

# 2022 Task Force Topic Sheet

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**Category:** Annexations

**Topic:** Role of local government and special districts in annexations

**Issue Overview:** Per the Growth Management Act (RCW 36.70A.110(4)), cities are the units of local government most appropriate to provide urban governmental services. In practice, this means that cities are often expected to provide a range of urban services when an area is annexed from a county. However, not all cities provide all utilities and services, and special districts (including water and sewer districts and emergency services) play an important role in annexations. As outlined with A Road Map to Washington's Future (Road Map I), this issue is focused on identifying areas of agreement for reforming annexation laws in a way that streamlines the process and removes barriers to annexation of land adjacent to existing cities, maintains the fiscal sustainability of counties, clarifies the role of special districts, and reduces conflicts.

### Problems:

- **Service providers are decentralized.** This means there are overlapping layers of complexity as areas annex.
- **Annexation can be very costly.** This is especially difficult if an annexation takes multiple attempts.
- **Cities and special districts at odds.** Not all cities provide all services. Special districts may actively oppose annexations if it may impact the services they provide.
- **The tax incentive** is often not strong enough to encourage cities from annexing certain areas.
- **Annexation of areas** with a high tax base has an impact on the fiscal sustainability for counties.
- **Counties are a structural disadvantage.** They stand to lose tax base and are disproportionately reliant on property and sales taxes for revenue.

### Preliminary recommendation options:

1. **Sales tax incentive (from 2021 recommendations)**
2. **Ways to resolve or prevent conflicts between annexing jurisdictions and service providers:** broadening where interlocal agreements can take place, adding opportunities for special districts to participate in interlocal agreements or boundary review boards.
3. **Identify options to provide counties more financial stability over the long term.** This could involve a recommendation for future study. This could include issues like the property/sales tax imbalance that results in counties losing tax base.

### How these problems are impacting people/groups:

- Potential impacts on levels of service and tax rates.
- Positive or negative impacts from changing who is responsible for providing services.

### Statutory changes:

- [RCW 35.13](#): annexation of unincorporated areas
- [RCW 35A.14](#): annexation by code cities



- **Convene a collaborative process(es) with, at a minimum, representatives of cities, counties, special districts, boundary review board, planning and environmental organizations to identify areas of agreement for reforming annexation laws in a way that streamlines the process and removes barriers to annexation of land adjacent to existing cities, maintains the fiscal sustainability of counties, clarifies the role of special districts, and reduces conflicts**

### **RCW [36.70A.110](#)**

#### **Comprehensive plans—Urban growth areas.**

[...]

(4) In general, cities are the units of local government most appropriate to provide urban governmental services. In general, it is not appropriate that urban governmental services be extended to or expanded in rural areas except in those limited circumstances shown to be necessary to protect basic public health and safety and the environment and when such services are financially supportable at rural densities and do not permit urban development.