

# SENATE BILL REPORT

## SHB 2433

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As of February 25, 2014

**Title:** An act relating to notification by a city or town to light and power businesses and gas distribution businesses of annexed areas and affected properties.

**Brief Description:** Requiring a city or town to notify light and power businesses and gas distribution businesses of annexed areas and affected properties.

**Sponsors:** House Committee on Local Government (originally sponsored by Representatives Habib and Ryu).

**Brief History:** Passed House: 2/12/14, 97-0.

**Committee Activity:** Governmental Operations: 2/25/14.

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### SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

**Staff:** Karen Epps (786-7424)

**Background:** While code cities, cities, and towns have separate statutory provisions for classifications, governance, and operation, the annexation methods they may employ are largely similar. Code cities, cities, and towns may annex unincorporated areas through several alternative methods, including election methods, direct petition methods, and interlocal agreement methods. Each method of annexation must follow specified processes set forth in statute.

Currently a code city, city, or town is required to provide notification, by certified mail, of the annexed parcel numbers to the county treasurer and assessor, and to the fire district and library district, at least 30 days before the effective date of the annexation. The county treasurer must remit the annexing code city, city, or town those road taxes, fire district taxes, and library district taxes collected 30 days or more after receipt of the notification of annexation.

**Summary of Bill:** In addition to providing notice to the county treasurer and assessor, an annexing code city, city, or town must provide notification to light and power businesses and gas distribution businesses. Notification must include the street address and may be by electronic means, a term defined to mean an electronic format agreed to by the sender and recipient that conveys all applicable information. Notification must be provided to the recipients at least 60 days before the effective date of the annexation.

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The county treasurer is only required to remit to the annexing city or town those road taxes, fire district taxes, and library districts taxes collected 60 or more days, rather than 30 or more days, after receipt of the annexation notification. Additionally, light and power businesses and gas distribution businesses are only required to remit to an annexing city or town those utility taxes collected 60 or more days after receipt of the notification.

In the event of an error or accidental omission by a code city, city, or town in the transmitted annexation notice, the code city, city, or town may correct the notice by providing an amended notice to the county treasurer and assessor, the light and power businesses, the gas distribution businesses, and to the fire district and library district, as appropriate. The recipient of the amended notice is only required to remit applicable taxes to the code city, city, or town, in accordance with the corrected information, 60 days after its receipt of the amended notice.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**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 bill solves the problem that exists after a city annexes an unincorporated area and the utility has to remit the utility taxes on those parcels but has not received notice of the annexation. This is a very important bill for regulated utilities in the state. Puget Sound Energy has 1.1 million electric customers and 760,000 gas customers in the state. Those customers are spread out of 6000 miles spanning ten counties. Within the service area, there are 107 municipalities that impose a tax on utility services. Those boundaries keep changing because of annexations. This bill would require the city or town to provide utilities with notice, similar to what cities and towns are required to do for fire districts and library districts. This notice will improve the accuracy of the utility's customer records and assist with the administration of municipal taxes.

**Persons Testifying:** PRO: Representative Habib, prime sponsor; Bob Jones, Puget Sound Energy.