



WILLIAMSON ACT--CONTINUATION OF AB 1265 PROGRAM

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BACKGROUND

Williamson Act Program: Provides property tax relief for landowners to preserve farmland/open space.

State Subvention Funding: Until its elimination in 2009, state subventions minimized the local revenue loss resulting from Williamson Act implementation.

AB 1265 followed earlier legislation to provide a partial fix:

- Authorized counties to shorten contract terms (10 years to 9) and recoup 10% of landowners' tax savings (example on next slide)
- Implemented annually for 15+ years
- Requires mailed notice to all participating landowners and a public hearing
- Requires Board to make certain findings and direct staff as set forth in the Recommended Actions
- Voluntary program



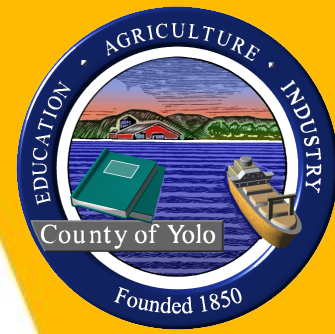
EFFECT ON PARTICIPATING LANDOWNERS (EXAMPLE)

- **Before AB 1265:**
 - Market (full) assessed value: \$1,000,000
 - Williamson Act restricted value: \$400,000
 - County property-tax rate: 1%
 - **Tax bill under WA: \$400,000 × 1% = \$4,000 per year**
- **After AB 1265 is implemented locally:**
 - Contract term automatically drops from 10 to 9 years.
 - County may keep 10% of the “tax savings” to offset lost state subvention.

Using the above figures:

- Tax savings = \$1,000,000 – \$400,000 = \$600,000 × 1% = \$6,000 savings
- County keeps 10% of savings: \$600 per year
- **New tax bill: \$4,000 + \$600 = \$4,600 per year**

So the landowner’s Williamson Act benefit shrinks from \$6,000 to \$5,400 annually. County keeps the entirety (\$600 in this example) of the additional payment.



FISCAL IMPACT & ALTERNATIVES

If the Board elects to continue AB 1265 (recommended):

- **County Revenue Increase:** Up to \$1.72 million (v. \$1.45 million last year)
- **Share of Full Revenue Potential:** About 40% of unrestricted levels
- **Landowner Benefit:** Retain 90% of Williamson Act tax savings

If the Board chooses not to continue AB 1265, it can either:

- **Make no changes** to local Williamson Act implementation, in which case contracts will return to 10 years, landowners will achieve additional savings, and County will not receive additional revenue of ~\$1.72 million; or
- **Non-renew some or all contracts**, in which case properties that are non-renewed will return to full assessed value over 10 years (but minimal revenue likely for initial four years).



RECOMMENDED ACTIONS

Continue implementation of AB 1265:

- Hold a public hearing;
- Confirm state subvention funding is less than 50% of foregoing property tax (resolution); and
- Direct staff to take all steps necessary for implementation, including notice to owners of decision and opportunity to opt out.