

HOUSE BILL REPORT

HB 2561

*As Reported By House Committee on:
Local Government
Capital Facilities & Financing*

Title: An act relating to municipal water conservation programs.

Brief Description: Authorizing cities and towns to issue revenue bonds for financing water conservation programs.

Sponsor(s): Representatives Fraser, Miller, Valle, Edmondson, Rayburn, McLean, Belcher, Basich, Haugen, Chandler, Wynne and Nealey; by request of Jnt Sel Com on Water Resource Policy.

Brief History:

Reported by House Committee on:
Local Government, February 7, 1992, DPS;
Capital Facilities & Financing, February 11, 1992,
DPS(LG-A CFF).

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 15 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Horn; Nealey; Nelson; Rayburn; Roland; Wood; Wynne; and Zellinsky.

Staff: Steve Lundin (786-7127).

Background:

Article VIII, Section 7, of the state constitution prohibits any local government from lending its credit or giving money to anyone except for the necessary support of the poor and infirm.

In 1979, the 70th Amendment to the state constitution was approved by state voters permitting any local government that is engaged in the sale or distribution of energy to use money or credit derived from the sale of energy to assist the owners of residential structures in financing energy conservation or more efficient energy use. The provisions

of this amendment became ineffective as of January 1, 1990. Enabling legislation was enacted permitting various local governments, including cities and towns, to issue revenue bonds or warrants for energy conservation purposes.

In 1988, the 82nd Amendment to the state constitution was approved by state voters. This amendment amended the 70th Amendment by: (1) Deleting the language ending the energy conservation program on January 1, 1990; and (2) removing the restriction that the energy conservation program only could be for residences.

In 1989, the 86th Amendment to the state constitution was approved by state voters. This amendment amended the 82nd Amendment by permitting local governments that were engaged in the sale or distribution of water to finance water conservation with the use of moneys derived from those operations.

Summary of Substitute Bill:

The statute permitting cities and towns to engage in energy conservation is amended to:

- o Permit loans to be made for the conservation or more efficient use of water; and
- o Permit evidences of indebtedness, other than revenue bonds or warrants, to be issued for either energy or water conservation purposes.

Counties are authorized to issue revenue bonds for water conservation purposes.

Substitute Bill Compared to Original Bill: Counties were added.

Fiscal Note: Not requested.

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

Testimony For: This clarifies that cities and counties can issue revenue bonds for water conservation purposes. It is cheaper to conserve than to acquire new water sources. Only a few counties provide water in limited areas. Legislation a few years ago made the county the last resort to run failed private water systems.

Testimony Against: None.

Witnesses: Henry Yates, Seattle Water Department; Ken Merry, Tacoma Public Water; and Paul Parker, Washington State Association of Counties.

**HOUSE COMMITTEE ON
CAPITAL FACILITIES & FINANCING**

Majority Report: *The substitute bill by Committee on Local Government be substituted therefor and the substitute bill as amended by Committee on Capital Facilities & Financing do pass.* Signed by 15 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Schmidt, Ranking Minority Member; Neher, Assistant Ranking Minority Member; Beck; Braddock; Brough; Casada; Fraser; Heavey; Jacobsen; Ogden; Peery; Silver; and Wang.

Staff: Kenny Pittman (786-7392).

Summary of Recommendation of Committee on Capital Facilities & Financing Compared to Recommendation of Committee on Local Government: The reference to municipal and definition of municipal are removed.

Fiscal Note: Not requested.

Effective Date of Substitute Bill as Amended: Ninety days after adjournment of session in which bill is passed.

Testimony For: Water conservation is more cost-effective than trying to acquire additional water sources. This bill will allow local government water providers to assist in saving this resource.

Testimony Against: None.

Witnesses: Ken Merry, Tacoma City Water (pro); and Kim Drury, Seattle Water Department (pro).