

SENATE BILL REPORT

SB 5906

As of February 17, 2015

Title: An act relating to 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.

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: Senator McAuliffe.

Brief History:

Committee Activity: Government Operations & Security: 2/16/15.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Staff: Karen Epps (786-7424)

Background: Creation of a Regional Fire Protection Service Authority (RFA). An RFA may be created for the purpose of conducting specified fire protection functions at a regional level. An RFA may be created by the merger of two or more adjacent fire protection jurisdictions including fire protection districts, cities, port districts, and Indian tribes. An RFA may also be created by a vote of the people that approves an RFA plan (plan), and the creation of the RFA, as a single ballot measure.

The plan is created by a planning committee composed of three elected officials appointed by the governing bodies of each of the participating fire protection districts and departments. The plan must provide for the design, financing, and development of fire protection and emergency services. The planning committee must also recommend statutorily authorized sources of revenue and a financing plan for funding selected fire protection and emergency services and projects. The planning committee may receive state funding or county funding to provide for start-up funding to pay for salaries, expenses, overhead, supplies, and other similar expenses. Upon creation of an RFA, the state or the county must be reimbursed for these start-up costs within one year.

Once the plan is adopted, it is forwarded to the participating jurisdictions to initiate the election process. The required margin for voter approval depends on the revenue sources

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proposed by the plan. If the plan does not authorize benefit charges or 60 percent voter-approved taxes, the ballot measure must be approved by a simple majority. If however, the plan authorizes the authority to impose benefit charges or 60 percent voter-approved taxes, the ballot measure must be approved by 60 percent of the voters.

Benefit Charges. A benefit charge is a type of assessment imposed upon a property owner based upon the measurable benefits to be received by the property owner by RFAs. An RFA may use this funding approach as a means for apportioning the real costs of service to an individual property in a manner that reflects the actual benefits provided to that property. The initial imposition or continued imposition of a benefit charge is subject to voter approval by a 60 percent majority of the voters living within the jurisdiction of the RFA. Subject to such voter approval, an RFA has the option of imposing benefit charges in lieu of a portion of the property tax it is otherwise authorized to impose.

Property Tax Rate Limits and Prorationing. 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. For property tax purposes, the state, and counties and cities generally have rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. 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 taxing districts – the state, counties, and cities – and most junior taxing districts 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. Under current law, fire protection districts, but not RFAs, may protect up to \$0.25 per \$1,000 of assessed value levy authority through exceptions to general prorationing requirements.

Summary of Bill: **Benefit Charges.** The continued imposition of a benefit charge is subject to voter approval by a simple majority of the voters living within the jurisdiction of the RFA.

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.

Prorationing. An RFA may protect up to \$0.25 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.

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 creates equity between fire districts and the RFAs. RFAs save money, improve efficiencies, and reduce voter taxes. Fire districts have prorationing protections and need only majority approval for continuing a benefit charge. This bill extends that same opportunity to RFAs, which equalizes the playing field for RFAs and fire districts. This bill also provides authority for RFAs to merge together. This will sustain fire services and will bring equity and efficiencies for the protection of citizens. The concept of RFAs promote the economies of scale. This bill will allow an RFA to renew the imposition of a benefit charge with a simple majority. This bill will allow two RFAs to come together to form a single RFA. There is a technical amendment being offered by the Washington Fire Chiefs. This bill removes barriers and creates equity between fire districts and RFAs. This bill is important so that fire districts are not punished when trying to move to a regional model.

Persons Testifying: PRO: Senator McAuliffe, prime sponsor; Eric Robertson, Valley Regional Fire Authority; Dylan Doty, WA Fire Chiefs.