

HOUSE BILL REPORT

HB 2615

As Reported by House Committee On:

Local Government
Ways & Means

Title: An act relating to benefit charges for the enhancement of fire protection services.

Brief Description: Authorizing benefit charges for the enhancement of fire protection services.

Sponsors: Representatives Goodman and Kagi.

Brief History:

Committee Activity:

Local Government: 1/25/12, 1/31/12 [DPS];
Ways & Means: 2/6/12, 2/7/12 [DPS(LG)].

Brief Summary of Substitute Bill

- Authorizes a city or town to fix and impose a benefit charge for fire protection services if the city or town is annexing, or has annexed since 2006, all or part of a fire protection district.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.

Signed by 8 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Angel, Ranking Minority Member; Asay, Assistant Ranking Minority Member; Rodne, Springer, Tharinger and Upthegrove.

Minority Report: Do not pass. Signed by 1 member: Representative Smith.

Staff: Kelly Pfundheller (786-7289).

Background:

State law authorizes the creation of several types of fire protection and emergency service providers in order to address the varying needs of cities, towns, and counties as determined by demographic factors, geography, and other regional differences. The primary types of fire

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protection services include: city and town fire departments; fire protection districts (districts); regional fire protection service authorities (authorities); and port district fire departments.

Each type of fire protection service provider operates within a specified jurisdiction and each has the authority to tax residents to finance services. In addition, fire protection service providers are authorized to enter into interlocal agreements in order to provide mutual aid outside of customary jurisdictional boundaries.

Fire Protection Districts. Districts provide fire prevention, fire suppression, and emergency medical services within a district's boundaries, which can include both incorporated and unincorporated areas. Generally, districts serve residents outside of cities or towns, except when cities and towns have been annexed into a district or when the district continues to provide service to a newly incorporated area. The districts finance their activities and facilities by imposing: regular property taxes, excess voter-approved property tax levies, or benefit charges.

Annexation of Territory Served by a Fire Protection District. Cities and towns are authorized to annex unincorporated areas, including areas served by districts, through multiple methods. While code and non-code cities and towns have separate statutory requirements for governance and operation, the annexation methods employed are generally similar. There are numerous methods of annexation available, including: a resolution/election method, a petition/election method, two direct petition methods, a resolution only method, and an ordinance method. Also, an annexation by a city or town that is proposing to annex territory served by a district may be accomplished by ordinance after entering into an interlocal agreement with the county and the district. Each method of annexation must follow specified processes.

Requirements and procedures for transferring employees and assets of an annexed district to the city or town are provided in statute. In practice, a city or town's fire department serves the annexed areas or the city or town may contract for services with another fire protection service provider.

Benefit Charges. A benefit charge is a type of assessment used by districts and regional fire protection service authorities. A benefit charge is not based on the value of real property, but is instead linked to other factors such as insurance savings or the distance from fire service facilities. A district or authority 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 imposition of a benefit charge is subject to voter approval by a 60 percent majority of the voters living within the jurisdiction of the district or authority. Subject to such voter approval, a district or authority has the option of imposing benefit charges in lieu of a portion of the property tax it is otherwise authorized to impose.

Cities and towns are not currently authorized to impose benefit charges as a method for financing fire protection services.

Summary of Substitute Bill:

For the purposes of enhancing fire protection services, a city or town may fix and impose a benefit charge on personal property and improvements to real property located in the city or town if the city or town is conducting an annexation of, or has annexed since 2006, all or part of a district.

A benefit charge must be reasonably proportioned to the measurable benefits to property resulting from the enhancement of services afforded by the city or town. A benefit charge is linked to certain factors, including insurance savings or the distance from fire service facilities. The resolution establishing the benefit charge must specify, by legal geographical area or other specific designations, the charge to apply to each property by location, type, or other designation in order to properly calculate the charge to each property owner.

The imposition of a benefit charge is subject to voter approval by a 60 percent majority of the voters living within the jurisdiction of the city or town. The amount of a benefit charge is limited to a percentage of the fire department's operating budget, not to exceed 60 percent, which is specified in the ballot measure put before the voters. The election must be held not more than one year prior to the date on which the first charge is to be assessed. A benefit charge may not remain in effect for a period of more than six years or more than the number of years authorized by the voters, if fewer than six years, unless subsequently reapproved by the voters.

Procedures and deadlines for notice of and public hearings on a proposed benefit charge are established. Procedures and deadlines for annual review of benefit charges are also established.

Exemptions from the benefit charge are set forth, which include: property used for religious purposes by a recognized religious organization, including educational facilities; property used by housing authorities and other nonprofit organizations that provide rental housing to very low-income households; and property which maintains its own fire department. Certain persons receiving tax exemptions and persons with income limitations are exempt from a specified percentage of the benefit charge.

Substitute Bill Compared to Original Bill:

The substitute bill specifies that a benefit charge is based on the fire department's operating budget, not a city or town's general operating budget. Voters may authorize a benefit charge not to exceed a certain percentage of the budget, which must be less than or equal to 60 percent.

The substitute bill exempts housing authorities and nonprofit organizations that provide rental housing to very low-income households from paying a benefit charge imposed by a city or town.

All references to the authority of a city or town to impose property taxes are removed.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Kirkland recently annexed a very large area, which included areas previously served by a district. By annexing territory, the city did not gain any of the designated fire revenues, and it cannot find a way to replace those revenues through reorganizing. The bill allows the city to generate revenue for fire services by asking the voters to pay a benefit charge. Notably, the revenue may only be used for the enhancement of fire protection services, not for general maintenance. The benefit charge requires a 60 percent vote and expires after six years. This will be a helpful tool to cities that require additional revenue to finance the enhancement of fire services after annexing territory.

(In support with amendment) The bill should be amended to exempt housing authorities from a benefit charge imposed by a city or town.

(In support with concerns) While the overall policy makes sense, there are several issues with the bill. When a district imposes a benefit charge, the district offsets it by reducing property taxes. It is also assumed that a benefit charge will result in later reductions in fire risks and losses. However, it is unclear if extending this funding model to cities and towns would result in the same benefits. There are also concerns regarding the retroactive nature of the bill. There is an ongoing dispute as to whether a city has rights to benefit charge revenues collected by a district during a transition period. In general, the bill does not help districts or encourage mutual aid agreements between service areas.

(Opposed) None.

Persons Testifying: (In support) Representative Goodman, prime sponsor; and Kurt Triplett, City of Kirkland.

(In support with amendment) Jessica Fortescue, Association of Washington Housing Authorities.

(In support with concerns) Mark Chubb, Woodinville Fire and Rescue.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill by Committee on Local Government be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Carlyle, Cody, Dickerson, Haigh, Hudgins, Hunt, Kagi, Kenney, Ormsby, Pettigrew, Seaquist, Springer and Sullivan.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler, Haler, Hinkle, Parker, Ross, Schmick and Wilcox.

Staff: Jeff Olsen (786-7175).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Local Government:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is a helpful tool for cities and it allows citizens to decide if they would like more fire service. Kirkland has recently annexed areas and just before the annex was complete, a fire station closed. This impacted fire service and response times. The goal is to have a tool to allow a benefit charge to be assessed in a particular geographic area to improve response times.

(Opposed) None.

Persons Testifying: Dave Asher, City of Kirkland.

Persons Signed In To Testify But Not Testifying: None.