

June 30, 2010

2010 Legislative Updates

SHB 2962: Relating to allowing county treasurers to use electronic bill presentment and payment that includes an automatic electronic payment option for property taxes. (RCW 84.56.020)

What the bill does: Treasurers may offer a service in which electronic payments can be made to pay property taxes, assessments, fees, rates, and charges.

Electronic bill presentment and payment refers to invoices or bills that are created, delivered, and paid using the internet. It also refers to an automatic electronic payment from a person's checking account, debit account, or credit card.

The use of bill presentment and payment is optional for both the county treasurers and taxpayers. If the county treasurer offers this service, the taxpayer and treasurer must sign an agreement that may include provisions for a prepayment collection charge before an electronic billing is made. Electronic bill presentment and payment may be on a monthly or other periodic basis as the treasurer deems proper for repayment. All prepayments must be paid in full by the applicable due dates, April 30 or October 31.

The treasurer must pay any collection costs, investment earnings, or both on prepayments to the credit of a county treasurer service fund account that must be created and used only for the expenses incurred by the treasurer, without limitation, in administering the system for collecting prepayments.

This bill is effective as of June 10, 2010.

ESSB 6241: Relating to creating community facility districts.

What the bill does: Community facility districts (CFDs) are designed to provide voluntary financing for community facilities and local, sub regional, and regional infrastructure. All landowners within the district must sign the petition creating the district and authorizing the district to impose a special assessment charge. The petition must explain the object and plan of the district, specific facilities to be financed, list of potential members of the board of supervisors, and be accompanied by an obligation to pay the costs of formation.

CFDs may only include land within urban growth areas designated under the state Growth Management Act. A district may include one or more noncontiguous tracts, lots, parcels, or other properties.

The board of supervisors may impose a special assessment on the property located within the taxing district. The facilities and/or improvements financed with this special assessment are not required to be located within the district. The term of the special assessment is limited to the lesser of 28 years or two years less than the term of any bonds issued on behalf of the district to which the assessment of the district is specifically dedicated to. The special assessment calculations must follow the guidelines in chapter 35.44 RCW, Local improvements-assessments and reassessments.

If the CFD includes land that is entirely within a county and the land is not surrounded entirely by a city or town, the treasurer of that county is the treasurer of the district. If the CFD is located entirely within one county and the district is entirely surrounded by a city or town, or, if the CFD is located in more than one county, then the board of supervisors may, with the concurrence of the treasurers of all the counties, appoint the treasurer of any of those counties to serve as the district treasurer.

This bill is effective as of June 10, 2010.

SSB 6271: Relating to annexations by cities and code cities located within the boundaries of a Regional Transit Authority (RTA).

What the bill does: When an area outside of a regional transit authority is annexed to a city or code city located within the boundaries of an RTA, the annexed area is simultaneously included within the boundaries of the RTA (RCW 81.112.050). The annexed area is subject to all taxes, liabilities, and obligations imposed by the RTA within the city as of the effective date of the annexation. The city or code city is responsible to notify the RTA of the annexation.

It is important to be aware there are different effective dates for different types of taxes. For example, property taxes are based on the boundaries of the city or the RTA as of August 1 of the year the levy is made. In other words, if the annexation effective date is June 21, 2010, the 2010 levy for the 2011 tax year would be based on the new boundary lines as of August 1, 2010. If the annexation effective date is November 1, 2010, the 2010 levy for the 2011 tax year would be based on the boundary lines as of August 1, 2010, prior to the annexation. The taxing districts would not be able to levy a property tax on the newly annexed territory until the 2012 tax year.

Rate changes are made at the beginning of a quarter, and the Department of Revenue must be notified 75 days in advance for the sales and use tax rate change to take effect. Thus, the distribution of sales and use tax may or may not coordinate with the actual effective date of the annexation.

Sound Transit located within Snohomish, King, and Pierce Counties is the only RTA currently established in Washington at this time.

This bill is effective as of June 10, 2010.

ESB 6287: Relating to the disposition of existing voter-approved indebtedness at the time of annexation of a city, partial city, or town to a fire protection district.

What the bill does: All property located within the boundaries of a city, partial city, or town annexing into a fire protection district and which is subject to an excess levy by the city or town for the repayment of debt incurred for fire protection related capital improvements that was incurred prior to the annexation is exempt from voter-approved property taxes levied by the annexing fire protection district for the repayment of indebtedness issued prior to the effective date of the annexation.

For example, Fire District A annexes City B. The voters in Fire District A and City B approved bond debt for fire protection related capital improvements prior to the annexation. Since City B has voter-approved levies for the repayment of bond debt for fire protection related capital improvements, the property located within the city limits is not liable to pay the fire district excess levy for voted bond debt incurred by Fire District A prior to the annexation.

This bill is effective as of March 15, 2010.

SB 6418: Relating to cities and towns annexed to fire protection districts.

What the bill does: The requirement that fire protection districts be authorized in areas outside of cities and towns, except where the cities and towns have been annexed into a fire protection district or where the district is continuing service, is removed from RCW 52.02.020. Also, a city or town adjacent to a fire district may be annexed into such a fire district provided the population of the city or town does not exceed 300,000 (RCW 52.04.061). Prior to this bill, the population of the city or town could not exceed 100,000.

This bill is effective as of June 10, 2010.

E2SSB 6609: Relating to changes for local revitalization financing (LRF) and local infrastructure financing tool (LIFT).

Property Tax Special Notice

2010 Legislative Updates

What the bill does: For property tax-related purposes, this bill provides an option for qualifying taxing districts to either fully participate or partially participate in LRF. A taxing district may partially participate by:

1. Providing a specific amount of money for a specific amount of time to the sponsoring local government through an interlocal agreement. The taxing district must still adopt an ordinance to remove itself as a participating taxing district for purposes of calculating property tax allocation revenues and instead partially participate through the interlocal agreement.
2. Allowing one or more but not all of its regular property tax levies to be used for the calculation of local property tax allocation revenues through an interlocal agreement. The interlocal agreement must specify the regular property taxes that will be used for calculating its local property tax allocation revenues. However, this does not authorize a taxing district to allow the use of only part of a regular property tax levy.

Another provision in the bill requires the sponsoring local government, prior to adopting an ordinance creating a revitalization area, to provide written notice at least 60 days in advance of the public hearing. This notice must be sent to all taxing districts that levy regular property taxes or have regular property taxes levied for them, as well as local governments with geographic boundaries within the proposed revitalization area.

Finally, the bill provides clarification as to which taxing districts can participate in the LIFT and LRF programs.

This bill is effective as of June 10, 2010.

Questions: If you have questions or need additional information about this *Special Notice*, please contact the Property Tax Division at (360) 570-5900.