

SENATE BILL REPORT

E2SHB 1960

As of February 25, 2014

Title: An act relating to establishing benefit assessment charges for metropolitan park districts.

Brief Description: Establishing benefit assessment charges for metropolitan park districts.

Sponsors: House Committee on Finance (originally sponsored by Representative Seaquist).

Brief History: Passed House: 2/17/14, 67-30.

Committee Activity: Governmental Operations: 2/24/14.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Sam Thompson (786-7413)

Background: A metropolitan park district (MPD) is a local government entity that may be formed to operate parks and recreational facilities. There are currently 16 MPDs in the state, operating in nine counties. MPDs are governed by city councils or by elected boards of commissioners.

To finance operations, an MPD may levy a property tax. Some MPD tax levies have been limited by legal constraints, called prorationing, that prohibit the aggregate of certain local government levies, including MPD levies, from exceeding \$5.90 per \$1,000 of assessed value.

Benefit Charges. Some local governments, including fire protection districts, may impose benefit charges. These charges are not based on the value of property. Instead, they are based on benefits attributable to services provided by the local government. Benefit charges in fire protection districts, which must be approved by voters, may be based on benefits relating to proximity to fire service facilities, such as savings on insurance rates. Fire protection district benefit charges may vary among particular parcels in a district.

Summary of Bill: An MPD may impose benefit charges on land in the MPD, if approved by district voters in an election. Benefit charges may not exceed the amount that could be collected under the MPD property tax levy, not subject to prorationing. A benefit charge must be reasonably proportioned to measurable benefits to property resulting from proximity to MPD facilities.

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.

A public hearing must be held on a proposed benefit charge before a benefit charge proposition is presented to voters. A benefit charge expires in six or fewer years, as authorized by voters.

If a benefit charge is approved, county assessors will identify property subject to a benefit charge and county treasurers will collect benefit charges. County treasurers may deduct a percentage of collected benefit charges to cover administrative costs. The MPD governing board must hold an annual public hearing to review and establish benefit charges. An MPD review board must hear complaints and may adjust benefit charges.

Property not subject to property tax is exempt from the benefit charge. Taxpayers receiving limited senior citizen and disabled property tax exemptions have limited benefit charge exemptions, as follows:

- those with income of \$35,000 or less, but more than \$30,000 are exempt from 25 percent of the benefit charge;
- those with income of \$30,000 or less, but more than \$25,000 are exempt from 50 percent of the benefit charge; and
- those with income of \$25,000 or less are exempt from 75 percent of the benefit charge.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: MPDs, the most junior of taxing districts in the prorationing hierarchy, have suffered from reduced property tax revenue because of prorationing and declining property valuations. This bill, which includes appropriate safeguards, could provide an alternative source of funding.

Persons Testifying: PRO: Representative Seaquist, prime sponsor; Terry Lee, Peninsula MPD.