

the Courthouse Journal

WACOUNTIES.ORG

February 20, 2009

Issue No. 6

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*Washington Association of County Officials
Washington State Association of Counties*

WACO Objects to House Bill 1526

from the desk of WACO President Judi Morris

Tuesday, February 24, 2009

Washington State Legislature
House Finance Committee
225-A John L. O'Brien Building
PO Box 40600
Olympia WA 98504-0600

RE: HB 1526 – Removing essential government services as a condition to exempt from taxation property belonging to federally recognized Indian tribes.

Members of the House Finance Committee,

I am writing you as president of the Washington Association of County Officials (WACO) to express our opposition to **HB 1526** - Removing essential government services as a condition to exempt from taxation property belonging to federally recognized Indian tribes, and its companion **SB 5641**.

HB 1526 represents a multi-million dollar tax shift throughout our communities. Many taxpayers are already struggling to fare the economic storm and simply cannot afford to bear the tax burden presented in this legislation. WACO has surveyed the 24 counties where taxable tribal property is located. As you can see in the attached spreadsheet, there is more than \$340 million in taxable tribal-owned property on the property tax rolls, representing nearly \$3.7 million in property tax revenue each year (these figures do NOT include all tribal-owned property in King County). Each property tax dollar exempted, for any purpose, creates an additional tax burden on other property owners.

The provisions of HB 1526 do not only apply to property currently owned by tribal governments. The potential tax shift paints a much darker picture. Under this legislation, tribes could purchase properties for business purposes, property development, commercial lease arrangements – effectively raising taxes on other property owners as a result of tribal profit ventures.

Job announcements & links to County Employment pages at:

<http://wacounties.org/>

the Courthouse Journal

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(WACO) wacounties.org/waco

and the **Washington State Association of Counties**

(WSAC) wacounties.org/wsac

We welcome your suggestions and contributions. The weekly / bi-weekly deadline is noon Wednesdays. Direct inquiries and correspondence to - *The Courthouse Journal*, 206 Tenth Av SE, Olympia, WA 98501

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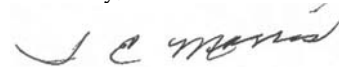
Leasehold excise tax is not an equitable or appropriate replacement of property tax, in the case of property owned by tribal governments. The nomenclature that governments do not tax other governments, is only partially true. While governments typically do not pay *property* taxes to each other, there are a variety of arrangements that can be put into place to make each other whole. A common methodology used in these circumstances is Payment In Lieu of Taxes (PILT). PILTs are used by the federal government and the state government in instances where traditional taxes are not appropriate. **HB 1526** suggests the use of leasehold excise tax. The use of leasehold excise tax is not an equitable replacement for property taxes in the case of tribal governments for two reasons:

1. Leasehold excise tax is based entirely on the market rental/lease rate of properties. Oftentimes tribal governments will purchase and/or develop land for residential use and subsidize the lease/rent, thus cutting other governments short of expected collections under this option. Leasehold excise tax does not apply to vacant land or land where a tribe may choose to manage its own operations, thus cutting other governments out of expected tax collections entirely.
2. Leasehold excise tax is collected by the state and distributed to local taxing districts. Due to the sovereign immunity of tribal governments, local governments have no means to enforce a leasehold excise tax. Local governments have means by which property tax can be enforced, ensuring fair and equitable taxation throughout. PILT agreements could, potentially, contain provisions where tribal governments can waive their sovereign immunity, enabling non-tribal governments to enforce the terms of the agreement.

HB 1526 is expensive and unfair to non-tribal tax payers, and presents an unworkable taxing mechanism for local governments, and is simply unnecessary. Federal law provides a procedure by which tribal governments can petition to have tribally-owned land designated as trust land, thus exempting them from property taxes.

On behalf of the membership of WACO, I ask that you not move **HB 1526** forward.

Sincerely,



Judi Morris

Jefferson County Treasurer

President, Washington Association of County Officials

Legislative Committee Schedules and Agendas:

<http://www.leg.wa.gov/wsladm/calendar.cfm>

Bill Information: www.leg.wa.gov

Tribal Lands owned in counties as of Feb. 2009 that would become Tax Exempt under HB 1526

	Property	Personal Property	Total Value	Total Property Tax
Adams	\$ -	\$ -	\$ -	\$ -
Asotin	\$ 28,420	\$ -	\$ 28,420	\$ 298
Benton	\$ -	\$ -	\$ -	\$ -
Chelan	\$ -	\$ -	\$ -	\$ -
Clallam	\$ 25,000,000	\$ -	\$ 25,000,000	\$ 222,500
Clark	\$ 21,511,800	\$ -	\$ 21,511,800	\$ 176,350
Columbia	\$ -	\$ -	\$ -	\$ -
Cowlitz	\$ -	\$ -	\$ -	\$ -
Douglas	\$ -	\$ -	\$ -	\$ -
Ferry	\$ 853,500	\$ -	\$ 853,500	\$ 6,844
Franklin	\$ -	\$ -	\$ -	\$ -
Garfield	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -
Grays Harbor	\$ 2,395,952	\$ -	\$ 2,395,952	\$ 33,322
Island	\$ 135,367	\$ -	\$ 135,367	\$ 775
Jefferson	\$ -	\$ -	\$ -	\$ -
King***	\$ 26,142,500	\$ -	\$ 26,142,500	\$ 274,496
Kitsap	\$ 27,878,420	\$ -	\$ 27,878,420	\$ 255,806
Kittitas	\$ -	\$ -	\$ -	\$ -
Klickitat	\$ -	\$ -	\$ -	\$ -
Lewis	\$ 220,000	\$ -	\$ 220,000	\$ 1,850
Lincoln	\$ -	\$ -	\$ -	\$ -
Mason	\$ 3,754,520	\$ -	\$ 3,754,520	\$ 39,422
Okanogan	\$ 12,894,000	\$ 878,218	\$ 13,772,218	\$ 137,668
Pacific	\$ 237,000	\$ -	\$ 237,000	\$ 2,489
Pend Oreille	\$ 417,097	\$ 12,535	\$ 429,632	\$ 3,933
Pierce	\$ 76,566,515	\$ -	\$ 76,566,515	\$ 704,767
San Juan	\$ 818,890	\$ -	\$ 818,890	\$ 3,903
Skagit	\$ 19,755,400	\$ -	\$ 19,755,400	\$ 167,207
Skamania	\$ 78,000	\$ -	\$ 78,000	\$ 819
Snohomish	\$ 26,752,000	\$ -	\$ 26,752,000	\$ 280,896
Spokane	\$ 1,917,970	\$ -	\$ 1,917,970	\$ 20,885
Stevens	\$ 112,500	\$ -	\$ 112,500	\$ 1,181
Thurston	\$ 23,000,000	\$ -	\$ 23,000,000	\$ 622,452
Wahkiakum	\$ -	\$ -	\$ -	\$ -
Walla Walla	\$ -	\$ -	\$ -	\$ -
Whatcom	\$ 56,932,635	\$ -	\$ 56,932,635	\$ 522,130
Whitman	\$ 16,000	\$ -	\$ 16,000	\$ 168
<u>Yakima</u>	<u>\$ 11,308,550</u>	<u>\$ 5,213,313</u>	<u>\$ 16,521,863</u>	<u>\$ 173,484</u>
Totals	\$ 338,727,036	\$ 6,104,066	\$ 344,831,102	\$ 3,653,646

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***King is unable to comply with the request because of Computer coding issues. Example only includes Emerald Downs Race Track as one single example.

Where possible, exact Property Taxes due were used; where those amounts were unavailable, an average Levy Rate of \$10.50 Per M was used.

Data Collected and Compiled by WACO Research Staff 2-23-09

REMINDER: WACO Legislative Committee

by James McMahan, WACO Staff

The WACO Legislative Committee meets every week during the legislative session. Unless otherwise announced, the Committee meets by conference call at 9:00 AM each Tuesday. All WACO members are welcome and invited to participate. The Committee reviews recently introduced and active legislation related to any affiliate and considers requests for WACO to take a position or take action on legislation. The Committee also reviews the WACO Legislative Package and provides guidance to the WACO staff in that effort. Each WACO affiliate, time permitting, has an opportunity to review legislative action from their perspective.

The WACO Legislative Committee conference call dial in number is 1 (866) 393-8073. The PIN is *8093393*. Please announce yourself when you arrive on the call.

New Bill Tracking Format

by James McMahan, WACO Staff

You may have noticed that WACO's legislative tracking format has changed. As legislation is introduced throughout each session, the WACO Watch List tends to get pretty lengthy. Additionally, we have found that a 'one tracking sheet fits all' approach doesn't.

To better serve the needs of each WACO affiliate, we are now utilizing a new legislative tracking system that allows us to create customized tracking lists for each affiliate. As legislation is introduced, WACO staff review the legislation to determine which affiliate(s) have an interest in the bill. Each bill is 'tagged' according to each affiliate and is added to that affiliate's tracking list. As weekly bill updates are sent out, each affiliate now only sees bills that are of interest to their office.

Additionally, this new system allows us to produce customized committee hearing schedules. Rather than having to browse through each committee of the Legislature looking for bills of interest to you, we are able to create a committee hearing schedule for only those bills on an affiliate's bill tracking list.

New systems always take time to learn and get familiar with. As you learn to appreciate the new system, we hope that you will take the opportunity to become more active in your affiliate's legislative operations.

Cut-Off Dates Loom

by James McMahan, WACO Staff

This week is an important week for those who live in the legislative world. Wednesday, February 25 is the first cut-off date. Cut-off dates are administrative deadlines that the Legislature imposes on itself to control the number of bills that flow through the legislative process.

There are seven cut-off dates in each legislative session. The following lists each cut-off date for the 2009 legislative session:

1. **Wednesday, February 25:** Bills must pass from policy committees in their chamber of origin (House bills must pass the House policy committee(s), and vice versa);
2. **Monday, March 2:** Bills must pass from fiscal committees in their chamber of origin (House bills must pass the House Finance, Transportation, Appropriations and/or Ways & Means Committee(s), and vice versa);
3. **Thursday, March 12:** Bills must pass their chamber of origin (House bills must pass the House, and vice versa); and
4. **Monday, March 30:** Bills must pass from policy committees in the opposite chamber (House bills must pass the Senate policy committee(s), and vice versa);
5. **Monday, April 6:** Bills must pass from fiscal committees in the opposite chamber (House bills must pass the Senate Finance, Transportation, and/or Ways & Means Committee(s), and vice versa);
6. **Friday, April 17:** Bills must pass the opposite chamber (House bills must pass the Senate, and vice versa).

The 2009 Legislative Session ends on Sunday, April 26.

Bill Count

by James McMahan, WACO Staff

There have been nearly 2,500 bills introduced in the 43 days the 2009 Legislature has been in session. Of those, 1,335 are House bills and 1,152 are Senate bills.

House members are introducing bills at a rate of nearly 14 bills per Representative (there are 98 members in the House of Representatives). Senators are introducing bills at a rate of nearly 24 bills per Senator (there are only 49 Senators in the Senate).

Of the 2,487 bills introduced, 10 have found their way to the Governor's desk.

Update on the County Fiscal Health Package

by James McMahan, WACO Staff

The Washington State Association of Counties (WSAC) is moving forward with their county fiscal health package. This multi-faceted approach to reduce state-mandated costs and increase county fiscal flexibility seems to be progressing well. WSAC recently issued this alert (below):

Fiscal Health Package - PLEASE TAKE ACTION ASAP The three primary bills in the Senate are:

1. **SB 5432** moves the conservation futures, mental health/developmental disabilities, and the veterans outside of levy limit. The bill also changes the EMS levy to simple majority and removes the non-supplanting language from the six-year levy lid lift.
2. **SB 5433** removes the non-supplanting language from the 1/10 mental health sales tax, removes the non-supplanting language from the 3/10 public safety sales tax and the non-supplanting language from the six-year property tax levy lid lift. We asked the committee to strike the section dealing with 1/10 mental health sales tax and we would prefer to use SB 5301 as the vehicle to discuss changes to the mental health sales tax.
3. **SB 5960** removes the voter approved requirement to the 3/10 public safety sales tax; adds fire protection as an eligible expense; removes the non-supplanting language and creates a utility tax for the unincorporated areas in the county.

*****Please call or email the Senate Ways & Means Committee and ask that they hear and vote these bills out of committee.*****

The House has a different approach. They would prefer to have bills that deal with King County separately then the other thirty-eight counties.

1. **HB 2249** only applies to King County and has several components: makes it easier for cities to annex the potential annexation areas and if the cities don't annex within a certain timeframe, the county's share of the local sales tax will increase; the county would have council manic authority to adopt the 3/10 public safety sales tax and the tax would sunset in three years; the county would have the authority to impose a utility tax in the unincorporated area; harmonizes the 1st and 2nd quarter of the REET and includes the ability to pay for parks operation and maintenance, and the bill requires a performance audit evaluating several management aspects of the county.
2. **HB 2252** Currently there is a 0.5% sales tax on purchases within King County restaurants to help fund Safeco Field. Once the debt it retired, the sales tax could be utilized to help fund: low income housing; community development; human services, arts programs and a certain performing art center.
3. **HB 1147**, the bill removes the non-supplant clauses within the 1/10 mental health sales tax, the 3/10 public safety sales tax and the levy lid lift. This bill will be the vehicle for the other thirty-eight counties. Staff will be working with the Finance Committee to amend the bill to make it consistent with SB 5960. All of these bills are in the House Finance Committee.

*****Please call or email the House Finance Committee and ask that they hear and vote these bills out of committee.*****

Budget, Finance and Taxes

Annual Report Deadline for Local Governments

Local governments are required to file annual reports with the State Auditor's Office 150 days after the close of each fiscal year, which is May 30. This requirement is set by state law (RCW 43.09.200).

SAO will be sending thirty day reminder letters to all local governments April 30 reminding them of the deadline. We will also be sending a second reminder letter to all filers who have not filed by July 15.

The State Auditors' Office is required to publish comparative statistics for all local governments. All local governments' revenues and expenditures are published in the Local Government Comparative Statistics. In addition to this, counties, cities, ports, and transits revenues and expenditures are posted in the Local Government Finance Reporting System (LGFRS), available to anyone having access to the internet.

Revenues and expenditures will be posted on the LGFRS September 15th, 2009. By posting in September, users, such as legislative staff, will have access to the data before the session begins in January. SAO will also post names of all non-filers on the website. At the request of the Legislature, the LGFRS website will be frozen October 15th and throughout the legislative session for adding or modifying data. This means the LGFRS may not include entities who do not file in time for SAO to process their information and include them into the LGFRS. Entities filing late will be added to LGFRS after the session is ended.

If you have any questions about your filing requirements, please contact the SAO helpdesk at www.sao.wa.gov. You can also view your data in the LGFRS for the previous ten years at www.sao.wa.gov/lgfrs. If you have any questions, please contact Christy Raske at 360-725-5593.

Treasurers Are On the Lookout

by James McMahan, WACO Staff

While the Treasurer's bill to make technical clean ups on the February 15 tax date nears passage from the House Finance Committee, County Treasurers remain on the lookout for other legislation that affect the Office of the County Treasurer.

Treasurers have intervened on legislation to exempt real estate excise taxes, legislation to allow public utility districts to issue checks, legislation to allow school districts to serve as their own treasurer, legislation on property tax refunds and abatements, and legislation to prevent bank failures, just to name a few.

HB 1208 (concerning property tax administration) has passed the House Local Government Committee and will be heard in the House Finance Committee this week.

Courts, Public Safety, Law & Justice

Law and Justice

by Debbie Wilke, WACO Staff

HJM 4000, the House Joint Memorial asking Congress to Restore the Partnership with Local Government by providing federal benefits to inmates in county jails who have not been tried yet, is on the House Floor Calendar. WACO members are urged to contact their representatives and ask that the Memorial be brought up for a vote. **HJM 4000** is a WACO priority.

Coroners Testify on Forensic Investigations

by Debbie Wilke, WACO Staff

The House Committee on Early Learning and Children's Services will hear **HB 2084** Friday afternoon. Kitsap County Coroner Greg Sandstrom, Mason County Coroner Wes Stockwell, and Thurston County Coroner Gary Warnock testified against the bill to require all autopsies of children under three to take place in a facility accredited by the National Association of Medical Examiners (NAME). Currently, facilities in King, Pierce and Spokane Counties are accredited. Spokane County Medical Examiner Sally Aiken says "While we are NAME accredited and the only one in Eastern Washington, we do not have enough forensic pathologists to do any more autopsies, infants or otherwise. We are at full capacity with Spokane County cases, and our 11 referral counties."

Clark County Medical Examiner Office Manager Nikki Costa also testified against the bill. She familiarized the committee with the criteria for NAME accreditation and the ones she saw as the barrier to Clark County attaining it. She testified to the quality and integrity of all autopsies done in the facility now and invited the Committee to visit. HB 2084 would have made adjustments to reimbursements and would have the legislative authorities on the Forensic Investigations Council come from larger counties where more deaths occur.

At the close of the hearing, Chair Ruth Kagi said the committee would not vote on HB 2084 which they heard Friday but she will be working on some aspects of the bill so expect to see it next year.

Elections, Licensing & Recordings

Auditors Keep Marching Forward

by James McMahan, WACO Staff

Auditors continue to march their legislation forward, and soon hope to see their bills debated on the floor of the House and Senate.

HB 1018/SB 5016 (removing two spring special election dates) have each passed their policy committees and are making their way to the floor. **SB 5016** is expected to get a vote in the Senate in the coming week, and HB 1018 is making its way through the House Rules Committee.

HB 1019/SB 5017 (eliminating the requirement that auditors send a ballot to inactive voters) have also each passed their policy committees. **SB 5017** will likely be the 'vehicle' that makes it to the Governor's desk, and is already on the Senate floor awaiting a vote. **HB 1019** will likely remain in the House Rules Committee.

Archives Bill Set for Ways and Means Committee

By Debbie Wilke, WACO Staff

HB 1374, the bill to repeal legislation that passed last session and which would allow the transfer of \$4 million from the Local Government Archive Account to the Heritage Center Account along with the authority for future expenditures when needed, is going to be heard in the House Ways and Means Committee next Tuesday, February 24, at 1:30 p.m. Transfer of the funds would jeopardize programs like the Digital Archives in Cheney and the Local Government Grants Program. **HB 1374** is a WACO Priority Bill. Chair of the Archives Oversight Committee, Kittitas County Auditor Jerry Pettit says that county officials continue to support the Heritage Center and the way to do that is to maintain the \$2.00 surcharge on auditors' recordings that was originally passed when planning for the Heritage Center construction began.

Clerk's Bills

by Debbie Wilke, WACO Staff

SB 5013, the county clerks' fee bill, is on the House Floor Calendar. A substitute has been prepared which will set a fee for filing creditors' claims at \$100 and will move collection program charges for collection of legal financial obligations into the fee statute. The authority already exists. A change from the word "paper" to "document" to allow for electronic

filing is also included. County clerks are urged to contact their Senators and ask them to bring **SSB 5013** up for a vote and move it on to the House.

HB 1003, publication of notices, appears to have died of its own weight. The Judiciary Committee is not moving any bills forward that have a fiscal note. Moving publication responsibility to the Office of the Attorney General would cost nearly \$600,000 annually, before federal reimbursements. "Hats off" to Legislative Chair Betty Gould who has worked diligently with the Attorney General to reduce the amount dramatically from the first fiscal note. The counties pay the costs now.

Training & Upcoming Events

Washington Counties – [wacounties.org/Calendar of Events](http://wacounties.org/Calendar%20of%20Events)

County Training Institute – www.countytraininginstitute.org

The Washington Counties Risk Pool is offering five Public Records Act and E-Records training classes to all employees of our member counties free of charge. Employees of municipalities outside the Risk Pool may attend for a fee of \$50. The classes will be held in February 2009 and will be taught by Ramsey Ramerman. Ramsey is an attorney who specializes in helping local governments meet their obligations under the Public Records Act and other open government laws. He currently serves as the local government representative on the governors "Sunshine Committee".

Class attendees will be provided a short overview of the requirements of the Public Records Act however the focus of the class will be on responding to public records requests and managing your electronic records. Attendees will receive sample municipal Public Records Act Policies including policies governing how internal emails and other electronic records should be managed. The classes will last 3 ½ hours starting at 9:00 a.m. to allow for travel time. The class dates and locations are as follows:

- Wednesday, February 18, 2009, Kittitas County (Ellensburg)
- Thursday, Feb. 19, 2009, Spokane County (Spokane)
- Wednesday, March 4, 2009, Clark County (Vancouver)

The class flyer is attached. To register for any of the four classes, please click on the following link.

http://216.216.119.251/event_reg_publish.cfm *Please note: 3.5 CLE credits have been approved for this class.*

Courthouse Ramblings

Yakima County Coroner **Maury Rice** announced Tuesday he is retiring after more than four decades of public service. "Enough's enough," said Rice, a former sheriff's deputy who turns 75 next week and has been battling health problems. "This weekend was very busy. I'm tired. I've put in 46 years with the county, and I think it's time. So does my wife."

A native of Yakima, Rice spent 9 1/2 years in the Marine Corps before being hired by the Sheriff's Office in 1963. After 33 years there, he was toying with retirement, but opted instead to work for longtime coroner Leonard Birkinbine in 1996. When Birkinbine died two years later, Rice was appointed to succeed him and went on to win three elections, most recently in 2006. We wish Maury a long and healthy retirement.

* * * * *

Mike Brasfield, Jefferson County Sheriff for six years, announced his retirement effective as of March 27, 2009. Brasfield had told his fellow elected officials, Sheriff's Office employees and family and friends of his intention to retire several months ago, but wanted to wait until this spring to make a public announcement. Brasfield began his police career more than 41 years ago. He is currently vice-president of the Washington State Sheriffs' Association. WACO wishes him a wonderful retirement as well.

Attachments

Welcome to the U.S. Communities Purchasing & Finance Agency

(U.S. Communities) website <http://www.uscommunities.org/>

The Association of School Business Officials International (ASBO), the National Association of Counties (NACo), the National Institute of Governmental Purchasing (NIGP), the National League of Cities (NLC), and the United States Conference of Mayors (USCM), jointly sponsor the

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Commissioner of Purchases and Supplies
Kansas City, MO.