

SENATE BILL REPORT

SHB 2409

As Reported by Senate Committee On:
Government Operations & Elections, February 22, 2010

Title: An act relating to the sale of water-sewer district real property.

Brief Description: Concerning the sale of water-sewer district real property.

Sponsors: House Committee on Local Government & Housing (originally sponsored by Representatives Simpson, Angel, Upthegrove and Moeller).

Brief History: Passed House: 2/11/10, 97-0.

Committee Activity: Government Operations & Elections: 2/22/10 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; Benton, McDermott, Pridemore and Swecker.

Staff: Karen Epps (786-7424)

Background: Water-sewer districts (districts) provide water and sewer services to incorporated and unincorporated areas. Districts are established through a petition, public hearing, and voter approval process and are each managed by a board of three or five elected commissioners who serve staggered six-year terms.

District powers include the authority to purchase, construct, maintain, and supply waterworks to furnish an ample supply of water to inhabitants within and outside of the district. Districts have full authority to regulate and control the use, content, distribution, and price of the supplied water in a manner consistent with legal provisions.

A district is prohibited from engaging in the private sale of real property if the appraised value exceeds \$2,500.

The sale of real property by a district is subject to the following requirements:

- subject to specified exceptions, the sale price must be at least 90 percent of the property's appraised value;

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- the district must obtain a written appraisal not more than six months prior to the date of sale;
- the appraisal must be made by three disinterested, licensed real estate brokers or professionally designated real estate appraisers;
- the appraisal must be signed, filed, and made available to the public in accordance with specified requirements; and
- notice of a district's intention to sell the property must state the appraised value.

Summary of Bill: A district may engage in the private sale of real property provided the estimated value is \$5,000 or less. In conducting such a sale, a district's board of commissioners (board) is authorized to determine the estimated value based upon the advice of brokers and appraisers, as the board deems appropriate. Formal written appraisals are not required.

The sale price must be determined through a formal property valuation process if the estimated value of the sale property exceeds \$5,000. This process must include either a written broker price opinion from three real estate brokers or an appraisal by one professionally designated real estate appraiser.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This is an enabling bill to allow districts that have surplus or unneeded property, mainly easement strips that are ten feet wide, to be able to sell these without having to go through the formal process that is reserved for larger parcels. This would put these properties back on the tax rolls. With the current process, it is almost impossible to cost effectively liquidate these properties.

Persons Testifying: PRO: Joe Daniels, Washington Association of Water and Sewer Districts.