

***Local Government & Housing
Committee***

HB 1949

Brief Description: *Providing a tax exemption for property that has declined in value due to shoreline regulation.*

Sponsors: *Representatives Marine, Mulliken, DeBolt, Schoesler, Crouse, Sump, Jarrett, Woods, Buck, Ahern, Delvin, Benson, Anderson, Armstrong and Bush.*

Brief Summary of Bill

- *Exempts property from state and local property taxes if the property's value has been reduced by at least 25 percent after November 20, 2000, as a result of shoreline master program regulation.*
- *Continues the property tax exemption until the cumulative tax savings equals or exceeds the property value reduction.*
- *Specifies a process for petitions regarding property tax exemptions and appeals of assessors' determinations regarding exemptions.*
- *Requires taxing district levies to be reduced as needed to prevent exemptions from resulting in a higher tax rate.*

Hearing Date: *2/14/01*

Staff: *Caroleen Dineen (786-7156).*

Background:

The Shoreline Management Act (SMA) governs uses of state shorelines. The SMA includes specific legislative "findings" that pressures on shoreline uses and the impacts of unrestricted development on public and private shoreline property create the need to coordinate planning for shoreline development activities.

The SMA governs all "shorelines of the state," including both "shorelines" and "shorelines of state-wide significance." Shorelines include all water areas, including reservoirs, and their associated "shorelands" except: (1) shorelines of statewide significance [separately defined to include specific shoreline areas identified in statute]; (2) shorelines on segments of streams upstream of a point at which the mean annual flow is less than or equal to 20 cubic feet per second (cfs); and (3) shorelines on lakes fewer than 20 acres in size. Shorelands include the lands extending landward for 200 feet in all directions from the ordinary high water mark as well as floodways and contiguous floodplain areas landward 200 feet from the floodways. Shorelands also include all wetlands and river deltas associated with streams, lakes and tidal waters subject to the SMA.

The SMA requires counties and cities with shorelines of the state to adopt local shoreline master programs ("master programs") regulating land use activities in shoreline areas of the state and to enforce those master programs within their jurisdictions. All 39 counties and more than 200 cities have enacted master programs.

The SMA also requires the Department of Ecology (DOE) to adopt guidelines for local governments to use when developing these local shoreline master programs. The DOE must provide an opportunity for local governments and others to comment on the proposed guidelines and must hold public hearings before the proposed guidelines are adopted. The DOE may propose amendments to the guidelines no more than once per year and must review the guidelines at least once every five years.

Local governments must develop or amend shoreline master programs consistent with the DOE guidelines within 24 months after the DOE guidelines are adopted. The DOE considers the adopted guidelines and SMA requirements when reviewing and approving local shoreline master programs. The DOE adopted new guidelines in November 2000.

All real and personal property in this state is subject to property tax each year based on its value, unless a specific exemption is provided by law. The tax bill is determined by multiplying the assessed value of real property, including the land itself, and all buildings, structures, or improvements or other fixtures sitting upon such land, by the tax rate for each taxing district in which the property is located. Several exemptions from property tax exist in statute.

Summary of Bill:

Property whose value has been reduced by at least 25 percent after November 20, 2000, as a result of shoreline master program regulation is exempt from state and local property taxes. The property tax exemption continues until the cumulative tax savings equals or exceeds the property value reduction.

A process is specified for a property owner to petition for the property tax exemption. Provisions are included for appeal of an assessor's determination regarding the exemption.

Taxing district levies must be reduced as needed to prevent exemptions from resulting in a higher tax rate.

Appropriation: None.

Fiscal Note: Requested on February 9, 2001.

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