



SPECIAL DISTRICTS

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Special districts are units of government which, unlike states, counties and cities, usually provide either a single service or a few specific services. They are like other governmental units in that they are established by state law as separate structures, with their own governing bodies and administrative arrangements. They have the power to finance their own operations and they also have specified areas of jurisdiction, although these may overlap with other governmental units performing other functions, like states, counties or other special districts.

Special districts have come under increased scrutiny by taxpayers and other concerned citizens in recent years because of the power they exercise over all of us. Virtually anyone with a municipal cause to promote can create a special district or other taxing unit, provided enough signatures can be obtained on a petition. Meanwhile, almost every unit of this type increases property taxes. Furthermore, once a special district exists it is often able to operate under little public scrutiny and is sometimes difficult to terminate.

Many special districts that were once viable, working units of government have long ceased to function, yet remain in existence. Also, since no uniform set of laws apply to all special districts, they sometimes differ vastly from one another in their specific powers, financing arrangements and organization. Uniform standards are needed to create, dissolve and consolidate special districts and other taxing units.

Most citizens receive services from one or more special district and are subject to taxes and fees levied by them. Special districts in Idaho had a combined income of over \$17 million in 1976 alone, which accounted for over 10% of the approximate \$165 million property taxes collected in the state.

Idaho has over 630 special districts which are divided into these 17 different types:

Auditorium	Hospital	Regional airport
Cemetery	Housing authority	Sewer
Drainage	Irrigation	Soil conservation
Fire protective	Library	Water
Flood control	Port	Watershed
Highway	Recreation	improvement

Table 1 shows the special districts in the state, their ad valorem taxing power limits, the purpose of each and the number that existed in Idaho as of January 1, 1977.

Financing

Special districts vary widely, in terms of financing, specific details of organizational structure and particular power because each type operates under different authorizing statutes.

Financing arrangements vary from one special district to another, depending on type and organization as well as where the special district is located. However, they all obtain their operating revenue in one or a combination of ways, with the first two being the most prevalent.

1. Ad valorem tax levies — tax levies based on the total or some percentage of the assessed valuation in the district, and usually limited by state law. For example a cemetery district may levy up to 20 cents on each \$100 of assessed valuation (2 mills) and a hospital district may levy 30 cents on each \$100 of assessed value (3 mills).

2. Bonded indebtedness — may issue bonds for purchase, based on the total or a percentage of the district's assessed valuation.

3. Rates and charges — may charge fees from the individuals who actually use the service provided by the district.

4. Benefit assessments — may charge landowners for the benefits they receive from the district's services.

5. Gifts and grants — most special districts can accept gifts or grants, usually from state or federal government.

Special District Formation

Although the steps for organizing a special district also vary, this is the approximate process.

1. A petition for formation is filed with the county clerk, signed by a particular number of taxpayers who own real property or reside within the area of the proposed district. The number of signatures varies with the type of district. For example, a petition to organize an auditorium district must have 3000 signatures, while a cemetery district petition requires the signatures of 15 or more landowners who hold title to not less than 6000 adjoining acres at an assessed value of not less than \$200,000.

2. In some cases a bond is filed with the district court to pay expenses if organization of the district is not affected.

3. A public hearing is usually held 20 to 40 days after the bond filing.

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Table 1. Special Districts in Idaho as of Jan. 1, 1977.

District	Purpose	Levy limits*	Number in state
Auditorium	to construct, maintain and operate public auditoriums	50 cents or 5 mills	1
Cemetery	to establish and maintain public cemeteries	20 cents or 2 mills	171
Drainage	to obtain waters for irrigation made available by construction of public works	no limit	42
Fire protective	to provide protection against fire	80 cents or 8 mills \$1.20 or 12 mills if pop. over 2,500	87
Flood control	to provide protection from floods and prevention of flood damage	30 cents or 3 mills	11
Highway	for roads and bridges, matching funds, construction, improvements, repairs, materials and machinery	\$1.42 or 14 mills	65
Hospital	for organization, operation, necessary equipment, maintenance and upkeep and buildings	40 cents or 4 mills	10
Housing authority	to do away with unsafe dwellings and provide sanitary, safe housing for low income people	no levy rights	16
Irrigation	to construct and maintain irrigation systems	30 cents or 3 mills	57
Library	for library sites, buildings, repairs, furnishings, equipment and bookmobiles	30 cents or 3 mills	40
Port	creation and maintenance of ports	50 cents or 5 mills	1
Recreation	to create and maintain public recreation facilities	30 cents or 3 mills	12
Regional airport	to provide and maintain public airports	10 cents or 1 mill	1
Sewer**	to provide sewage facilities	no limit	22
Soil conservation	to promote conservation	no levy rights	51
Water**	to supply water	no limit	10
Watershed improvement	to prevent flood damage and use and protect water in the state watersheds	\$1.30 or 13 mills	9

*On \$100 of assessed value

**Idaho also has 26 combined water and sewer districts.

4. In all cases, owners of real property within the proposed district may file petitions stating why their property should not be included.

5. If the petition is in order, the district court, county clerk or other appropriate state or county official may decide that the district should be established and issue an order creating it. That order also usually names the first board of directors of the district.

6. In other cases the order does not establish the district itself, but declares that the question be submitted to the voters for their approval or rejection. In this case the order also names a certain number (usually 3 to 5) qualified electors of the district to serve as elected judges.

7. If an election is to be held, notice must be given. This is usually in the form of a specified number of printings in local or area newspapers. However, the county commissioners are required by the Idaho *Code* to notify by post card each taxpayer of record in the area of a petition for incorporation of a taxing district or other political subdivision and to briefly explain the petition's contents.

8. Election is held in a manner similar to a general election. Voters are asked to vote "yes" or "no" on the formation of the district and, at the same time, vote for a particular number of qualified electors to serve as the first board of directors for the district.

9. If a majority of voters approve the formation of a district, a legal description and map of the district must be filed with the county recorder, the county assessor and the State Tax Commission within 10 days after formation.

10. If such an election fails, another one can't be held for at least 6 months.

Accountability of Special Districts

One of the major problems with special districts is that, once formed and operating, they seriously lack public accountability. The treasurer of each such district is bound by oath to submit an annual financial report to the State Auditor. Some are required to submit as well ad valorem levy charges to county officials. However, the general public is many times unaware of the existence of special districts. Most citizens have some knowledge of two or three special districts, but have no knowledge of most.

The problem is further complicated because boards of directors of most special districts meet infrequently and their meetings are not highly publicized. Elections are generally uncontested and incumbents tend to remain in office for long periods of time. Yet, these boards of directors spend many property tax dollars.

Some have suggested combining many of the existing special districts into one multi-purpose special district which might be made more accountable to the general public.

Dissolution

State law provides the ways and means to dissolve 10 of Idaho's special districts. The ones that can be dissolved under special provisions are irrigation, recreation, soil conservation, library, highway, fire protection, watershed improvement, flood control, housing authority and drainage districts.

No specific provisions exist for dissolving auditorium, cemetery, hospital, water, sewer, regional airport and port districts. Some people believe these special districts can never be dissolved. As a result of this confusion, many such districts remain on the books even though they may have long since ceased to function.

The *Code* specifically states that Rural Cemetery Associations exist in perpetuity, and while it does not specifically name cemetery maintenance districts as such, some feel that the perpetual existence clause applies to them also, which is part reason why 171 cemetery maintenance districts remain in existence throughout the state.

The following is the approximate process for dissolving the ones which can be terminated:

1. After the special district has been in existence for usually 5 years, a petition for dissolution signed by a specified number of landowners or residents may be filed with appropriate state or county authorities.

2. Public hearings are held in some cases.

3. If an election is required, public notice must be given.

4. The election is held and voters say "yes" or "no" to dissolution.

5. The appropriate officials usually then decide whether dissolution or continuation is more feasible and practicable.

6. If dissolution is called for, affairs of the district are terminated, and an order of dissolution is filed with the state, the county or both.

7. Property is sold at public auction with proceeds going to either the county or state. If the district encompasses parts of more than one county, elections must be held in both counties, with officials meeting beforehand to insure uniform proceedings. In this case any proceeds from sale of property are prorated between the counties.

County authorities may simply terminate a taxing district if: it has been abandoned or ceased to function for 2 years or more, no useful purpose exists for its continuance, there are not sufficient qualified voters for an election and/or all functions are carried out by someone else. Also, the Idaho *Code* stipulates that any taxing unit has the power to declare bankruptcy.

Other Taxing Districts

Many other taxing units which exist within the state possess some of the characteristics of special districts, for example the power to levy taxes, but are usually tied in some way to state or municipal governments and do not function as autonomous units.

The following taxing units fall outside the special district category:

Ambulance districts	Mosquito abatement districts
Extermination districts	Public health districts
Fair districts	Reforestation districts
Fish and game districts	Scale districts
Forest protective districts	Stumpage districts
Herd districts	Television translator districts
Junior college districts	Warehouse and elevator districts
Local improvement districts	Weather modification districts

Summary

Special districts are in some ways unwieldy political burdens. Although they serve many useful purposes, they are relatively easy to create, not very accountable to the public, hard to remove and cost millions of tax dollars every year. Some special districts remain on the books for years after they have stopped serving any needed purpose. Uniform laws providing more standardized ways to create, dissolve, administer and finance special districts are needed.

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