

FINAL BILL REPORT

HB 1555

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Synopsis as Enacted

Brief Description: Clarifying the valuation of land for monetary assessments by drainage, diking, flood control, and mosquito control districts.

Sponsors: By Representatives Wallace, Newhouse, Haigh, Dunn, Takko, Grant, Blake, Quall, Linville, Conway, Orcutt and Kretz.

House Committee on Local Government

Senate Committee on Government Operations & Elections

Background:

Special Districts.

For certain purposes, the statutory definition of "special district" includes the following types of special purpose districts:

- diking district;
- drainage district;
- diking, drainage, and/or sewerage improvement district;
- an intercounty diking and drainage district;
- a consolidated diking district, drainage district, diking improvement district, and/or drainage improvement district; or
- a flood control district.

A special district may investigate, plan, construct, acquire, repair, maintain, and operate improvements, works, projects, and facilities that are: (1) necessary to prevent inundation or flooding from rivers, streams, tidal waters or other waters; or (2) necessary to control and treat storm water, surface water, and flood water.

Special districts are created by either the petition of the owners of the property located within the proposed special district, or by resolution of the county legislative authority or authorities in which the proposed special district is located.

Such districts are funded through property tax assessments levied upon properties within the special district that either use the services or facilities of the district or that otherwise derive benefits from the operation of the district. Such assessments are calculated through a complex statutory formula that takes into account the assessed value of the property in conjunction with a variety of other factors, including:

- the dollar value of benefit to the land calculated per acre obtained by a property receiving the services of the special district; and
- the dollar value of benefit to improvements upon the land (buildings, etc.) that are the result of the services provided by the district.

Special districts must establish individualized "assessment zones" that reflect the relative ratio of benefit or use that the real property within such a zone receives as the result of the operation of the special district. Those properties within the zones receiving the greatest benefits are subject to the highest tax assessments. In other words, these zones enable the calculation of tax assessments that reflect the pro rata share of the benefit received by a property.

Mosquito Control Districts.

A mosquito control district (MCD) is a type of special purpose district whose purpose is to exterminate and generally prevent the propagation of mosquitos. Such districts are controlled by a five member board of trustees. The powers of an MCD include the following:

- taking the steps necessary to exterminate mosquitos;
- eliminating or neutralizing breeding places; and
- constructing and maintaining dikes, canals, levees, or ditches, as necessary for the elimination of mosquitos.

The MCDs are funded through property tax assessments that are calculated through an apportionment formula requiring that the tax reflect the proportionate benefit received by a property as the result of the services provided by the MCD. This apportionment formula is similar in concept to that used by special districts, insofar as it takes into account the assessed value of the property in conjunction with dollar value of the benefits accruing to that property by virtue of the operation of the MCD.

"Current Use" Versus "Market Value" Tax Benefits Related to Designated Forest Land, Farm and Agricultural Land, and Open Space Land.

Property meeting certain criteria may have property tax assessments determined on the basis of current "use values" rather than "market values." In other words, under certain circumstances a property owner may obtain a property tax reduction by having the tax assessment based upon the actual current use of the property rather than an assessment based upon market value (i.e., the value that could be derived from the "highest and best use" of the property.) There are four categories of lands whose tax status may be classified and assessed based upon the current use concept. Three categories are covered in what is known as the "open space law": (1) open space lands; (2) farm and agriculture lands; and (3) timber lands. (See chapter 84.34 RCW.) The remaining category is designated forest land subject to the timber tax law.

The land remains in current use classification as long as it continues to be used for the purpose for which it was placed in the current use program. Under certain circumstances, land may be removed from the program: (1) at the request of the owner; (2) by sale or transfer to an ownership making the land exempt from property tax; or (3) by sale or transfer of the land to a new owner, unless the new owner signs a notice of classification continuance. The assessor may also remove land from the program if the land is no longer devoted to its open space purpose.

Summary:

In calculating tax assessments for designated forest land, specified farm and agricultural land and/or open space land, special districts and mosquito control districts must calculate such assessments by reference to current use rather than market value. This rule applies even if the district uses only a fractional amount of the assessed property tax value in its formula for determining the district assessment.

Votes on Final Passage:

House	97	0
Senate	46	0

Effective: July 24, 2005