

SENATE BILL REPORT

SB 6001

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 8, 1994

Brief Description: Enhancing programs for greater protection for open space and recreational opportunities.

SPONSORS: Senators Fraser, Sheldon, Drew, Talmadge and Prentice

SENATE COMMITTEE ON ECOLOGY & PARKS

Majority Report: That Substitute Senate Bill No. 6001 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fraser, Chairman; Moore, Morton, Sutherland and Talmadge.

Staff: Cathy Baker (786-7708)

Hearing Dates: January 12, 1994; February 2, 1994

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6001 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Bluechel, Gaspard, Moyer, Niemi, Pelz, Roach, Spanel, Sutherland, Talmadge, Williams and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 7, 1994; February 8, 1994

BACKGROUND:

Property Taxes--Current Use Classification: Property meeting certain conditions may have property taxes determined on current use values rather than market values. There are five categories of lands that may be classified and assessed on current use. Three categories are covered in the open space law: open space lands, farm and agriculture lands, and timber lands; and two are in the timber tax law: classified, and designated forest land. Within the open space lands category there is a subcategory known as "farm and agricultural conservation land."

Property may be removed from classification by the owner giving notice to withdraw. When property is removed from classification, back taxes plus interest must be paid. Transfers without payment of back taxes can be made between all categories of current use valuation except for transfers out of open space. However, land classified as farm and agricultural conservation land within open space may be transferred to the farm and agricultural land category without

payment of back taxes if the land was previously classified as farm and agricultural land.

Applications for classification of land to be included in the current use taxation program within incorporated areas are required to be acted upon in a joint meeting of three members of the city legislative authority and three members of the county legislative authority. It is suggested that a simpler procedure could be established.

"1 Percent" Programs: Under current law, all state agencies are required to allocate one-half of 1 percent of appropriations for capital construction for the purchase and installation of public art. A number of local governments have similar "1 percent for art" programs.

Conservation Futures Levy: Under existing law, a county may levy up to 6 1/4 cents per \$1,000 of assessed valuation for the purposes of acquiring conservation futures. The conservation futures levy is to be used solely for the purchase of conservation easements, development rights, and fee simple interest in open space land, farm and agricultural land, and timber land as defined by statute.

Park and Recreation Districts and Park and Recreation Service Areas: Park and recreation districts and park and recreation service areas are special districts authorized to provide park and recreation improvements. The governing body of a park and recreation district is a directly elected five-member board of commissioners. The governing body of a park and recreation service area is the county legislative body.

Park and recreation districts and park and recreation service areas are authorized to impose excess property tax levies, as well as regular property tax levies. Voters of a park and recreation district may approve a ballot proposition authorizing the district to impose regular property tax levies at a rate of up to 15 cents per \$1,000 of assessed valuation each year for five consecutive years. Voters of a service area may approve a ballot proposition authorizing the service area to impose regular property tax levies at a rate of 15 cents per \$1,000 of assessed valuation each year for six consecutive years. The ballot proposition authorizing the levies must be approved by a 60 percent vote with a 40 percent validation requirement.

Metropolitan Park Districts: A metropolitan park district is a municipal corporation authorized to provide park and recreation improvements, and is governed by an elected board of park commissioners. Metropolitan park districts may levy up to 75 cents per \$1,000 of assessed valuation for a six year period. There is currently only one metropolitan park district in the state, the Metropolitan Park District of Tacoma.

Salmon Protection Districts: Under existing law, local governments are authorized to create several types of special districts for the purpose of protecting water quality. These

include lake management districts, shellfish protection districts, and aquifer protection districts. In each case, the county legislative authority is authorized to establish such districts and implement rates, charges, fees, or taxes necessary to implement the water quality program.

It is suggested that authorizing the creation of "salmon protection districts" will enhance local government's ability to protect the water quality and habitat necessary to maintain salmon fisheries.

SUMMARY:

A finding is made that the Legislature intends to allow local governments greater flexibility in the creation, administration, and funding of open space, recreation, and stewardship programs in order to serve local needs.

State Real Estate Tax: Language is added to the statute to restore the exemption from the state real estate excise tax for sellers of real property to governmental agencies.

State Sales Tax: Government-sponsored amusement and recreation services, government-sponsored guided tours and charters, and government sponsored-physical fitness services are exempt from the state sales tax on services.

Property Taxes--Current Use Classification: For classification or reclassification of land in incorporated areas, the legislative authority of the city or town in which the land is located shall refer the application and a written recommendation to the county legislative authority before action is taken. If the county is unable to agree to the recommendation, the application shall be referred to and acted upon by a granting authority composed of three members of the county legislative body and three members of the city or town legislative body in which the land is located.

Transfer of land classified as open space or farm and agricultural land to a governmental agency for open space purposes is not considered a withdrawal or removal and is not subject to additional tax. Additional tax is also not required for reclassification of open space land as agricultural land if the land is permanently protected by deed restriction against further development.

"1 Percent" Programs: Counties and cities are authorized to establish a "1 percent for open space fund" which would make up to 1 percent of any moneys budgeted for capital construction available for the acquisition of open space lands.

Conservation Futures Levy: A county may levy up to 10 cents per \$1,000 of assessed valuation for the purpose of acquiring conservation futures, as well as for maintenance and operation of recreational properties acquired with conservation futures monies. The conservation futures statute is amended to raise the maximum levy from 6 1/4 cents to 10 cents per \$1,000 of

assessed valuation. Of the total 10 cents, 2 cents may be spent on maintenance and operation of open space and recreational properties. Up to 3 cents (of the total 10 cents) may be use for the purpose of capital enhancement of conservation futures property.

Nonprofit conservancy corporations are authorized, along with cities and towns, to acquire interest in lands identified as open space corridors in comprehensive plans adopted under the Growth Management Act.

Park and Recreation Districts and Park and Recreation Service Areas: Statutes are clarified that a park and recreation district or park and recreation service area may impose more than one excess levy if authorized by voters.

Voter approved regular property tax levies of park and recreation districts and park and recreation service areas are altered to increase the maximum annual rate from 15 cents to 75 cents per \$1,000 of assessed valuation. The number of years that voters may authorize a park and recreation district to impose its regular levies is increased by one year to a total of six years.

Metropolitan Park Districts: Statutes are amended to allow for the direct conversion of a park and recreation district with a population of 5,000 or more to a metropolitan park district. Various technical amendments are made to provide for such conversions and to provide for the transfer of necessary powers, duties and properties of park and recreation districts to metropolitan park districts established through such means.

Salmon Protection Districts: A county with a salmon fishery within its boundaries is authorized to establish a salmon protection district to include areas in which nonpoint pollution or loss of habitat threatens the water quality upon which the continuation or restoration of the salmon fishery is dependent. Salmon district programs may include elements deemed appropriate to address nonpoint water pollution.

The county legislative authority may create the district on its own motion or refer the question to the voters. A district formed on the motion of the county legislative authority is subject to a referendum procedure by the voters within the district. Funding for district programs may be derived through county tax revenues, fees for services performed, charges or rates, and federal, state or private grants.

Counties are directed to cooperate with incorporated areas in establishing the districts and to coordinate their plans and programs with other counties where salmon growing, spawning, and fishing areas are located in more than one county.

Legislative Study: The appropriate standing committees in the House and the Senate are directed to conduct a study and make recommendations to the 1995 Legislature on methods for

providing greater latitude and flexibility in programs to acquire, protect, and fund local open space and recreational programs and properties.

EFFECT OF PROPOSED SUBSTITUTE:

Provisions dealing with exemptions from the state sales tax and the state real estate excise tax are removed. Provisions allowing park and recreation districts to convert to metropolitan park districts are also removed.

No more than 50 percent of the conservation futures levy may be used for stewardship and capital improvement. Guidelines are established for types of land on which conservation futures funds may be used for stewardship and capital improvements.

The additional new conservation futures levy (3 3/4 cents) is the first levy to be reduced or eliminated if the 1 percent constitutional limitation is exceeded.

Incorporated areas and city-owned or managed watersheds are excluded from salmon protection districts unless the city makes a formal request to be included.

EFFECT OF PROPOSED SECOND SUBSTITUTE:

The park and recreation district and park and recreation service area levies are only increased to \$0.60. The authority to create salmon protection districts is eliminated.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: July 1, 1994

TESTIMONY FOR (Ecology & Parks):

The bill will help local governments protect open space and fish and wildlife habitat. These are all local option programs. It will make our open space tax laws more responsive, increase our ability to be good stewards of open space lands, and provide a stable source of funding for park and recreation programs.

TESTIMONY AGAINST (Ecology & Parks): None

TESTIFIED (Ecology & Parks): Chuck Field, Bainbridge Island Park and Recreation District; Mike Ryherd, Evergreen Alliance (pro); Gene Duvernoy, Evergreen Agenda (pro); Jeff Parsons, National Audubon Society (pro); Bill Blair, City of Seattle Parks Department; Bill Hutsinpillar, WA Recreation and Parks Association (pro); Craig Martin, Douglas County Parks (pro); Donn Smallwood, Department of Revenue; Larry Phillips, King County Council (pro)

TESTIMONY FOR (Ways & Means):

People that are very interested in open space put this bill together.

TESTIMONY AGAINST (Ways & Means): None

TESTIFIED: Senator Fraser, prime sponsor (pro); Mike Ryherd
Evergreen Alliance (pro)