

# HOUSE BILL REPORT

## HB 1345

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**As Reported by House Committee On:**  
Local Government  
Finance

**Title:** An act relating to creating regional fire protection service authorities.

**Brief Description:** Creating regional fire protection service authorities.

**Sponsors:** Representatives Cooper, Haigh, Simpson, Dunshee and Ericksen.

**Brief History:**

**Committee Activity:**

Local Government: 2/5/03, 3/4/03 [DPS];  
Finance: 3/7/03, 3/10/03 [DP2S(w/o sub LG)].

**Brief Summary of Second Substitute Bill**

- Allows for the creation of regional fire protection service authorities by participating fire protection districts, cities, towns, port districts, or tribes.
- Authorizes the transfer of powers, duties, and functions with respect to fire protection of participating jurisdictions to the new authority.
- Provides the new authority with regular property tax levying authority of up to \$1.50 per thousand dollars of assessed value and the authority to impose benefit charges under certain circumstances.
- Reduces regular property tax levy rates of participating jurisdictions by the rate levies by the new authority.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Romero, Chair; Upthegrove, Vice Chair; Jarrett, Assistant Ranking Minority Member; Berkey, Clibborn and Moeller.

**Minority Report:** Without recommendation. Signed by 4 members: Representatives Schindler, Ranking Minority Member; Ahern, Ericksen and Mielke.

**Staff:** Anne Warwick (786-7291) and Amy Wood (786-7127).

## **Background:**

### **Fire Mergers**

Fire protection districts provide fire prevention services, fire suppression services, and emergency medical services; they also protect life and property in areas outside cities and towns. Cities and towns may, by election or petition, annex into a fire protection district. Currently, a fire protection district may merge with an adjacent district by voter approval or petition method. If the voters of the merging district favor the merger, both fire district boards adopt the resolution and declare the district merged under the merger district name. The merging fire protection district is dissolved and the boundaries are extended to include the entire merging district. If 60 percent of all qualified electors sign a petition to merge, no election is necessary. Both districts adopt the resolution declaring the districts merged. The commissioners of a merged district have the power to levy, assess, and collect property taxes on land in both districts. Commissioners of the merging district transfer, convey, and deliver all property and funds to the merged district.

### **Revenue Sources**

Property tax rates consist of the annual levy rates applied to the assessed value of taxable property by the various taxing districts, including the state and various local jurisdictions which have levy authority. Junior taxing districts, including fire protection districts, have a designated statutory regular rate. Fire protection districts are authorized to impose three separate 50 cents levies for their operations. The third 50 cents levy may only be authorized if the district has at least one full-time employee. In lieu of imposing the third 50 cents levy, a fire district may impose a benefit charge. Benefit charges are not based on the value of real property but are instead linked to other factors such as insurance savings, water sources and distance from fire service facilities. Some jurisdictions have imposed these as a way to reduce property taxes and to apportion the costs of service in a manner that more accurately reflects the benefits delivered.

Fire protection districts may also impose special levies for maintenance and operation purposes or for bond retirement for capital facilities when authorized by law. Bond levies pay the annual principal and interest required for the term of the bond, typically 20 years. Special levies must be approved by 60 percent of the majority of the votes cast. The 2001 statewide average levy rate for all regular, special, and excess levies amounted to \$12.96 of \$1000 of assessed value.

Fire protection districts are not allowed to impose a local sales and use tax. Washington law provides for 13 different types of local sales and use taxes. Cities may levy a basic 0.5 percent sales and use tax rate, plus an optional tax rate ranging from 0.1 to 0.5 percent. There are 280 incorporated cities in Washington and all of them levy the basic 0.5 percent tax. Two hundred seventy-three cities levy both the basic 0.5 percent and at least some portion of the optional tax. Counties may levy the same rates as cities. Thirty-five of the 39 counties levy the full 1.0 percent tax. The local sales and use tax is

a major revenue source for cities, counties, and transportation districts. For cities the amount of sales tax nearly equals the property tax receipts. For county government the property tax far outweighs the local sales tax in importance.

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### **Summary of Substitute Bill:**

#### **Creation of Regional Fire Protection Service Authority**

A Regional Fire Protection Service Authority (RFPSA) would allow two or more adjacent fire protection districts to merge, creating an RFPSA. The fire protection jurisdictions proposing the creation of such an authority must establish a planning committee to develop and adopt a Regional Fire Protection Service Authority Plan (plan). The plan is to provide for the design, financing, and development of fire protection services. Once adopted, the plan must be forwarded to the participating jurisdictions' governing bodies to initiate the election process. The voters may, by majority vote, approve or reject a single ballot measure that both approves the formation of the RFPSA and the plan. If the ballot measure is not approved, the planning committee may redefine the authority projects, financing plan, and ballot measure.

Upon voter approval, county election officials must certify the results. Persons may challenge the results within 30 days of the final certification by writing to the attorney general and the prosecuting attorneys of the affected counties.

When it first meets, the board of the RFPSA must adopt bylaws and operational procedures. The board must consist solely of elected officials. The board is responsible for the execution of the voter-approved plan. The board's duties include the powers to:

- Levy and impose taxes as authorized;
- Enter into intergovernmental agreements;
- Acquire, hold, or dispose of real property;
- Exercise the powers of eminent domain;
- Enforce fire codes;
- Accept grants and contributions to support the purposes of the authority;
- Monitor and audit the progress and execution of the authority's programs and projects;
- Enter into leases and contract and pay for services;
- Hire and fire personnel; and
- Exercise other duties as are reasonably necessary to carry out its purposes.

All powers, duties, and functions of a participating fire protection jurisdiction may be transferred by resolution to the RFPSA. The powers, duties, functions, and personnel shall not affect the validity of any act performed before the effective date of the resolution. Transfer does not affect existing collective bargaining agreements.

A RFPSA may allow participating jurisdictions to withdraw from the authority.

Withdrawal is authorized upon a finding of the RFPSA board that inclusion of the jurisdiction in the authority will adversely affect the jurisdiction's regular property tax levy under prorationing procedures. Withdrawal is also authorized if the area seeking to withdraw is within a city or town or fire district and the corresponding legislative authority of the city, town, or district adopts a resolution approving the withdrawal.

The financing options include benefit charges analogous to those provided for fire protection districts, and three regular property tax levies of 50 cents each for every \$1,000 of assessed property value. A simple majority vote of the voters in the RFPSA is required for the approval of the ballot measure that includes the taxes. The regular property taxing authority of the participating jurisdictions is reduced by the rate of tax that is levied by the RFPSA.

The RFPSA may issue its own debt maturing in up to 10 years, and notes maturing in up to 20 years. It may also pledge taxes of the RFPSA, by contract of up to 25 years, to pay principal and interest on bonds issued by the RFPSA. The RFPSA may incur general indebtedness and issue general obligation bonds maturing in up to 10 years to be paid by voter-approved excess property tax levies.

**Substitute Bill Compared to Original Bill:**

The substitute bill clarifies that the governing board members are elected officials from the participating jurisdictions. The governing board will review the plan every 10 years. A process for withdrawal from the RFPSA is included along with a dissolution process for participating fire districts. The bill includes a provision for forest lands that are adjacent to an RFPSA's boundary. The sales and use tax revenue option is eliminated. The bill specifies that the county treasurer is to be the treasurer of the RFPSA. It amends the current state statutes on property tax and levies to include regional fire protection service authorities.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** An RFPSA would give cities and fire districts another tool to serve the citizens of their districts. Many fire districts and local jurisdictions are currently being asked to do more, and to do it with less funding. By creating an RFPSA, cities and fire districts could join together, by a vote of the people, to serve their communities in the best possible manner. Fire districts will be able to deliver a higher level of service on a regional level. This combined regional effort will result in a more efficient system of

providing fire services. This is really an enabling piece of legislation. By giving local districts the option to join together, those districts have the ability to improve service. Because of the need for the voters to approve any regional plan, this bill does not bind any certain district into participating. This bill promotes and encourages local governments to consolidate, collaborate, and merge for more efficiency. The true value in a regional service authority is the efficiencies gained together with the value of a shared leadership.

(In support with concerns) The cities agree with the intent of the bill but have some concerns. These concerns include the following: the lack of a provision for amendments to the plan or a withdrawal process to the plan; lack of a provision to make additions to the plan; unequal representation on the governing board due to jurisdiction size; and competing taxing interests for all services which are important to cities.

**Testimony Against:** None.

**Testified:** (In support) Representative Cooper, prime sponsor; Duane Malo and Jim Broman, Washington State Association of Fire Commissioners; and Don Bivens, Fire Chief of the City of Vancouver.

(In support with concerns) Jim Justin, Association of Washington Cities.

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Local Government. Signed by 9 members: Representatives Gombosky, Chair; McIntire, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

**Staff:** Mark Matteson (786-7145).

### **Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government:**

Limits the amount of compensation that representatives of jurisdictions in the planning committee may receive. Provides that no plan may include ambulance services unless the authority is not adequately served by existing private ambulance service. Provides that the requirement to approve the taxation options in the authority's plan is in addition to other voter approval requirements in law with respect to property taxes.

**Appropriation:** None.

**Fiscal Note:** Requested March 8, 2003.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Participation in these regional authorities is completely voluntary and can't happen without a public vote. This bill allows local jurisdictions to create a cooperative plan for the development of this authority. Two or more fire service jurisdictions may create an authority to minimize bureaucracy and maximize efficiencies in providing regional services. This bill does not compel any annexations or mergers when these are not desired.

This provides another option for local governments. Two years ago, we had to run a separate bond issue from that of the City of Lacey, since we are a separate jurisdiction. It was confusing to the voters. If this regional authority had been in place, then there would have only been one bond issue over the entire service area.

We support the amendments adopted to the Senate companion. In particular, there was an issue raised by private ambulance service providers and we do not object to the proposed correction.

The City of Vancouver supports this bill. We are always looking for more ways to provide services more efficiently, and it would be helpful to have this option available.

(Concerns) We are worried about potential anti-competitiveness issues, with regard to the provision of ambulance services. We would like provisions that allow the authority to provide similar services only in the circumstance that private service providers are not adequately serving their area.

**Testimony Against:** None.

**Testified:** Gordon Walgren, and Jim Broman, Washington Fire Chiefs Association; and Mark Brown, City of Vancouver.

(Concerns) Susie Tracy, American Medical Response.