

SENATE BILL REPORT

SB 6096

As Reported by Senate Committee On:
Housing, February 4, 2026

Title: An act relating to delayed utility connection fees for residential construction.

Brief Description: Concerning delayed utility connection fees for residential construction. [
Revised for 1st Substitute:]

Sponsors: Senators Goehner, Bateman and Nobles.

Brief History:

Committee Activity: Housing: 1/23/26, 2/04/26 [DPS].

Brief Summary of First Substitute Bill

- Requires cities and counties to, by 2030, adopt and maintain a system for the deferred collection of water and sewer utility connection charges for single-family detached, single-family attached, and multifamily residential construction.

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 6096 be substituted therefor, and the substitute bill do pass.

Signed by Senators Bateman, Chair; Alvarado, Vice Chair; Goehner, Ranking Member; Gildon, Orwall, Salomon and Trudeau.

Staff: Benjamin Omdal (786-7442)

Background: Cities and towns are authorized to construct and operate waterworks to provide water for the city and its inhabitants. The city or town may charge for the use of its water, but the rates must be uniform for the same class of customers or service and cannot be less than the cost of the water and service.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Cities and towns are also authorized to construct and operate sewage facilities, including facilities for both stormwater and sewage, and solid waste handling facilities. Rates for these services also have to be uniform for the same class of customers or service.

Cities and towns can charge connection fees to property owners seeking to connect to the water or sewerage system as a condition to connecting to the system. In addition to the cost of connection, the legislative body of the city or town must determine a reasonable charge so that the property owners bear their equitable share of the cost of the system.

The equitable share may include interest charges from the date of construction of the system until its connection, or up to ten years, whichever is less. The interest rate charged may be the same interest rate that was applicable to the city or town 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.

Municipal utilities may waive connection charges for properties owned or developed by, or on the behalf of, a nonprofit organization, housing authority, or local agency that provides emergency shelter, transitional housing, permanent supportive housing, or affordable housing. Except for limited circumstances, waived connection charges must be funded using general funds, grant dollars, or other identified revenue stream. If a property that received a waiver is no longer eligible for a waiver, any waived connection charges become immediately due and payable as a condition of continued service.

In a county east of the crest of the Cascade Mountains with a population of greater than 500,000, the waiver of connection charges may be allowed without an explicit requirement to pay the exempted connection charges from general funds, grant dollars, or other identified revenue stream if the waiver of charges is conditioned upon requiring the developer to record a covenant that prohibits using the property for any purpose other than emergency shelter, transitional housing, permanent supportive housing, or affordable housing.

Summary of Bill (First Substitute): Cities and towns collecting water or sewer connection charges must, by 2030, adopt and maintain a system for the deferred collection of connection charges for single-family detached, single-family attached, and multifamily—qualifying—residential construction. The deferral system must include a process by which an applicant for a building permit for a qualifying residence may request a deferral of the full payment of connection charges.

The deferral system offered by a city or town must include one or more of the following options:

- deferring collection of the connection charges payments until final inspection; or
- deferring collection of the connection charges payments until certificate of occupancy

or equivalent certification.

Cities and towns utilizing the deferral process must withhold certification of final inspection, certificate of occupancy, or equivalent certification until the connection charges have been paid in full.

For the purposes of the bill, connection charges are defined as the one-time capital and administrative charges that are imposed by a utility for physical connection to existing infrastructure for a single-family detached, single-family attached, or multifamily residence.

The deferral system requirements under the act do not apply to cities and towns that have implemented a system for the deferred collection of connection charges as of the effective date of the act.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

- Specifies that a deferral option must be for the collection of the connection charge, as opposed to deferral of the impact fee payment.
- Modifies the definition of connection charge to mean the one-time capital and administrative charges imposed by a utility for physical connection to existing infrastructure, rather than for a new utility service and costs borne or assessed by a utility for the labor, materials, and services necessary to physically connect a designated residence to the respective utility service.
- Limits the deferral system requirements under the act to cities and towns that have not implemented such a system by the effective date of the act.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill addresses affordability by forcing builders to finance their impact fee up front, as opposed to the point where they are getting their final inspection. Cities and towns are still able to collect connection fees. We need to be looking at every option for encouraging development. The bill will free up capital for smaller builders and hopefully bring down the cost of bringing homes to market. Deferring connection charges helps address up-front costs, a major burden to construction.

CON: The bill puts financial risk onto water and sewer districts. Under the bill, districts will be forced to pay the for system upgrades and infrastructure up front, shifting the cost to

ratepayers. Connection charges are some communities main source of funding for infrastructure expansion, expansion that is often required by the state Growth Management Act.

OTHER: Investments are made with connection fees that are used for system development for the specific project in question. If the project does not work out, cities may be on the hook for development costs.

Persons Testifying: PRO: Senator Keith Goehner, Prime Sponsor; Andrea Smiley, Building Industry Association of Washington; Ken Short, AWB.

CON: Maria Serra, Public Works Director at the City of Pasco; Devin Gombosky, Washington Association of Sewer and Water Districts.

OTHER: Carl Schroeder, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: No one.