



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

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FILED

DATE: March 19, 2018

TIME: 8:54 AM

WSR 18-07-072

Agency: Department of Revenue

Subject of possible rule making: WAC 458-19-090 Fire protection district formation-Cities and towns-Highest lawful levy.

Statutes authorizing the agency to adopt rules on this subject: RCW 84.08.010, 84.08.070, 84.55.060.

Reasons why rules on this subject may be needed and what they might accomplish: WAC 458-19-090 Fire protection district formation-Cities and towns-Highest lawful levy, is a new rule that explains the calculation of the highest lawful levy for cities and towns that create a fire protection district with the same corporate boundaries of the city or town. This new rule was written because of legislation passed in 2017 (ESSB 5628), that allows a city or town to form a fire protection district under these conditions, subject to voter approval.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: None

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study

Other (describe) Parties interested in this rule making may contact the individual listed below. The public may also participate by providing written comments throughout this rule making or by giving oral testimony at the public meeting or public hearing.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:

Name: Leslie Mullin
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 Other:

(If necessary)

Name:
 Address:
 Phone:
 Fax:
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 Web site:
 Other:


Additional comments:

Written comments may be submitted by mail or email and should be directed to Leslie Mullin using one of the contact methods above. Written and oral comments will be accepted at the Public Meeting.

Date: April 25, 2018 **Time:** 10:00 A.M.

Public Meeting Location:

Conference 252
6400 Linderson Way SW
Tumwater, Washington 98501

Date: March 19, 2018	Signature: 
Name: Erin T. Lopez	
Title: Rules Coordinator	

NEW SECTION

WAC 458-19-090 Fire protection district formation—Cities and towns—Highest lawful levy. (1) **Introduction.** RCW 52.02.160 provides that a city or town may establish a fire protection district, subject to voter approval, within the same corporate boundaries of the city or town, for the provision of fire prevention services, fire suppression services, emergency medical services, and for the protection of life and property within the city or town. This rule explains the calculation of the highest lawful levy for cities or towns that create a fire protection district under these conditions.

(2) **Definitions.** The definitions found in WAC 458-19-005 apply to this rule.

(3) **Examples.** This rule includes an example that identifies a number of facts and then states a conclusion. This example should only be used as a general guide. The tax results of other situations must be determined after a review of all the facts and circumstances.

(4) **Levy limit calculation.** A city or town that establishes a fire protection district under RCW 52.02.160 must reduce its highest lawful levy since 1986 by the total amount levied in the first year by the newly established fire protection district. This reduced amount will become the new highest lawful levy since 1986 for the city or town, and will be used for subsequent levy limit calculations under chapter 84.55 RCW. This reduction in the highest lawful levy for the city or town must occur in the first year the newly established fire protection district imposes its property tax levy.

The city or town must further reduce its highest lawful levy in subsequent years if the fire protection district did not impose all regular property tax levies as allowed under RCW 52.16.130, 52.16.140, and 52.16.160. The maximum statutory dollar rate for fire protection districts is one dollar and fifty cents per one thousand dollars of assessed value.

Example. City A establishes a fire protection district under RCW 52.02.160. Prior to the formation, City A annually levied an amount of \$200,390, which is equal to its highest lawful levy since 1986. In this example, the maximum statutory dollar rate of the city is \$3.375 per \$1,000 of assessed value. In its first year, the newly established fire protection district determines it will need to levy \$57,000 and its total assessed value is \$59,375,000 (the same total assessed value as City A). This levy amount is the equivalent to a levy rate for the fire protection district of \$0.96 per \$1,000 of assessed value, thus the district is imposing regular levies under RCW 52.16.130 and 52.16.140. Therefore, City A must reduce its highest lawful levy by \$57,000. City A's reduced highest lawful levy amount is the amount it will use for subsequent levy calculations.

Two years later, the fire protection district requests an increased levy amount of \$74,000 and its total assessed value, along with the total assessed value of City A, has increased to \$60,655,738. The increased levy amount is the equivalent to a levy rate for the fire protection district of \$1.22 per \$1,000 of assessed value, thus the district is imposing regular levies under RCW 52.16.130, 52.16.140, and 52.16.160. Therefore, City A must further reduce its highest lawful levy by the amount resulting from the fire district imposing its third regular levy under RCW 52.16.160. The additional amount resulting from the initial imposition of the fire protection

district's third regular levy under RCW 52.16.160 is \$13,344 (\$0.22 per \$1,000 of assessed value multiplied by the total assessed value of \$60,655,738). City A must make a final reduction of \$13,344 to its highest lawful levy. City A's newly reduced highest lawful levy is the amount it will use for subsequent levy calculations. In subsequent years, if the fire protection district's levy rate increases beyond \$1.22 per \$1,000 of assessed value, City A is not required to further reduce its highest lawful levy because the fire protection district had already initially imposed all three regular levies under RCW 52.16.130, 52.16.140, and 52.16.160.

(5) **Constitutional one percent limit and five dollars and ninety cents aggregate dollar limit.** Fire protection district levies are subject to the constitutional one percent limit for regular property taxes and the statutory aggregate dollar rate limit of five dollars and ninety cents per thousand dollars of assessed value. If a reduction in a fire protection district levy is required because it exceeds these limits, it is reduced in the manner described in RCW 84.52.010, 84.52.043, and 84.52.125.

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