

SENATE BILL REPORT

SB 6724

As Reported By Senate Committee On:
Ways & Means, February 2, 2000

Title: An act relating to exempting privatization contracts for the treatment of radioactive waste and hazardous substances from property taxes.

Brief Description: Exempting privatization contracts for the treatment of radioactive waste and hazardous substances from property taxes.

Sponsors: Senators Hale, Loveland, Rossi, West, Snyder and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/1/2000, 2/2/2000 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6724 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fraser, Honeyford, Kline, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau, West, Winsley, Wojahn and Zarelli.

Staff: Terry Wilson (786-7433)

Background: All property in this state is subject to the property tax each year based on the property's value unless a specific exemption is provided by law. The only class of property which is exempt by the state Constitution is that owned by the United States, the state, its counties, school districts, and other municipal corporations, but the state Constitution allows the Legislature to exempt other property from taxation.

Taxable property includes both real property and personal property. Real property is land and the buildings, structures, or improvements that are affixed to the land. Personal property includes all property that is not real property. Personal property is defined to include improvements on property owned by the state or federal government.

Summary of Substitute Bill: Beginning with taxes payable in 2006, all personal property located on federal land at the Hanford reservation that is used exclusively in the performance of a contract with the federal government to pretreat, treat, vitrify, and immobilize tank waste is exempt from property taxes. To qualify, the property must be owned by a person that has a privatization contract to pretreat, treat, vitrify, and immobilize tank waste located at the Hanford reservation.

An inadvertent use of property inconsistent with the purpose of the exemption does not nullify the exemption if the inadvertent use is not part of a pattern of use. A pattern of use

is presumed when an inadvertent use is repeated in the same assessment year or in two or more successive assessment years.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Requested on January 24, 2000.

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

Testimony For: There are 54 million gallons of highly radioactive waste in tanks that are way beyond their design life. Unless immobilized, they are a serious threat to the health and safety of the citizens of the state. This project is the only real hope for getting rid of the waste. The project will generate \$230 million in economic benefits. DOE must accept the proposal and Congress must set aside funds. While taxes are an allowable cost, property taxes aren't paid if the federal government does it. The property tax would be \$500 million over the life of the project. That is a significant cost that would be passed along to the federal government. The purpose of this bill is to improve the likelihood this project gets done this year. BNFL will try to minimize costs to local government. This will have a huge impact on the county with 3500 new workers and 2000 children coming into the area in a short time period. The effective date should be delayed to help with the costs that local government will have to bear.

Testimony Against: None.

Testified: PRO: Senator Hale, prime sponsor; Mike Lawrence, Len McComb, BNFL; Greg Jones, Department of Energy; Leo Bowman, Benton County.