
Local Government Committee

HB 1326

Brief Description: Waiving municipal utility connection charges for certain properties.

Sponsors: Representatives Cortes, Chopp, Berry, Duerr, Farivar, Morgan, Peterson, Ramel, Ryu, Senn, Simmons, Walen, Mena, Reed, Doglio, Pollet, Springer and Macri.

Brief Summary of Bill

- Authorizes municipal utilities to establish a program to waive connection charges for properties used by entities as an emergency shelter, transitional housing, permanent supportive housing, or affordable housing.
- Provides that, when a property that received a waiver is no longer being used by such an entity, any waived connection charges become immediately due and payable as a condition of continued service.

Hearing Date: 1/24/23

Staff: Kellen Wright (786-7134).

Background:

Municipal Utilities.

Cities and towns (cities) are authorized to acquire and operate waterworks for the provision of water to the city. The city may charge for the use of its water, but any rates that the city charges must be uniform for the same class of customers or service. The rates charged to a class must be at least the cost of the water and service.

Cities are also authorized to acquire and operate sewage, including facilities for both stormwater and sewage, and solid waste handling facilities. Rates for these services also have to be uniform

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for the same class of customers or service.

In setting classifications for water or sewage, the city can consider differences in the cost of services to customers and in maintenance and operation of the system, the location of the customers, the character of the service provided, the quantity or quality of the service supplied and the time of its use, and any other reasonable grounds for distinction. For water user classifications, cities can also consider water conservation goals and discouraging wasteful water practices, while sewerage use classifications can take into account the user's public benefit nonprofit status.

Aside from the rates that cities can charge for the use of water and sewage services, cities can also charge connection fees. These are fees charged to property owners as a condition of being able to connect to the water or sewer system. These can represent both the cost of the connection itself and a reasonable charge to ensure that the connecting property owners bear an equitable share of the cost of the system. This equitable share may include interest charges from the date of construction of the system until its connection, or up to 10 years, whichever is less. The interest rate charged may be the same interest rate that was applicable to the city at the time of the construction or of a major rehabilitation of the water system, up to 10 percent per year, though the aggregate interest imposed cannot exceed the equitable share of the cost of the system allocated to the connecting users.

Cities can also acquire and operate gas and electrical utilities, and charge for the provision of those services. Cities often charge service connection fees to connect properties to these utilities.

Cities are authorized to provide assistance to people with low income in connection with these water, sewer, solid waste, gas, and electric services (municipal utilities). Cities may waive or delay connection fees related to municipal utilities for people with low income under a program established by an ordinance. Cities may also waive electricity or gas connection charges for people with low income who purchase their property from a nonprofit organization. Waivers for the same class of electric or gas service must be uniformly applied to all qualified properties.

Housing.

A facility provides emergency shelter if its sole purpose is to provide temporary shelter to the homeless, does not require a lease or occupancy agreement, and is funded in whole or in part by the State or a local government.

Housing is affordable if the monthly costs for the housing, including nontelephone utilities, do not exceed 30 percent of the monthly income of a household with income of:

- 60 percent of the median income of the county in which the household is located for rental housing; and
- 80 percent of the median income of the county in which the household is located for owner-occupied housing.

Permanent supportive housing is subsidized, leased housing with no limit on length of stay that

prioritizes people at risk of, or currently experiencing, homelessness and who need support services to retain tenancy. It uses lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, and is paired with support services for disabling behavioral health or physical health conditions.

Transitional housing provides housing and supportive services to homeless persons or families for up to two years, with the goal of moving homeless persons and families into independent living.

Summary of Bill:

Municipal utilities are authorized to establish, by ordinance, a program to waive connection charges for properties used by a nonprofit organization, housing authority, local agency, or any other entity that provides emergency shelter, transitional housing, permanent supportive housing, or affordable housing. If a property that received a waiver is no longer being used by such an entity, any waived connection charges become immediately due and payable as a condition of continued service.

Appropriation: None.

Fiscal Note: Requested on January 23, 2023.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.