

FINAL BILL REPORT

2SHB 1557

C 295 L 97

Synopsis as Enacted

Brief Description: Exempting from taxation and valuation of property improvements used for fish and habitat restoration and protection and water quantity and quality improvement programs.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Buck, Linville, Crouse, Kastama, Hankins, Grant, Lisk, Doumit, Hatfield, Johnson and Regala).

House Committee on Natural Resources

House Committee on Finance

Senate Committee on Natural Resources & Parks

Senate Committee on Ways & Means

Background: The Puget Sound water quality management plan requires local conservation districts to cooperate with commercial and non-commercial farms to implement plans and management practices to reduce water quality impacts caused by non-point pollution. To meet this requirement, local conservation districts work with property owners to develop farm plans that incorporate various actions commonly referred to as best management practices. These practices include activities such as fencing cattle from streams, planting trees alongside water bodies to reduce water temperature, and restoring and enhancing wetlands.

Real and personal property in this state is generally subject to a property tax. Property is assessed at its true and fair market value, unless the property qualifies under a special valuation program. The tax is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located.

The federal Endangered Species Act (ESA) makes it unlawful to "take" any endangered species of fish or wildlife. Applicants seeking a permit for incidental taking of endangered species of fish or wildlife must provide the secretary of the Department of the Interior (the secretary of the Department of Commerce for salmon species) habitat conservation plans. Compensatory mitigation projects are actions required by an agency to compensate for the environmental impacts of a permitted development project.

Summary: Improvements to real and personal property are excluded from property tax assessment if the improvement is a part of a written conservation plan that provides benefits to wildlife habitat, water quality, or water quantity. The conservation plan must be approved by a local conservation district. Conservation districts must work with the state and federal natural resource agencies, and nonprofit organizations to include practices, arranged by these entities and landowners, in conservation plans. Habitat conservation plans, under the terms of the federal Endangered Species Act, and compensatory mitigation projects are not eligible for property tax exemption.

A landowner may file a claim with a county assessor to receive the tax exemption. The claim must include the district's certification of the conservation plan and the landowner must verify that the improvements have been maintained as provided in the plan. Conservation districts are directed to keep a current list of property owners that have entered into a conservation plan that provides specific natural resource benefits. The districts must provide the list to the appropriate county tax assessor.

Votes on Final Passage:

House 96 0
Senate 43 0 (Senate amended)
House 97 0 (House concurred)

Effective: July 27, 1997