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**SUBSTITUTE SENATE BILL 6456**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** Senate Committee on Natural Resources (originally sponsored by Senators Fraser, Swecker, Rasmussen, Haugen, Winsley, Franklin, McAuliffe and Kohl; by request of Governor Lowry)

Read first time 01/26/96.

1 AN ACT Relating to creating a property tax credit as an incentive  
2 for the improvement and restoration of streams, rivers, and riparian  
3 areas; adding a new section to chapter 89.08 RCW; adding a new chapter  
4 to Title 84 RCW; providing an effective date; and providing an  
5 expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) Cooperative partnerships formed by governmental agencies and  
9 private landowners can provide needed improvement to and restoration of  
10 streams, rivers, and riparian areas;

11 (b) Improving and restoring the habitat of streams, rivers, and  
12 riparian areas will:

13 (i) Benefit the aquatic and wildlife species in the state;

14 (ii) Improve water quality for all water resource users;

15 (iii) Reduce damage to property that often accompanies flooding;

16 and

17 (iv) Potentially improve the availability of water for all users;

18 and

1 (c) Some salmonid stocks within the state of Washington have  
2 declined at an accelerated rate during the past few years and improving  
3 and restoring the habitat of streams, rivers, and riparian areas upon  
4 which spawning salmonid stocks depend for survival will help to reverse  
5 this decline.

6 (2) It is the intent of the legislature that a program be created  
7 to improve and restore the habitat of aquatic and wildlife species of  
8 streams, rivers, and riparian areas located on privately owned land and  
9 that owners of land abutting streams and rivers be allowed a credit  
10 against the state portion of property taxes levied on such land for  
11 expenditures made to improve, restore, rebuild, or rehabilitate the  
12 habitat of streams, rivers, and riparian areas.

13 NEW SECTION. **Sec. 2.** The definitions in this section apply  
14 throughout this chapter unless the context clearly requires otherwise.

15 (1) "Conservation commission" and "state conservation commission"  
16 mean the agency created in accordance with RCW 89.08.030.

17 (2) "Conservation district" means a governmental subdivision of  
18 this state and a public body corporate and politic, organized in  
19 accordance with chapter 89.08 RCW.

20 (3) "Improvement or restoration" and "improve or restore" mean  
21 expenditures made to improve, restore, rebuild, or rehabilitate the  
22 water quality and quantity, wildlife habitat, and aquatic habitat of  
23 streams, rivers, or riparian areas in the state.

24 (4) "Owner" means the party or parties having the fee interest in  
25 land, except that where land is subject to real estate contract,  
26 "owner" means the contract vendee.

27 (5) "Riparian" means areas next to streams or rivers that are  
28 capable of supporting plant and animal species that require more  
29 moisture than the plant and animal communities growing on adjacent  
30 uplands. Riparian areas are adjacent to streams and rivers where  
31 specific measures are needed to protect aquatic and wildlife habitat  
32 needs and watershed.

33 (6) "Salmonid" means a fish of the family salmonidae. Fish in this  
34 family include salmon, steelhead, trout, char, whitefish, and grayling.

35 (7) "State portion of property taxes" means the taxes levied by the  
36 state for support of the common schools of the state in accordance with  
37 RCW 84.52.065.

1 (8) "Tax year" means the year when property taxes are due and  
2 payable.

3 (9) "Watershed" means a geographic region within which water drains  
4 into a particular river, stream, or body of water identified and  
5 numbered as state of Washington water resource inventory areas under  
6 RCW 43.27A.130 and defined by WAC 173-500-040 as existing on the  
7 effective date of this act.

8 NEW SECTION. **Sec. 3.** (1) An owner of land shall be allowed a  
9 credit against the state portion of property taxes levied on land  
10 abutting a stream, river, or riparian area if the land falls within one  
11 of the categories set forth in section 4 of this act and the following  
12 conditions have been met:

13 (a) A conservation district has determined that certain  
14 improvements or restorations are necessary to improve or restore the  
15 habitat of the stream, river, or riparian area;

16 (b) A conservation district has prepared a management plan  
17 detailing the required improvements or restorations;

18 (c) The improvements or restorations to the habitat of the stream,  
19 river, or riparian area detailed in the management plan would be  
20 required to be made by a governmental agency, as resources are  
21 available, if the owner does not make the required improvements or  
22 restorations;

23 (d) The owner has completed the required improvements or  
24 restorations in accordance with the management plan and has provided a  
25 conservation district with all receipts for work and materials  
26 associated with the improvements or restorations;

27 (e) A conservation district has inspected the improvements or  
28 restorations and has determined that the improvements or restorations  
29 required by the management plan have been satisfactorily completed; and

30 (f) A conservation district has provided the owner with an  
31 affidavit certifying that the owner has completed improvements or  
32 restorations to the portion of his or her land abutting a stream,  
33 river, or riparian area and certifying the total amount of money spent  
34 by the owner in this effort.

35 (2) To receive credit for the completed improvements or  
36 restorations, the owner must present the notice received from the  
37 county treasurer under RCW 84.56.050, or a copy thereof, showing the  
38 property taxes levied on the land abutting a stream, river, or riparian

1 area to the conservation district by April 1st. The notice must show  
2 what portion of property taxes are levied by the state.

3 (a) Upon receipt of this notice, the conservation district shall  
4 determine the amount of credit the owner is entitled to receive during  
5 the current tax year and shall issue a credit voucher to the owner in  
6 that amount.

7 (b) If the amount spent on the required improvements or  
8 restorations exceeds the state portion of property taxes due in the  
9 current tax year, the excess may be carried forward and credited  
10 against the state portion of property taxes due in succeeding tax  
11 years. The conservation districts shall maintain a list of all owners  
12 and the amount of credit they are entitled to claim in succeeding tax  
13 years.

14 (3) The owner must submit the credit voucher received from a  
15 conservation district for improvements or restorations, along with the  
16 balance of property taxes due, to the treasurer of the county in which  
17 the improved or restored stream, river, or riparian area is located.  
18 The treasurer shall treat this credit voucher in the same manner as a  
19 monetary payment of property taxes.

20 NEW SECTION. **Sec. 4.** An owner of land that falls within one of  
21 the following categories may qualify for the property tax credit set  
22 forth in section 3 of this act for improvements or restorations to the  
23 habitat of streams, rivers, or riparian areas:

24 (1) Land bordering streams that are critical to the recovery of  
25 anadromous fishery stocks listed as "critical" or "depressed" in the  
26 1992 Washington State Salmon and Steelhead Stock Inventory published by  
27 the department of fisheries, the department of wildlife, and the  
28 Western Washington Treaty of Indian Tribes in March 1993;

29 (2) Land within a watershed that is listed as a priority in the  
30 Preliminary Priority Watersheds for Restoration and Conservation of  
31 Fish and Wildlife published by the Washington department of fish and  
32 wildlife and the department of natural resources in February 1995;

33 (3) Land bordering streams, rivers, and riparian areas that do not  
34 meet water quality standards according to the May 1994 Section 303(d)  
35 list published by the department of ecology;

36 (4) Land within watersheds that have an approved watershed plan  
37 developed in accordance with chapter 90.70 RCW;

1 (5) Land bordering streams, rivers, and riparian areas that have  
2 been damaged by flooding; or

3 (6) Land included within watershed restoration projects that have  
4 been approved in accordance with RCW 89.08.450 through 89.08.510.

5 NEW SECTION. **Sec. 5.** In order to qualify for the property tax  
6 credit set forth in section 3 of this act, a management plan must be  
7 developed. Conservation districts in conjunction with owners of land  
8 abutting streams, rivers, or riparian areas shall develop a management  
9 plan to improve or restore the stream, river, or riparian areas at  
10 issue using:

11 (1) Practices listed in the United States department of  
12 agriculture/natural resources conservation service's field office  
13 technical guide, as existing on the effective date of this act, for the  
14 protection or improvement of riparian areas; or

15 (2) Practices listed in the 1995 Fish and Wildlife Priority Habitat  
16 Management Recommendations: RIPARIAN.

17 NEW SECTION. **Sec. 6.** (1) The credit authorized by this chapter  
18 shall be used as a credit against the state portion of property taxes  
19 due on the improved or restored tax parcel during the tax year in which  
20 the credit voucher is submitted to the county treasurer. This credit  
21 shall not be used to reduce the nonstate portion of property taxes  
22 levied against the tax parcel.

23 (2) The credit in any tax year shall not exceed the amount of the  
24 state portion of property taxes levied on a parcel of land nor shall it  
25 exceed the amount of money the owner spent to improve or restore the  
26 stream, river, or riparian area.

27 (3) The credit shall be allowed for the tax year, or years,  
28 following completion of and payment for the improvements or  
29 restorations. If the cost of the improvements or restorations exceeds  
30 the state portion of property taxes due in the current tax year, the  
31 excess may be carried forward and credited toward the state portion of  
32 property taxes due in succeeding tax years. The conservation districts  
33 shall monitor and maintain a record of all credits that may be claimed  
34 in the succeeding tax years.

35 NEW SECTION. **Sec. 7.** (1) The total amount of credits to be  
36 allowed for the purposes in section 1 of this act shall not exceed

1 three million dollars for the biennium ending June 30, 1997, six  
2 million dollars for fiscal year 1997-1998, and six million dollars for  
3 fiscal year 1998-1999.

4 (2) The conservation commission shall keep current the total dollar  
5 amount of credits approved and submitted to county treasurers. The  
6 commission shall suspend issuance of credit vouchers when the annual  
7 limit is reached.

8 NEW SECTION. **Sec. 8.** Any portion of the state levy reduced as a  
9 result of this chapter and section 9 of this act shall be made whole  
10 from other state revenues. This chapter and section 9 of this act  
11 shall not result in the reduction in any manner of the amount of the  
12 state school levy for support of the common schools.

13 NEW SECTION. **Sec. 9.** A new section is added to chapter 89.08 RCW  
14 to read as follows:

15 (1) Conservation districts shall monitor and provide monthly  
16 reports to the state conservation commission on the number of owners  
17 who submit applications and who are approved to participate in the  
18 improvement or restoration program set forth in section 3 of this act.

19 (2) Conservation districts shall monitor and maintain a list of  
20 owners who have expended more on improvements or restorations than the  
21 amount of the state portion of property taxes due in any tax year and  
22 who are eligible to receive a credit towards property taxes due in  
23 succeeding tax years. The districts shall also maintain a record of  
24 the total amount of credits that owners may claim in succeeding tax  
25 years.

26 (3) The conservation commission shall:

27 (a) Provide grants to conservation districts to reimburse them for  
28 the technical assistance costs incurred in developing the management  
29 plans required by section 3 of this act;

30 (b) Monitor and provide to the state treasurer a total of the  
31 number and dollar amount of credit vouchers issued on a monthly basis  
32 by the conservation districts for the improvement or restoration  
33 program set forth in section 3 of this act; and

34 (c) Immediately notify all conservation districts when the annual  
35 maximum dollar amount of credit has been reached.

36 (4) The conservation commission in conjunction with the Washington  
37 department of fish and wildlife shall submit a report to the office of

1 the governor summarizing the progress of the program set forth in  
2 chapter 84.-- RCW (sections 1 through 8 of this act) by October 1,  
3 1997.

4 (5) The conservation commission in cooperation with the Washington  
5 department of fish and wildlife shall prepare and submit a report by  
6 October 1, 1998, to the environmental committees of the legislature and  
7 to the office of the governor summarizing the progress of the program  
8 set forth in chapter 84.-- RCW (sections 1 through 8 of this act) to  
9 date.

10 NEW SECTION. **Sec. 10.** Sections 1 through 8 of this act constitute  
11 a new chapter in Title 84 RCW.

12 NEW SECTION. **Sec. 11.** This act shall take effect July 1, 1996.

13 NEW SECTION. **Sec. 12.** This act shall expire June 30, 1999.

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