

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1631 E S HB	<b>Title:</b> County conservation futures
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## Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
<b>Total \$</b>						

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

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<b>Prepared by:</b> Mike Steenhout, OFM	<b>Phone:</b> 360-902-0554	<b>Date Published:</b> Revised 3/18/2005
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note  
FNPID: 11619

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1631 E S HB	<b>Title:</b> County conservation futures	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/16/2005
Agency Preparation: Margaret Knudson	Phone: 360-570-6082	Date: 03/18/2005
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 03/18/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 03/18/2005

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

This legislation is about conservation futures and the use of the amounts levied for this purpose.

Section 1 amends RCW 84.34.230. For the purpose of acquiring conservation futures, and other rights and interests in real property, and for the maintaining and operation of any property acquired, a county may levy 10 cents. This levy is increased from 6.25 to 10 cents.

Section 2 amends RCW 84.34.240. Amounts disbursed from the conservation futures fund are to be used to acquire, maintain, and operate property or interests in property to preserve lands of public interest for the future and for salmon restoration. The amount of revenue used to maintain and operate parks and recreational facilities may not exceed 25 percent of the total amount collected from the tax levied in the preceding calendar year. Revenues from this tax may not be used to supplant existing maintenance and operation funding.

Section 3 amends RCW 84.52.010 by adding subsection (1)(a). It states that if the consolidated levy rate exceeds the constitutional 1 percent limit, any portion of the levy imposed under RCW 84.34.230 that is over 6.25 cents shall be reduced until the combined rate no longer exceeds 1 percent or is eliminated prior to any other levy made under the same statute.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### ASSUMPTIONS/DATA SOURCES

This bill does not impact the general fund. This bill relates to local conservation future (CF) levies only. There is enough capacity under the \$10 limit to increase the CF levy rate from \$0.0625 to \$0.10. Currently 13 counties have a property tax levy for conservation futures. For taxes due in 2004, three CF districts levied at the maximum rate of \$0.0625. All counties could levy this tax. It is assumed those counties that now levy for conservation futures will continue to do so and, with the added options in this bill will levy at the maximum rate.

The local impacts assume that the existing counties with a CF levy will levy the full 10 cents. A 6 percent growth in property values is used for revenue projections.

Though no effective date is stated, it is assumed that it takes effect in CY 2005 for taxes due in CY 2006

**CURRENTLY REPORTING TAXPAYERS** (Impact for taxpayers who are known or estimated to be currently paying the tax in question)

No impact to the state property tax.

Conservation futures levies are subject to the \$10 constitutional limit but are outside the \$5.90 aggregate regular levy limit. Though some conservation futures districts are levying below the current maximum rate, increasing the rate by \$0.0375 as proposed in this bill would add less than \$6 to the property taxes on a \$150,000 home in most of the affected counties.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None

Local Government, if applicable (cash basis, \$000): Existing 13 counties

FY 2006 - \$ 11,843  
FY 2007 - \$ 23,760  
FY 2008 - \$ 25,186  
FY 2009 - \$ 26,697  
FY 2010 - \$ 28,299  
FY 2011 - \$ 29,997

#### DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis

State Government, Impact on Revenues (\$000); None

Local Government, Impact on Revenues (\$000) Existing 13 counties

CY 2006 - \$ 23,050  
CY 2007 - 24,433  
CY 2008 - 25,899  
CY 2009 - 27,452  
CY 2010 - 29,100  
CY 2011 - 30,846

#### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The Department of Revenue anticipates minimal costs for revisions and printing costs for an internal manual with a small distribution associated with the implementation of this bill. The Department will absorb any incidental costs incurred.

#### Part III: Expenditure Detail

#### Part IV: Capital Budget Impact

NONE.

#### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

No rules required.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

<b>Bill Number:</b> 1631 E S HB	<b>Title:</b> County conservation futures
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**Part I: Jurisdiction-**Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

**Part II: Estimates**

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Counties may levy at any rate up to the 10 cent maximum, or not at all, at their option.
- Key variables cannot be estimated with certainty at this time: It is not known which counties will exercise the levy option. See under "Revenue Impacts" for estimates of potential revenue

**Estimated revenue impacts to:**

Jurisdiction	FY 2006	FY 2007	2005-07	2007-09	2009-11
City					
County					
Special District					
<b>TOTAL \$</b>					
<b>GRAND TOTAL \$</b>					

**Estimated expenditure impacts to:**

Jurisdiction	FY 2006	FY 2007	2005-07	2007-09	2009-11
City					
County					
Special District					
<b>TOTAL \$</b>					
<b>GRAND TOTAL \$</b>					0

**Part III: Preparation and Approval**

Fiscal Note Analyst: Dahra Latham	Phone: 360-725-5036	Date: 03/18/2005
Leg. Committee Contact:	Phone:	Date: 03/16/2005
Agency Approval: Louise Deng Davis	Phone: (360) 725-5034	Date: 03/18/2005
OFM Review: Mike Steenhout	Phone: 360-902-0554	Date: 03/18/2005

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.*

This bill would increase the current maximum county conservation futures levy amount of six and one quarter cents per thousand to ten cents per thousand dollars assessed valuation against the assessed valuation of all taxable property within the county. Maintaining and operating any property acquired is added as a permissible use of the funds (section 1).

Section 2 adds the same language to the list of permissible uses of money deposited in a county conservation futures fund. Also, a restriction is placed on the amount of revenue that may be used for maintenance and operations of parks and recreational facilities.

Both sections include a requirement that any property acquired must lie within the assessing county.

#### **DIFFERENCE BETWEEN ORIGINAL AND SUBSTITUTE:**

In the original bill, the maximum amount of conservation futures revenue that may be used for maintenance and operations of parks and recreational facilities is ten percent. The substitute increases this limit to twenty-five percent. Overall revenue impacts are not changed.

#### **DIFFERENCE BETWEEN SUBSTITUTE AND ENGROSSED SUBSTITUTE:**

The engrossed substitute would clarify the requirement that any property acquired must lie within the assessing county by limiting its application to property acquired after the effective date of the bill.

In addition, the engrossed substitute bill would clarify the application of the one percent limit on property taxes to the new conservation futures authority. The existing six and a quarter cent conservation futures authority would retain its present place in the hierarchy of junior taxing districts established by RCW 84.52.010, while the additional three and three-quarters cent authority would become the most junior item, i.e., the tax eliminated first if the aggregate went over one percent.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.*

No expenditure impacts are anticipated.

#### **ASSUMPTIONS:**

It is assumed that any increased levy that was collected would be part of an existing collection process.

#### **DIFFERENCE BETWEEN ORIGINAL AND SUBSTITUTE:**

In the original bill, the maximum amount of conservation futures revenue that may be used for maintenance and operations of parks and recreational facilities is ten percent. The substitute increases this limit to twenty-five percent. Overall expenditures are not changed.

#### **DIFFERENCE BETWEEN SUBSTITUTE AND ENGROSSED SUBSTITUTE:**

The clarifications in the engrossed substitute bill (see under "Summary of Bill") reduce the bill's potential to create potentially costly disputes.

### **C. SUMMARY OF REVENUE IMPACTS**

*Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.*

Currently, the conservation futures tax is a local option property tax assessed at the county level, at a maximum rate of 6.25 cents per \$1,000 of assessed value. The bill increases the maximum rate to 10 cents per thousand dollars of assessed valuation against the assessed valuation of all taxable property within the county.

Thirteen counties currently impose a conservation futures levy. They are: Clark, Ferry, Island, Jefferson, King, Kitsap, Pierce, San Juan, Skagit, Snohomish, Spokane, Thurston and Whatcom. Current levy rates range from 4.9 cents per thousand to the current maximum of 6.25 cents per thousand.

The bill does not require local governments to implement the conservation futures levy, but provides a local option. All potential levy amounts are provided by DOR.

Potential revenue impacts below represent the increase in revenue if the rate were increased from the current level to 10 cents per thousand.

For the thirteen counties that currently impose a conservation futures levy:

FY 06	----	11,842,908
FY 07	----	23,760,220
FY 08	----	25,185,833
FY 09	----	26,696,983
FY 10	----	28,298,802
FY 11	----	29,996,730

For all 39 counties (if all counties currently using conservation futures increased their rate to 10 cents per thousand, and the other 26 counties all imposed a new levy at the maximum rate):

FY 06	----	16,831,428
FY 07	----	33,936,915
FY 08	----	36,312,499
FY 09	----	38,854,374
FY 10	----	41,574,180
FY 11	----	44,484,373

Assumptions:

The levy figures were provided through consultation with the Department of Revenue.

#### DIFFERENCE BETWEEN SUBSTITUTE AND ENGROSSED SUBSTITUTE:

Because the constitutional limit would apply with or without the clarification in the engrossed substitute bill (see under "Summary of Bill"), it is unlikely that this clarification changes the revenue impact of the bill.

Source:

Department of Revenue