

HOUSE BILL REPORT

SB 5159

As Reported by House Committee On:
Rural Development, Agriculture & Natural Resources
Appropriations

Title: An act relating to payments in lieu of real property taxes by the department of fish and wildlife.

Brief Description: Concerning payments in lieu of real property taxes by the department of the fish and wildlife.

Sponsors: Senators Warnick, Van De Wege and Short.

Brief History:

Committee Activity:

Rural Development, Agriculture & Natural Resources: 3/17/21, 3/24/21 [DP];
Appropriations: 3/30/21, 3/31/21 [DP].

Brief Summary of Bill

- Requires the State Treasurer to distribute payments in lieu of taxes (PILT) on game lands to counties by April 30 of each year on behalf of the Department of Fish and Wildlife.
- Deletes certain PILT rates set in prior biennia.

HOUSE COMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 15 members: Representatives Chapman, Chair; Shewmake, Vice Chair; Chandler, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Fitzgibbon, Klicker, Kloba, Kretz, Lekanoff, McEntire, Morgan, Orcutt, Ramos, Schmick and Springer.

Staff: Rebecca Lewis (786-7339).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Payments in Lieu of Taxes.

As state agencies, the Department of Fish and Wildlife (DFW) and Department of Natural Resources (DNR) are exempt from paying property taxes on lands that the agencies own. However, the DFW and the DNR provide payments in lieu of taxes (PILT) to counties for certain agency-owned lands. The DNR PILT rate is equal to the amount of property tax that would be due if the property were taxed as open space land, and DNR PILT payments are made to counties on behalf of the DNR by the State Treasurer.

Department of Fish and Wildlife Payments in Lieu of Taxes.

Counties must choose whether or not to receive PILT from the DFW. If a county chooses to receive PILT, the county may no longer keep the fines they collect from fish and wildlife code violations, and those fines are instead deposited into the State General Fund. A receiving county must distribute PILT to local taxing districts based on the location of the property. Game lands eligible for DFW PILT includes all DFW-owned tracts used for wildlife habitat and public recreational purposes. Buildings, structures, facilities, game farms, fish hatcheries, water access sites, tidelands, and public fishing areas owned by the DFW are ineligible.

Counties that receive PILT may choose to be paid either at a rate equivalent to taxes on open space land, or the greater of 70 cents per acre per year or the amount of PILT paid in 1984. The DFW is also required to pay counties that elect to receive PILT an amount for the control of noxious weeds equal to that which would be paid under private ownership.

Recent Changes to the Department of Fish and Wildlife Payments in Lieu of Taxes Rates.

In the 2012 Supplemental Operating Budget, the PILT rates were amended to be equivalent to the rates paid to each county in 2009. This amendment was continued in the 2013-15 and 2015-17 Biennial Operating Budgets. In the 2017-19 Biennial Operating Budget, PILT rates were set at specific rates that were lower than the open space tax rate, but higher than the 2009 levels.

In the 2019-21 Biennial Operating Budget, the PILT rates were returned to either:

- an amount equal to the open space rate paid by the DNR on similar parcels of land; or
- the greater of 70 cents per acre per year or the amount of PILT paid in 1984.

Additionally, the 2019-21 Biennial Operating Budget directed the DFW's PILT payments to be made by the State Treasurer on behalf of the DFW for the biennium, rather than by the DFW directly.

Summary of Bill:

On behalf of the Department of Fish and Wildlife, the State Treasurer must distribute payments in lieu of taxes (PILT) on game lands to counties by April 30 of each year. References to previous PILT rates established in the 2013-15, 2015-17, and 2017-19 biennia are deleted.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2021.

Staff Summary of Public Testimony:

(In support) This issue was brought forward by the Department of Revenue. Under the bill, administration of the Department of Fish and Wildlife's (WDFW) payments in lieu of taxes (PILT) would be moved to the Office of the State Treasurer permanently, similar to the way the Department of Natural Resources PILT is distributed. The bill does not raise any fees. The WDFW has appreciated the coordination with the Office of the State Treasurer in administering PILT as directed by the 2019-2021 Operating Budget. All Washingtonians benefit from state lands, and the value of recreational lands was apparent during the COVID-19 pandemic as people were able to safely recreate outside. Revenue from PILT is very important to counties and local taxing districts, especially rural counties where there is more state-owned land. When land moves out of private ownership, counties lose the property tax revenue from those lands, and PILT replaces some of that lost revenue. School districts receive the lion's share of PILT funds. This is the bill that will save Washington state.

(Opposed) None.

Persons Testifying: Senator Warnick, prime sponsor; Cynthia Wilkerson, Washington Department of Fish and Wildlife; Paul Jewell, Washington Association of Counties; Justin Allegro, The Nature Conservancy; and Hannah Clark, Washington Wildlife and Recreation Coalition.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking

Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: Dan Jones (786-7118).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Rural Development, Agriculture & Natural Resources:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2021.

Staff Summary of Public Testimony:

(In support) Payments in lieu of taxes (PILT) are an important resource, especially in rural counties where land has moved from private to public ownership resulting in less revenue from property taxes. Payments in lieu of taxes are critical for local governments, including school districts, to help offset the revenue losses when land changes hands. There are two PILT programs in the state: one through the Department of Natural Resources (DNR), and the other through the Department of Fish and Wildlife (WDFW). This bill would streamline WDFW PILT payments and bring the WDFW program in line with the DNR's PILT program. Washington residents enjoy varied outdoor activities such as hunting, hiking, and fishing, and PILT funding is important to maintain those opportunities.

(Opposed) None.

Persons Testifying: Paul Jewell, Washington State Association of Counties; and Christine Mahler, Washington Wildlife and Recreation Coalition.

Persons Signed In To Testify But Not Testifying: None.