

# HOUSE BILL REPORT

## ESHB 2567

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### As Amended by the Senate

**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:** House Committee on Local Government (originally sponsored by Representative Fitzgibbon).

**Brief History:**

**Committee Activity:**

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

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

**Floor Activity:**

Passed House: 2/10/12, 89-8.

Senate Amended.

Passed Senate: 2/29/12, 45-2.

**Brief Summary of Engrossed 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.

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### 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.

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*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.*

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

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

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## 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).

### **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 it 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 Engrossed 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.

**EFFECT OF SENATE AMENDMENT(S):**

The Senate amendments (1) allow a county legislative authority to establish a system of rates and charges which may include an annual per acre amount, an annual per parcel amount, or an annual per parcel amount plus an annual per acre amount; (2) state that if the system of rates and charges includes an annual per acre amount or an annual per parcel amount plus an annual per acre amount, the per acre rate or charge on such forest lands shall not exceed one-tenth of the weighted average per acre rate or charge on all other lands within the conservation district that are subject to rates and charges; (3) remove the provision that the interest rate on the amount of delinquent rates and charges shall be the lesser of an average of the federal short-term rate plus two percentage points, or 8 percent, whichever is lesser, and establishes the interest rate as that for delinquent property taxes; (4) require that the rates and charges for a conservation district not be spread on the tax rolls and not be allocated with property tax collections in the following year if a petition signed by at least 20 percent of the landowners has been filed with the county legislative authority objecting to the imposition of such rates and charges; and (5) declare an emergency.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony (Local Government):**

(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.

**Staff Summary of Public Testimony (General Government Appropriations & Oversight):**

(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 (Local Government):** (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 Testifying (General Government Appropriations & Oversight):** 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** (Local Government): None.

**Persons Signed In To Testify But Not Testifying** (General Government Appropriations & Oversight): None.