

## Assessment/Fee

### Background

One potential mechanism for funding Salmon Habitat Plan projects and programs is the creation of a new taxing district. In this scenario, property owners would pay either a small per parcel assessment/fee or a new property tax.

One method of creating a new taxing district is instituting an assessment or fee on properties throughout WRIA 9. Another method would be creating a salmon habitat restoration taxing district with the authority for an additional property tax levy.

Justification for an assessment or fee is twofold:

1. Development and changing land use in the watershed have contributed to the significant need to restore habitat to recover salmon and watershed health in general, and
2. Residents will gain economic benefits from salmon habitat investments that improve the health of the land and water of the watershed.

### Opportunity

An **assessment or fee** could be implemented by King County. Under Washington State law, special assessment districts can be created if they provide a new service or increased service provisioning to a local area. Water Resource Inventory Areas (WRIAs) could be authorized to levy a special assessment by an act of the Legislature, just as conservation districts were given this power in 1989. In this case, healthy salmon populations would be the primary service provided through restoration, though many other benefits would accrue to residents as well, such as better water quality, flood protection and recreational opportunities.

A levy rate of \$10 per parcel in the watershed would generate an estimated **\$1.86 million** annually in direct revenue for WRIA 9. The King County Council could approve such a levy rate for the duration needed to implement the Salmon Habitat Plan (10-20 years depending on aggregate revenues). While this mechanism alone will not be sufficient to fully fund the restoration plan, it would provide a relatively simple and reliable source of funding.

### Snapshot

**Authority:** New state law required to create WRIA tax authority

**Scale:** King County

**Decision Maker:** King County Council, WRIA 9

**Revenue:** \$1.86 million to \$21.2 million annually

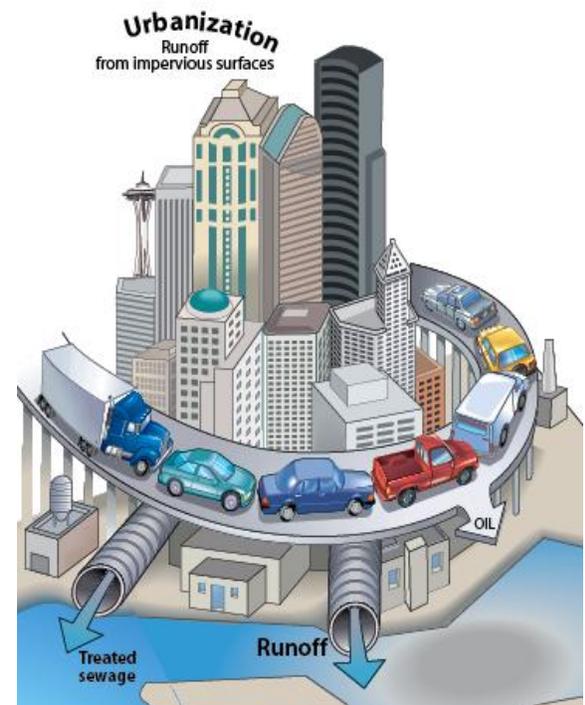


Figure 1: Typical impacts of urbanization on watershed health (WRIA 9 Salmon Habitat Plan, 2005).

The **per parcel property assessment or fee** would draw revenue from all landowners in the taxing district, whether rural or urban, regardless of property value, parcel size or the extent of direct benefit from or negative impact upon ecosystem services. It provides consistent revenue, even with changing macroeconomic conditions, unlike a tax on property value. The number of parcels does not decrease even if property values do change.

As an alternate proposal to the per parcel assessment or fee, a **new increment of the property tax** could generate funding for implementing the Salmon Habitat Plan. A district could be established at the WRIA level, but the current legal precedent for property taxation does not extend to WRIA jurisdictions (except under a lid lift from an existing tax district, Policy Brief #3).

To generate **\$21.2 million** in funding for WRIA 9, it would be necessary to set a new property tax levy at the rate of \$0.20 per \$1,000 of property value applied to \$106 billion in estimated property value within WRIA 9 (Earth Economics, 2009). A property value tax has the potential to provide substantially more revenue than the per parcel fee.

These options should be considered only in place of the options in Policy Brief #3. Establishment of a tax district under a new property tax levy could be the first step toward a Watershed Investment District (Policy Brief #5).

**Pros:** Both funding mechanisms would raise funds for WRIA 9 using existing collection systems that would be efficient. The per parcel assessment is immune to economic booms and busts. The tax levy raises more funds.

**Cons:** The per parcel assessment is not sufficient for funding the Salmon Habitat Plan. The new levy would require state legislation.