

SENATE BILL REPORT

SB 5510

As Reported by Senate Committee On:
Ways & Means, February 13, 2025

Title: An act relating to conservation district revenue limitations.

Brief Description: Concerning conservation district revenue limitations.

Sponsors: Senators Shewmake, Goehner, Chapman, Lovelett and Nobles.

Brief History:

Committee Activity: Ways & Means: 2/04/25, 2/13/25 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Increases the maximum annual per-parcel rate charge for conservation districts.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5510 be substituted therefor, and the substitute bill do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Cleveland, Conway, Dhingra, Hansen, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Warnick, Wellman and Wilson, C..

Minority Report: Do not pass.

Signed by Senator Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Torres, Assistant Ranking Member, Operating; Boehnke and Hasegawa.

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.

Staff: Alia Kennedy (786-7405)

Background: Conservation Districts. Conservation districts are governmental subdivisions approved by a county to support conservation efforts and responsible use of natural resources. There are 45 conservation districts in Washington that receive basic funding from the Washington State Conservation Commission. Districts may also receive funding through special assessments or benefit charges.

Conservation district special assessments are charges imposed on properties to fund services or improvements that benefit land within the district. The charges are separate from property taxes. Local governments typically charge an amount to a parcel of property reflecting a benefit to the property through the assessments. The charges may differ depending on the benefit received and are commonly spread across the tax rolls and collected much like property taxes, usually appearing on a property tax statement.

The system of rates and charges may include an annual per-acre amount, an annual per-parcel amount, or an annual per-parcel amount plus an annual per-acre amount.

The maximum annual per-acre charge is \$0.10 per acre.

The maximum annual per-parcel charges are:

- \$5 per parcel in counties with a population of less than 480,000;
- \$10 per parcel in counties with a population of 480,000 and up to 1.5 million; and
- \$15 per parcel in counties with a population over 1.5 million.

The county treasurer collects the special assessment on behalf of the district and is allowed to retain the actual costs incurred in collecting the assessment.

Summary of Bill (First Substitute): The maximum annual per-parcel charges are:

- \$7.50 per parcel in counties with a population of less than 480,000;
- \$15 per parcel in counties with a population of 480,000 and up to 1.5 million; and
- \$22.50 per parcel in counties with a population over 1.5 million.

Beginning March 1, 2029, the Department of Revenue (DOR) must adjust the maximum annual per parcel rates based on the consumer price index for all urban consumers, all items, for the Seattle metropolitan area, as calculated by the United States Bureau of Labor Statistics or its successor agency.

The adjusted maximum annual per parcel rates must be rounded to the nearest \$0.50 or \$1. If the adjustment to the maximum annual per parcel rate is negative, the maximum annual per parcel rate for the prior year continues to apply.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Limits the maximum annual per parcel amount for conservation district rates and changes to \$22.50 per parcel for counties with a population above 1.5 million persons, \$15 per parcel for counties with a population above 480,000 but less than 1.5 million persons, and \$7.50 per parcel for all other counties.
- Requires DOR to adjust the maximum annual per parcel rates every three years based on the consumer price index.
- Removes the requirement that a county treasurer and a county assessor must retain the lesser of 1 percent or actual costs incurred for collecting conservation district rates and charges, and instead reverts the provision back to current law, allowing a county treasurer and county assessor to retain actual costs incurred for collecting the rates and charges.

Appropriation: None.

Fiscal Note: Requested on January 27, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Conservation districts are local hubs of nonregulatory bodies providing natural resource services and expertise for communities across the state. This bill provides a local financing tool for conservation districts to further deliver services in their community. Currently 19 of the 45 conservation districts collect rates and charges through their counties. Conservation districts spend significant time seeking additional public and private funds. Each biennium, the State Conservation Commission puts forth an operating decision package that requests \$10 million for conservation districts for conservation technical assistance but that has only been met at a fraction. By removing the cap on rates and charges, the county can decide what amount is needed to address local conservation needs, whether that be planting more trees for salmon or thinning trees for wildfire mitigation. This bill also limits the administrative costs that the county treasurer can collect to 1 percent. Most of the counties currently collecting rates and charges do not retain more than 1 percent.

Conservation districts work with farmers to bring healthy opportunities and ecologically friendly ways to manage the state's farmlands, forests, and streams. Current funding for conservation districts is woefully inadequate. There is a backlog of well around 70 farmers who need assistance on any given day. Rates and charges provide critical, constant, and stable funds for local communities to engage in conservation. Conservation districts build community gardens and low-income transitional housing communities. Ranchers have access to large scale funds for miles of riparian restoration and flood control in part due to local rates and charges.

Conservation districts are interested in developing a reasonable rate that meets the needs of our local community. Each district works with their local government to determine what the need is and how to raise the necessary funding. Removing the cap gives local governments more flexibility in funding conservation districts. There is a growing waitlist of residents requesting technical assistance from conservation districts. Some counties are already at the maximum annual rate and still need additional funding. Conservation districts are key partners in helping farmers improve soil health, ensuring productivity of stormwater projects, and sample many large-scale salmon recovery projects. Unfortunately, like everything else, the cost of conservation has increased at a rate that has far surpassed what counties are able to collect under the current rates and charges system. Having the amount of critical funding be locally determined will help districts make the ever-growing demand for the conservation services that communities rely on.

CON: County treasurers oppose the portion of the bill that limits the amount counties can retain for collections costs. The bill overlooks critical factors that could have a detrimental impact on the function of treasurer's offices across the state. Many treasurer's offices are already operating with limited resources and are understaffed. A cap on fees would further limit resources and worsen the struggle to cover the cost of necessary personnel and services. The amount retained by treasurers is based on a thorough cost analysis to ensure accuracy. Fees are not arbitrarily set but are calculated to reflect the actual costs of the services provided. Capping fees undermines the rigorous process and could result in inadequate funding for essential services.

OTHER: The Washington State Association of Counties supports removing the ceiling on the maximum annual per parcel rate for conservation districts. Counties want to continue to support and enhance the conservation district's ability to do great projects and believe this bill helps achieve that goal. There are concerns about limiting the amount county treasurers can retain for spreading and collecting the rates and charges to the lesser of cost recovery or 1 percent, which is an arbitrary limitation. There are better options for determining adequate cost recovery, such as the federal government accountability standards which are widely accepted by counties in this state.

Persons Testifying: PRO: Dana COGGON, Pierce Conservation District; Brynn Brady, WA Association of Conservation Districts; Allan Warren, Bonneville Environmental Foundation; Linda Lyshall, Snohomish Conservation District; Mark Craven, Snohomish Conservation District; Sarah Moorehead, Thurston Conservation District; Vicki Carter, Spokane Conservation District; Rosa Mendez-Perez, King Conservation District.

CON: Jackie Brunson, Washington State Association of County Treasurers.

OTHER: Paul Jewell, Washington State Association of Counties.

Persons Signed In To Testify But Not Testifying: No one.