

HOUSE BILL REPORT

HB 2567

As Reported by House Committee On:

Local Government

General Government Appropriations & Oversight

Title: An act relating to authorizing an optional system of rates and charges for conservation districts.

Brief Description: Authorizing an optional system of rates and charges for conservation districts.

Sponsors: Representative Fitzgibbon.

Brief History:

Committee Activity:

Local Government: 1/24/12, 1/31/12 [DPS];

General Government Appropriations & Oversight: 2/2/12 [DPS(LG)].

Brief Summary of Substitute Bill

- Authorizes the imposition of an optional system of rates and charges for conservation districts.
- Requires conservation district boards of supervisors to establish rules providing for appeals regarding the application of the adopted system of rates and charges.
- Defines the interest rate for delinquent rates and charges.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Angel, Ranking Minority Member; Asay, Assistant Ranking Minority Member; Smith, Springer, Tharinger and Upthegrove.

Minority Report: Do not pass. Signed by 1 member: Representative Rodne.

Staff: Ann Koepke (786-7291) and Ethan Moreno (786-7386).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

A conservation district is a governmental subdivision of the state with the authority to conduct research, education, and cooperative intergovernmental activities relating to the conservation of renewable natural resources. A county legislative authority may impose special assessments to finance the activities of a conservation district within that county.

Process for Imposing Special Assessments.

Proposed systems of assessments are established by conservation district supervisors and the county legislative authority through a process of public hearings and filings. The conservation district proposes the system of assessments to the county legislative authority, which they may accept or modify.

Public and Forest Lands.

Public lands are also subject to special assessments to the same extent as privately owned lands. Forest lands used for planting, growing, or harvesting of trees may also be subject to special assessments if the lands benefit from the activities of the conservation district, but the per acre rate of special assessment on forest lands is limited to one-tenth of the weighted average per acre assessment.

Assessment Rolls and Delinquencies.

Conservation districts are required to prepare an assessment roll that implements the system of assessments approved by the county legislative authority. These special assessments are to be spread by the county assessor as a separate item on the tax rolls and are collected with property taxes by the county treasurer. The amount of a special assessment constitutes a lien against the land that is subject to the same conditions as a tax lien and subject to the same interest rate and penalty as for delinquent property taxes.

Summary of Substitute Bill:

Optional System of Rates and Charges.

Conservation districts are authorized to establish an optional system of rates and charges and may consider certain factors when fixing rates and charges. The consideration, adoption, implementation, and collection of a system of rates and charges must follow the same public notice and hearing process and is subject to the same procedure and authority as for special assessments for conservation districts. The conservation district board of supervisors is required to establish rules providing for appeals regarding the application of the adopted system of rates and charges.

Public and Forest Lands.

Public land and forest lands used solely for the planting, growing, or harvesting of trees may be subject to rates and charges if the land is served by the activities of a conservation district.

Assessment Rolls and Delinquencies.

The county assessor is responsible for collecting the rates and charges using the same process that is used for collecting special assessments for conservation districts. The interest rate for

delinquent rates and charges is defined as the lesser of the average of the federal short-term interest rate as defined in 26 U.S.C. Sec. 1274(d), plus 2 percentage points, or 8 percent.

Substitute Bill Compared to Original Bill:

The substitute bill authorizes an optional system of rates and charges for conservation districts and authorizes the conservation district to consider certain factors when fixing rates and charges. The period of time during which the county legislative authority may impose special assessments to finance the activities of a conservation district is restored to a period not to exceed 10 years, as is currently prescribed in statute. The maximum annual per parcel rate is restored to an amount not to exceed \$5 except that for counties with a population of over 1.5 million persons, the maximum annual per-parcel rate may not exceed \$10 as is currently prescribed in statute. The provision that an annual assessment rate may be stated as an annual flat rate per parcel is removed. The provisions concerning industrial and nonindustrial forest lands are removed. The consideration, adoption, implementation, and collection of a system of rates and charges must follow the same public notice and hearing process and be subject to the same procedure and authority as for special assessments for conservation districts. The conservation district board of supervisors is required to establish rules providing for appeals regarding the application of the adopted system of rates and charges. The county assessor is responsible for collecting the rates and charges using the same process that is used for collecting special assessments for conservation districts and the interest rate for delinquent rates and charges is defined. A severability clause is added. An emergency clause is added.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) A system of rates and charges would be a good tool in the toolbox for conservation districts to work on natural resource issues. The conservation district represents the people with "boots on the ground" who work cooperatively with land owners to conserve natural resources. The funding received through assessments is uncertain from year to year and puts valuable programs that have been implemented, such as the no-interest loans to farmers, in jeopardy. A system of rates and charges would be a more flexible system that would provide a back-up system in the event that special assessments are negatively affected. Many special districts are allowed to implement a system of rates and charges and the same consideration would be beneficial to conservation districts. While the rates and charges would not be required to demonstrate a special benefit to the assessed parcels, the process of public hearings and the option for appeal would still exist with a system of rates and charges, as it does with special assessments, so the taxpayer would still have recourse.

(With concerns) It is a good idea for conservation districts to have alternatives for funding, such as a system of rates and charges. However, the recent Washington Supreme Court case challenging the special assessments has not yet been resolved, so an appropriate solution has not yet been developed as the problem has not yet been defined. Also, the bill amends existing statute. It would be clearer to have a new section outlining the rates and charges option, rather than amending the existing statute. Counties have expressed some concerns about the "at least five years" language and this may also need some modification. Long-term, sustainable funding plans are necessary for both the conservation commission and the conservation districts and it would be wise to explore a variety of funding options, in addition to the proposed system of rates and charges.

(Opposed) None.

Persons Testifying: (In support) Representative Fitzgibbon, prime sponsor; Jim Jesernig, Washington Association of Conservation Districts; David Seago, Ryan Mello, and Steve di Julio, Pierce Conservation District; Jim Armstrong, Spokane Conservation District; and Sara Hemphill, King Conservation District.

(With concerns) Ron Shultz, Washington State Conservation Commission.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS & OVERSIGHT

Majority Report: The substitute bill by Committee on Local Government be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Hudgins, Chair; Miloscia, Vice Chair; Moscoso, Vice Chair; McCune, Ranking Minority Member; Ahern, Blake, Fitzgibbon, Ladenburg, Pedersen, Van De Wege and Wilcox.

Minority Report: Do not pass. Signed by 1 member: Representative Taylor, Assistant Ranking Minority Member.

Staff: Michael Bennion (786-7118).

Summary of Recommendation of Committee On General Government Appropriations & Oversight Compared to Recommendation of Committee On Local Government:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) There is an issue that has been litigated around the special assessment. King County and the King County Conservation District have been cautioned by legal counsel regarding the special assessment. This bill gives local governments an alternative, not an additive, to replace funds if legal challenges result in the loss of a revenue source. This bill is revenue neutral to the state and local governments, as well as landowners. It does not lift the ceiling, it keeps statutory caps at their current levels. For Pierce County, the special assessment is about 85 percent of our operational budget, so without the ability to have the funding source at the local level, our programs would have to go away. There is a lot of enthusiasm for rates and charges in King County, it is a great fix, and King County will initiate the rates and charges immediately if this moves forward.

(Opposed) None.

Persons Testifying: Representative Fitzgibbon, prime sponsor; Jim Jessernic, Washington Association of Conservation Districts; Ryan Mello, Pierce County Conservation District; and Sara Hemphill, King County Conservation District.

Persons Signed In To Testify But Not Testifying: None.