

for the improvement of the state highway system when authorized by agreement between the committee and the state highway commission requiring repayment of the invested funds from any moneys in the motor vehicle fund available for state highway construction.

Passed the House March 22, 1965.

Passed the Senate March 24, 1965.

Approved by the Governor April 2, 1965.

CHAPTER 42.

[House Bill No. 347.]

CITIES AND TOWNS—INCORPORATION— FRANCHISES.

AN ACT relating to cities and towns; and adding a new section to chapter 7, Laws of 1965 and to chapter 35.02 RCW.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. There is added to chapter 7, Laws of 1965 and to chapter 35.02 RCW a new section to read as follows: New section.

The incorporation of any territory within the boundaries of any city pursuant to the provisions of chapters 35.02 through 35.04 shall cancel, as of the effective date of such incorporation, any franchise or permit theretofore granted to any person, firm or corporation by the state of Washington, or by the governing body of such incorporated territory, authorizing or otherwise permitting the operation of any public transportation, garbage collection and/or disposal or other similar public service business or facility within the limits of the incorporated territory, but the holder of any such franchise or permit canceled pursuant to this section shall be forthwith granted by the incorporating city a franchise to con-

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tinue such business within the incorporated territory for a term of not less than the remaining term of the original franchise or permit, or five years, whichever is the shorter period, and the incorporating city, by franchise, permit or public operation, shall not extend similar or competing services to the incorporated territory except upon a proper showing of the inability or refusal of such person, firm or corporation to adequately service said incorporated territory at a reasonable price: *Provided*, That the provisions of this section shall not preclude the purchase by the incorporating city of said franchise, business, or facilities at an agreed or negotiated price, or from acquiring the same by condemnation upon payment of damages, including a reasonable amount for the loss of the franchise or permit. In the event that any person, firm or corporation whose franchise or permit has been canceled by the terms of this section shall suffer any measurable damages as a result of any incorporation pursuant to the provisions of chapters 35.02 through 35.04, such person, firm or corporation shall have a right of action against any city causing such damages.

Passed the House March 18, 1965.

Passed the Senate March 24, 1965.

Approved by the Governor April 2, 1965.