

HOUSE BILL REPORT

HB 1585

As Passed House:

March 5, 1999

Title: An act relating to federal payments used to reduce the outstanding debt of school districts within counties.

Brief Description: Using federal funds to reduce the outstanding debt of school districts within counties.

Sponsors: Representatives Hankins, Grant, Dunshee, Mastin, Delvin and O'Brien.

Brief History:

Committee Activity:

Local Government: 2/15/99, 2/24/99 [DP].

Floor Activity:

Passed House: 3/5/99, 97-0.

Brief Summary of Bill

- Allows counties to use federal payment in lieu of taxes from the U.S. Department of Energy to reduce school districts' outstanding debt.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 8 members: Representatives Mulliken, Republican Co-Chair; Scott, Democratic Co-Chair; Doumit, Democratic Vice Chair; Mielke, Republican Vice Chair; Edwards; Ericksen; Fisher and Fortunato.

Staff: Scott MacColl (786-7106).

Background:

The federal Department of Energy is allowed, but not required, to financially assist local governments in whose jurisdictions previously taxable private property was acquired by the department. The Department of Energy owns one property in Washington, the Hanford Nuclear site in Benton County.

Payments of this nature are called payment in lieu of taxes (PILT). The terms and amounts of payments are made at the discretion of the Department of Energy. PILT are intended to mitigate the burden on the local government in which the Department of Energy's activities are located. Depending on the agreement reached between the local government and the Department of Energy, payments may be used as local property tax payments, effectively reducing the overall tax rate.

Payments used as local property taxes are divided using the same formula as regular annual property tax levies, including a portion designated for state schools.

Summary of Bill:

Authority is granted to a county legislative authority that receives PILT funds from the United States Department of Energy to pay school districts' outstanding voter-approved debt using monies allocated to state schools by the levy based formula.

Funds for districts with no outstanding debt that meets or exceeds its distribution amount will be redistributed to remaining eligible districts. Payments received in 1998 will be distributed using 1998 levy percentages.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: In 1954, the Atomic Energy Commission allowed for compensation to local governments for takings of private lands. Benton County has been working with the federal Department of Energy for the last 10 years to find an agreement. The agreement calls for using existing levy rates to allocate monies, a portion of which goes to the state for schools and cannot be kept in the county. This money would allow the county to reduce the outstanding debt for six school districts within the county. Benton County is holding onto the money while looking for a solution.

Testimony Against: None.

Testified: Representative Hankins, prime sponsor; Darwin Parker, Benton County Treasurer; and Rose Bowman, Washington Association of County Treasurers, Lewis County Treasurer.