

# SENATE BILL REPORT

## SHB 2990

---

---

As of February 19, 2010

**Title:** An act relating to alternative city assumption and tax authority provisions pertaining to water-sewer districts.

**Brief Description:** Addressing alternative city assumption and tax authority provisions pertaining to water-sewer districts.

**Sponsors:** House Committee on Local Government & Housing (originally sponsored by Representatives Pettigrew, Santos, Simpson and Kenney).

**Brief History:** Passed House: 2/15/10, 60-38.

**Committee Activity:** Government Operations & Elections: 2/22/10.

---

### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**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.

**Summary of Bill:** A city may impose a tax upon the gross revenues of a water-sewer system operating within its boundaries that are derived from services the district provides within the city. The district may include the cost of the tax in the rates or charges imposed on city residents receiving services from the district. This must be done through an interlocal agreement between the city and the district, identifying that the district will collect the tax as a pass through entity with revenues submitted to the city. The interlocal agreement may include provisions addressing the assumption of the district by the city and the expenditure of the tax revenues within those areas of the city encompassed by the district.

---

*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.*

A city that imposes a tax on the gross revenues of a district derived from the district's sale of services within the city, and which adopts a resolution to assume all or part of the district, is required to complete a feasibility study regarding the assumption. This feasibility study must comply with specified criteria and procedural requirements, including:

- the study must be jointly and equally funded by the city and the district through a mutually-agreed-upon contract with a qualified, independent consultant with expertise involving public water and sewer systems;
- the study must address specified issues agreed upon by the city and the district, including, but not limited to, functional and operational impacts, financial consequences, and water rights;
- the study must be completed within six months of the passage of the resolution proposing the assumption;
- the findings of the study must be presented as a public record and made available to the registered voters of the district; and
- the findings of the study must be made available to the voters prior to a vote on the proposed assumption.

A feasibility study is not necessary if the board of commissioners of the water-sewer district consents to the assumption of jurisdiction by the city.

A city imposing a tax on the services provided to city residents by a district may not assume jurisdiction over all or part of the district absent the approval of the voters residing within the district. For an assumption to take place, a ballot measure proposing such assumption must be approved by a majority of those district residents voting on the proposition.

The act applies only to those cities meeting specified population requirements and which are located in a county with a population of at least 1.5 million. The act expires on January 1, 2015.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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