
Local Government Committee

HB 1368

Brief Description: Removing disincentives to the voluntary formation of regional fire protection service authorities by equalizing certain provisions with existing laws governing fire protection districts and by clarifying the formation process.

Sponsors: Representatives Reykdal, Stokesbary, Van De Wege and Springer.

Brief Summary of Bill

- Allows regional fire protection service authorities (RFAs) to continue imposing benefit charges with a ballot measure approved by a majority, rather than 60 percent, of the voters voting on the measure.
- Establishes financial protections for RFAs by allowing up to \$0.25 cents (per \$1,000 of assessed value) of an RFAs levy to be exempted from prorationing requirements, and by extending future levy capacity protection provisions to RFAs that impose benefit charges.

Hearing Date: 1/29/15

Staff: Ethan Moreno (786-7386).

Background:

Regional Fire Protection Service Authorities.

In 2004 the Legislature authorized the creation of regional fire protection service authorities (RFAs) as separate taxing districts charged with providing regional fire protection and emergency services within their jurisdictional boundaries. An RFA is formed when elected officials from two or more adjacent fire protection jurisdictions develop a plan for the creation, financing, operation, and governance of an RFA that is subsequently approved by voters. If a fire protection jurisdiction participates in the formation or operation of an RFA, it qualifies as a "participating fire protection jurisdiction" under RFA-established definitions.

Imposition of Benefit 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.

An RFA may impose property taxes, benefit charges, or both. Imposed benefit charges are on personal property and improvements to real property within the RFA. The benefit charges must be paid by the property owners and must be reasonably proportioned to the measurable benefits to property resulting from the services afforded by the RFA. The initial imposition or reauthorization of benefit charges requires approval by 60 percent of the voters voting on the ballot measure.

Certain limitations and requirements associated with the imposition of benefit charges are specified in statute. For example, benefit charges may be imposed for a maximum term of six years, although consecutive terms are permitted. Also, the aggregate amount of benefit charges in any one year may not exceed an amount equaling 60 percent of the operating budget for the year in which the benefit charge is to be collected. An RFA that imposes a benefit charge is barred from imposing 50 cents of the total property tax levy of \$1.50 per \$1,000 dollars of assessed valuation that an RFA may otherwise impose through resolutions of its governing body. Additionally, in accordance with specified requirements, the governing body of an RFA must hold a public hearing on its proposal to impose benefit charges. The public hearing must be held before the election at which the proposition to impose benefit charges is to be decided.

Property Tax Rate Limits, Prorationing, and Protection from Prorationing Requirements.

The Washington Constitution limits regular property tax levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value). Voters within a taxing district can vote to tax themselves higher than this 1 percent limit with an excess levy.

The Legislature has established individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example:

- the state levy rate is limited to \$3.60 per \$1,000 of assessed value;
- county general levies are limited to \$1.80 per \$1,000 of assessed value;
- county road levies are limited to \$2.25 per \$1,000 of assessed value; and
- city levies are limited to \$3.375 per \$1,000 of assessed value.

For property tax purposes, the state, and counties and cities, with respect to the levies listed above, are collectively referred to as "senior taxing districts."

"Junior taxing districts," a term that includes fire, hospital, and most other special purpose districts, also have specific statutory rate limits. The tax rates for senior districts and most junior districts, excluding the state, must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value. If the \$5.90 limit is exceeded, statute establishes the sequential order in which the levies of various junior taxing district levies must be proportionally reduced or eliminated (a process referred to as prorationing) to conform to the \$5.90 limit. Fire districts are listed late in the order of prorationing, so they are among the last of the junior taxing districts subject to mandatory levy reductions.

Some regular property tax levies, including levies for port districts, emergency medical services, and criminal justice purposes, are not subject to the \$5.90 aggregate rate limit. These levies have protections from general prorationing requirements and exist within the 50 cent "gap" that remains after subtracting the \$3.60 state levy and the \$5.90 in local regular levies from the constitutional \$10 limit per \$1,000 of assessed value. Under current law, fire protection districts,

but not RFAs, may protect up to 25 cents per \$1,000 of assessed value levy authority through exceptions to general prorationing requirements.

Protection of Future Levy Capacities.

The regular property tax levy for fire and other districts may be set at the amount which would be allowed otherwise if the property tax levy for the district had been set at the full amount authorized by law, including any fire protection district levy that would have been imposed but for provisions barring the imposition of the levy because of the imposition of a benefit charge.

The expressly stated purpose of these levy protection provisions is to:

- remove the incentive for a taxing district to maintain its levy at the maximum level; and
- protect the future levy capacity of a district that reduces its levy below the level that it otherwise could impose by removing the adverse consequences to future levy capacities resulting from levy reductions.

Summary of Bill:

Continued Imposition of Benefit Charges - Approval by Simple Majority.

The continued imposition of benefit charges of a regional fire protection service authority (RFA) must be approved by a majority, rather than 60 percent, of the voters of the RFA voting at a general election or special election called for that purpose.

Financial Protections - Prorationing Exemption and Future Levy Capacity.

An RFA may protect up to 25 cents per \$1,000 of assessed value levy authority through an exception to general prorationing requirements. Additionally, future levy capacity protections are extended to RFAs that impose benefit charges so that the levy of an RFA may be set at the amount which would otherwise be allowed if the property tax levy for the RFA had been set at the full amount authorized by law, including any levy that would have been imposed but for provisions barring the imposition of the levy because of an imposed benefit charge.

Public Hearing Provision and Definition Change for "Participating Fire Protection Jurisdiction."

The public hearing required before an election authorizing the imposition of benefit charges by an RFA may be conducted by an RFA planning committee, rather than only by the governing board of an RFA, if the benefit charge is proposed as part of the initial formation of the RFA. The definition of "participating fire protection jurisdiction" established in RFA provisions is modified to specify that the term can include an RFA.

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.