

SENATE BILL REPORT

SHB 2345

AS REPORTED BY COMMITTEE ON GOVERNMENTAL OPERATIONS,
FEBRUARY 26, 1992

Brief Description: Allowing irrigation districts to assess the costs of maintaining the local improvement guarantee fund.

SPONSORS: House Committee on Local Government (originally sponsored by Representatives Bray, Nealey, Haugen, Ludwig, Neher, Ferguson and Rayburn)

HOUSE COMMITTEE ON LOCAL GOVERNMENT

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass.

Signed by Senators McCaslin, Chairman; Madsen, and Sutherland.

Staff: Eugene Green (786-7405)

Hearing Dates: February 26, 1992

BACKGROUND:

Irrigation districts are authorized to finance improvements by establishing local improvement districts (LID's), imposing assessments on lands within the LID that are specially benefited from the improvements that are financed by the LID, and issuing LID bonds payable from these assessments.

A local improvement guaranty fund is established in each irrigation district that has a LID. The local improvement guaranty fund secures the payment of principal and interest on outstanding LID bonds that are issued by the irrigation district. Whenever the LID assessments are not sufficient to make the LID bond redemption payments, the payments are made from warrants issued against the guaranty fund.

An irrigation district is required to impose additional assessments throughout the entire irrigation district, when its normal assessments are imposed financing its activities, and place the money from the additional assessments into its guaranty fund. The balance in the guaranty fund may not exceed 5 percent of the outstanding obligations guaranteed by the guaranty fund.

SUMMARY:

The imposition of assessments to fund irrigation district local improvement guaranty funds is altered by two factors. First, the maximum balance in the guaranty fund is increased from 5 percent of the value of outstanding obligations

guaranteed by the fund to the greater of either 12 percent of the value of outstanding obligations guaranteed by the fund or the total amount of delinquent assessments and interest. Second, an irrigation district could impose the additional assessments to fund its guaranty fund either throughout the entire irrigation district or within a LID.

It is clarified that LID assessments may be used to finance a variety of matters, including engineering and surveying costs, accounting and clerical costs, legal costs, and financial costs related to the improvements financed by the LID.

All LID bonds that were issued and LID assessments that were imposed by an irrigation district before the date of this act are declared to be valid if they conform with the requirements of irrigation district law, including these new changes.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

This clarifies how irrigation districts operate their guaranty funds and impose assessments to fund the guaranty fund. The auditor interprets the statute to only allow the assessments throughout the entire irrigation district, instead of just within a LID. This also validates past actions.

TESTIMONY AGAINST: None

TESTIFIED: Paul Chasco, Manager, Kennewick Irrigation District
(pro)