

HOUSE BILL REPORT

HB 1179

As Reported by House Committee On:
Local Government

Title: An act relating to the lien for collection of sewer utility charges by counties.

Brief Description: Revising the lien for collection of sewer charges by counties.

Sponsors: Representatives Morrell, Sawyer, Zeiger, Takko and Ryu.

Brief History:

Committee Activity:

Local Government: 1/25/13, 1/31/13 [DP].

Brief Summary of Bill

- Provides counties operating sewerage and/or water systems with an alternative sewerage lien procedure for delinquent sewer utility charges by authorizing counties to use lien attachment and enforcement procedures currently available to cities and towns.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 8 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Taylor, Ranking Minority Member; Kochmar, Assistant Ranking Minority Member; Buys, Liias, Springer and Upthegrove.

Staff: Michaela Murdock (786-7289).

Background:

County Liens for Delinquent Sewer and Water Bills.

All counties operating sewerage and/or water systems must have a lien for all delinquent charges on properties for which sewer or water services were available. The lien is for all delinquent charges, interest, and penalties. The county department charged with the administration of county sewerage and/or water systems (department) must report delinquent charges to the county auditor periodically. The lien attaches to the property at the time the department reports the charges.

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.

Sixty days after attachment of the lien, the county may bring suit to foreclose the lien. Costs associated with bringing suit must be added to the lien at that time. Liens for delinquent charges are foreclosed in the same manner as real property tax liens.

City and Town Liens for Delinquent Sewer and Water Bills.

Cities or towns that own their own sewer and water systems must have a lien for delinquent charges against properties to which sewer and water service was furnished or is available. The lien must include all delinquent and unpaid rates and charges, and may include interest.

Without any writing or recording, a city or town sewerage lien is effective for not more than six months' delinquent charges. To make such a lien effective for more than six months' delinquent charges, the applicable city or town administrator must file with the county auditor a sewerage lien notice. The form of the sewerage lien notice, which is prescribed by law, includes provisions that set out the legal description of the premises, the dollar amount claimed for not more than six months' delinquent charges and interest, and that future sewerage charges against the property are also claimed.

The lien must be recorded in the manner required for mechanics' liens, which requires that the county auditor record the notice of claim of lien in the same manner as deeds and other instruments of title.

By resolution or ordinance, any city or town may provide that, without any writing or recording, a sewerage lien is effective for not more than one year's delinquent service charges.

As an additional means of enforcing sewerage liens, cities and towns may provide by ordinance for enforcement of the lien by cutting off water service from the property to which service was furnished and charges are delinquent and unpaid. Service may be cut off until the charges are paid.

Summary of Bill:

In addition to all delinquent charges, interest, and penalties, county sewer and water liens must include lien recording and release fees.

An alternate procedure for attachment of county sewer and water liens is authorized. In lieu of the current procedure in which county sewer and water departments periodically report delinquent charges to county auditors, counties may adopt the procedure used by cities and towns:

- for not more than six months' delinquent charges, no writing or recording is required; however, the county may provide by ordinance that no writing or recording is required for not more than one year's delinquent charges; and
- for more than six months' delinquent charges, the county administrator must file for recording a sewerage lien notice with the county auditor.

Additionally, the county may provide by ordinance for enforcement of the lien by cutting off water service from the property to which service was furnished and charges are delinquent and unpaid.

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 will give counties the same tools that are currently available to cities and towns with respect to lien procedures for delinquent and outstanding water and sewer bills. Counties are crunched right now to record within a two-month window, while cities have six months.

The first priority for counties when people get behind in their bills is to work with them to get them caught up. Enlarging the window of time that counties have to record a lien will give them more time to work out payment arrangements with customers before recording the lien and adding additional fees to the customers' bills.

This bill will save people and counties money. In many counties, there is a burdensome administrative cost associated with recording water and sewer liens. Counties must pay a recording fee to record liens, and such fees are then added to outstanding bills. This makes it challenging for people to get caught up. Outstanding bills are on the rise, for example, in Spokane, which has seen outstanding sewer bills increase from \$1.5 million to \$4 million as a result of customers struggling to pay. Stretching out the window within which counties must record liens will help avoid some of those administrative costs.

(Opposed) None.

Persons Testifying: Representative Morrell, prime sponsor; Brynn Brady, Pierce County Government Relations; and Todd Mielke, Spokane County.

Persons Signed In To Testify But Not Testifying: None.