

SENATE BILL REPORT

SB 6203

As Reported By Senate Committee On:
Government Operations, February 2, 1996

Title: An act relating to acquiring and maintaining conservation areas.

Brief Description: Authorizing a tax for the acquisition and maintenance of conservation areas.

Sponsors: Senators Haugen, Winsley and Fraser.

Brief History:

Committee Activity: Government Operations: 2/2/96 [DPS-WM, DNP]
Ways & Means: 2/5/96.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: That Substitute Senate Bill No. 6203 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Goings, Heavey and Winsley.

Minority Report: Do not pass.

Signed by Senator Hale.

Staff: Eugene Green (786-7405)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: Counties are authorized to levy up to a 1 percent real estate tax to acquire and maintain conservation areas. The tax requires voter approval and is imposed countywide. The buyer is liable for the tax and payment of the tax is required prior to recording of the title.

The proposal for the tax may be initiated by the county legislative authority or by a petition signed by 10 percent of the total number of voters voting in the last county election.

An expenditure plan must be prepared 60 days before the county election if the proposition is initiated by the county legislative authority, or within six months if initiated by petition. The county must consult with the cities within the county regarding the expenditure plan.

Only San Juan County has imposed this tax.

Summary of State and Local Real Estate Excise Taxes.

State = 1.28 percent: deposited in general fund for funding K-12 education and public works assistance;

Cities and counties = up to 0.25 percent: limited to capital improvements. Almost all cities and counties have implemented this tax, making the combined state and local rate at least 1.53 percent in most areas of the state;

Cities and counties planning under the Growth Management Act = up to 0.25 percent: limited to capital improvements. At least seven counties and 65 cities have imposed this tax. In these cities and counties, the combined state and local rate is essentially 1.78 percent;

Cities and counties = up to 0.5 percent: may be imposed only if the city or county does not levy the second (up to) 0.5 percent local sales tax. The City of Clarkston is the only jurisdiction levying this tax; and

Counties = up to 1 percent: may only be used for acquisition and maintenance of conservation areas. Authorized in 1990, this tax has been approved and implemented only in San Juan County. (The authorization for counties to levy this tax would be repealed for all but San Juan County.) This is the only real estate excise tax that is an obligation of the buyer.

Summary of Substitute Bill: Except for San Juan County, the authorization for counties to levy a 1 percent real estate excise tax to acquire and maintain conservation areas is repealed.

An additional state real estate excise tax is imposed beginning January 1, 1997, at a rate not exceeding 0.5 percent of the selling price. The proceeds of the tax must be used for the acquisition of a less than fee simple interest in conservation areas and maintenance of conservation areas by state agencies or counties.

The tax is an obligation of the seller and does not apply to the acquisition of an interest in conservation areas by the state or a county, city, town or park district.

"Conservation area" means land and water that has environmental, agricultural, aesthetic, cultural, scientific, historic, scenic or low-intensity recreational value for existing and future generations, and includes, but is not limited to, open spaces, wetlands, marshes, aquifer recharge areas, shoreline areas, natural areas, and other lands and waters that are important to preserve flora and fauna.

The conservation lands account is created in the State Treasury. Moneys received by the State Treasurer from this tax are deposited into the conservation lands account and may be spent only after appropriation. Expenditures from the account may be used by the Interagency Committee For Outdoor Recreation only for preparing a conservation area plan and administration, and awarding grants to state agencies or counties to acquire less than fee simple interests in conservation areas. Not more than 1 percent of the amounts administered by the committee may be used for planning and administration. If sufficient eligible

applications are received from counties, at least 50 percent of the funds must be expended as grants to counties.

In cooperation with other state agencies, the Interagency Committee for Outdoor Recreation must adopt and periodically update a plan identifying conservation areas in which the state is to acquire interests and must award grants for the acquisition of these interests to state agencies, including but not limited to, the Department of Fish and Wildlife, the Department of Natural Resources and the State Parks and Recreation Commission. The first priority for these expenditures must be to acquire interests in conservation areas that are wetlands or agricultural lands.

In addition, the Interagency Committee for Outdoor Recreation must adopt and periodically update criteria for awarding grants to counties. To be eligible for a grant, the county must impose and collect to the maximum extent under law the \$0.0625 conservation property tax. The county must also adopt a plan, in cooperation with its cities and after a public hearing, for the expenditure of the grant proceeds. The plan must periodically be updated. The first priority for these plans must be the acquisition of interests that are wetlands or agricultural lands.

Before November 1 of each year, the Interagency Committee for Outdoor Recreation must develop and submit to the Way and Means Committees of the Legislature a description of the grants made during the preceding fiscal year and a prioritized list of acquisitions recommended for funding by the Legislature. The list must include specified criteria. The Legislature may remove recommended acquisitions from the list, but may not change the order of priorities recommended for funding.

This act is submitted to the people in November, 1996.

Substitute Bill Compared to Original Bill: The substitute bill keeps the local tax as an obligation of the purchaser. The additional state real estate excise tax is changed from a rate of 0.5 percent to a rate not exceeding 0.5 percent.

Appropriation: None.

Fiscal Note: Requested on January 19, 1996.

Effective Date: Upon favorable vote of the people, the act takes effect January 1, 1997.

Testimony For (Government Operations): This program will help save valuable wetlands, agricultural lands, and the like from development. A similar small federal program has been successful.

Testimony Against (Government Operations): Conservation futures benefit everyone, therefore the source of revenue should be more broadly based.

Testified (Government Operations): Numerous people.

Testimony For (Ways & Means): This gives priority to purchasing rights in critical areas. The tax is related to growth and the impact of development. It is less expensive to buy

development rights than to fix the problems caused by development, and this compensates owners for the loss of property rights.

Testimony Against (Ways & Means): State bonding authority or the local conservation futures levy should be used instead. This funding source is inappropriate because it is unstable. Everyone should pay for this program rather than just sellers of property.

Testified (Ways & Means): Senator Haugen, sponsor (pro); Glen Hudson, WA Assoc. of Realtors (con); Scott Merriman, WENPac; Mike Ryherd (pro).