

HB 1399

Bill Analysis

February 9, 1999

Brief Description: Exempting soil and water conservation districts from property taxation.

Bill Sponsors: Representatives Linville, Schoesler, Cooper, Mastin, Morris, Kessler, B. Chandler, Parlette and G. Chandler.

Brief Summary of Bill

- Real property owned by a conservation district is exempt from property taxation if a district only provides services to landowners located in the district.
- A conservation district is ineligible for a real property tax exemption, if the district performs contract work for persons who are not landowners in the district.

Staff: Linda Brooks, 786-7153.

Background:

Conservation districts are special local government districts authorized to engage in a variety of activities relating to the conservation of soil, water, and other natural resources. A conservation district is governed by a five-member board of supervisors. Three supervisors are elected by voters in the district, and two are appointed by the State Conservation Commission. Currently, there are forty-eight conservation districts.

All property in this state is subject to property tax each year based on the property's value unless a specific exemption is provided by law. The Constitution exempts property owned by the United States, the state, counties, school districts, and other municipal corporations from property taxes.

The Department of Revenue informally advises that the constitutional property tax exemption for property owned by municipal corporations does not apply to conservation districts. The department states that conservation districts are quasi-municipal corporations (municipal corporations with limited powers). The department cites the Supreme Court's ruling in *Columbia Irr. District v. Benton County*, 149 Wash. 234 (1928) as evidence that property owned by quasi-municipal corporations does not fall under the constitutional exemption for property owned by municipal corporations.

Many property tax exemptions apply to both real and personal property but sometimes an exemption applies only to personal property or only to real property. The chief characteristic distinguishing between real and personal property is mobility. Land and improvements to land are considered real property. All other property such as boats, jewelry, or office furnishings are personal property.

In 1963 the Legislature exempted personal property owned by conservation districts from property taxation.

A landowner in a conservation district who receives technical assistance or other services from a conservation district is known as a cooperator of the district.

Summary of Bill:

Real property owned by a conservation district is exempt from property taxation if a district only provides services to landowners located in the district. A conservation district is ineligible for a real property tax exemption, if the district performs contract work for persons who are not landowners in the district.

Appropriation: None.

Fiscal Note: Available.

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