cancel the same, and said evidences of indebtedness shall thereafter cease to be obligations of the district, and the district thereafter shall be discharged of said indebtedness. [2013 c 23 § 527; 1925 ex.s. c 124 § 28; RRS § 7543-28.]

**RCW 87.56.225 Appellate review.** Any interested person feeling aggrieved at the judgment of the superior court dismissing the proceedings or determining the indebtedness of the district and the status and priority thereof and determining the plan of liquidation, may seek appellate review of such judgment in the same manner as in other cases in equity, except that notice of appeal must be both served and filed within sixty days from the entry thereof. [1988 c 202 § 89; 1971 c 81 § 174; 1925 ex.s. c 124 § 29; RRS § 7543-29. Formerly RCW 87.56.250.]

**Severability—1988 c 202:** See note following RCW 2.24.050.

**RCW 87.56.230 Final report of receiver—Apportionment of excess assets—Decree of dissolution.** When all district indebtedness has been discharged as in this chapter provided, and all expenses of the dissolution proceedings have been paid, the receiver shall report such fact to the court with a full account of all assets and moneys received and disbursed. The court shall examine said report and if found satisfactory shall approve the same; shall order any funds

remaining after the payment of all indebtedness apportioned to the several owners of land within the district in accordance with the ratio of the last assessment roll of the district, and shall enter a decree dissolving and annulling the district, which shall thereafter cease to exist as a corporate entity. [1925 ex.s. c 124 § 30; RRS § 7543-30.]

**RCW 87.56.240 Decree to be filed in each county.** A copy of said decree shall be filed for record forthwith by the receiver in the office of the county auditor and in the office of the county assessor, of the counties in which any of the lands within the district are situated, and said decree shall be recorded by each of said offices without charge of fee. [1925 ex.s. c 124 § 31; RRS § 7543-31.]

**RCW 87.56.900 Chapter alternative method—Saving.** This chapter is designed to provide an alternative method for the dissolution of irrigation districts and shall not be deemed to repeal any other statute or statutes. [1925 ex.s. c 124 § 32; RRS § 7543-32.]

**RCW 87.56.910 Construction—1925 ex.s. c 124.** Nothing in this chapter contained shall be construed to enlarge, abridge, modify or otherwise affect the rights, privileges or obligations of solvent districts, the lands therein or creditors thereof. [1925 ex.s. c 124 § 33; RRS § 7543-33.]