

HOUSE BILL REPORT

HB 1513

As Reported by House Committee On:
Local Government & Housing

Title: An act relating to municipal participation in financing the construction of water or sewer facilities.

Brief Description: Allowing municipalities to participate in financing the development of water or sewer facility projects.

Sponsors: Representative Haler.

Brief History:

Committee Activity:

Local Government & Housing: 2/4/09, 2/9/09 [DP].

Brief Summary of Bill

- Authorizes municipalities to participate in the financing of local water/sewer systems and to receive reimbursement pursuant to "latecomers agreements."

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: Do pass. Signed by 10 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Ericksen, Assistant Ranking Minority Member; Cox, Miloscia, Short, Springer, Upthegrove and White.

Staff: Thamas Osborn (786-7129)

Background:

A city, town, county, or water-sewer district is authorized to enter into contracts with developers and other property owners that create reimbursement procedures for the construction and/or funding of infrastructure improvements that exceed the scope or capacity necessary for a particular development or property. Such contracts may pertain to the construction or improvement by developers or property owners of either street projects or water-sewer facilities.

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.

Typically, such contracts involve situations in which a new property development necessitates the construction of additional infrastructure, and the developer agrees to provide infrastructure improvements on a scale sufficient to service the current development project as well as future development that is likely to occur in the area. In return, the contract provides that the developer will receive pro rata reimbursement from other developers or property owners who later benefit from the excess capacity provided by the infrastructure improvements. Such reimbursement agreements are limited to a period of 15 years and are often referred to as "latecomers agreements."

Although state law authorizes municipalities to enter into latecomers agreements in which developers and property owners who finance and/or build excess infrastructure are entitled to pro rata reimbursement for such infrastructure, there is no explicit legal authority for municipalities themselves to participate in the financing of excess infrastructure and thus be eligible for subsequent reimbursement from "latecomers."

Summary of Bill:

If authorized by ordinance or contract, a municipality may participate in financing the development of local water or sewer facilities development projects. A municipality that contributes to such financing is entitled to the same right to reimbursement through latecomers agreements as are developers and property owners.

If a project is jointly financed by a combination of municipal and private funding sources, each participant in such financing is entitled to pro rata reimbursement in accordance with the provisions of the latecomers agreement.

A municipality seeking reimbursement from an owner of real estate pursuant to a latecomers agreement is limited to the dollar amount authorized by such agreement and may not collect any additional reimbursement, assessment, charge, or fee related to the construction of, or connection to, the water or sewer facilities that are the subject of the agreement.

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 provides a tool that cities need in order to have the authority to participate in the financing of infrastructure development projects and be eligible for reimbursement through latecomers agreements. Current law does not provide explicit authority for such reimbursement. By providing such authority, the provisions in the bill

would serve as an incentive to cities to participate in the financing of important projects and provide assurance that they can later be reimbursed by "latecomers." Accordingly, the bill will facilitate the creation of the infrastructure needed to support growth.

(Opposed) None.

Persons Testifying: Representative Haler, prime sponsor; and Jerry Smedes, City of La Center.

Persons Signed In To Testify But Not Testifying: None.