

Public Benefits Rating System (PBRS)

Executive Summary

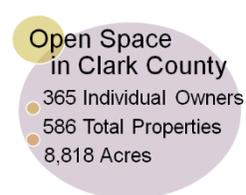
The Washington State Legislature made the following declaration defining the importance of protecting critical and sensitive lands across the state:

“The legislature hereby declares that it is in the best interest of the state to maintain, preserve, conserve and otherwise continue in existence adequate open space lands for the production of food, fiber and forest crops, and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well-being of the state and its citizens.”

In 1985, the legislature provided counties with the ability to implement a Public Benefit Rating System or PBRS under [RCW 84.34.055\(1\)\(a\)](#) in order to review and potentially improve how properties in the Open Space program are valued for the purpose of equitably allocating ad-valorem taxes. Since that time, 20 counties have implemented PBRS solutions. This valuation methodology is designed to more equitably rate Open Space properties based upon their relative public benefit, helping counties prioritize, protect and preserve the land which is most critical to its citizens. The following information is intended to provide decision makers and stakeholders with an overview of what a Public Benefits Rating system could look like in Clark County, who it impacts and how, the resources required to administer it, and an estimated timeline of events and activities necessary along the way.

Open Space in Clark County

The Open Space Program is a tax deferral program. Properties in the Open Space program are grouped into five main classifications under Clark County code chapter 3.08: *Soil Conservation; Conservation & Enhancement of Natural Resources; Stream Protection; Enhancement of Recreational Opportunities; and Historic sites.*



In Clark County, there are 586 properties in the Open Space program belonging to 365 owners totaling 8,818 acres of land. Owners may continue in the program as long as they remain in statutory compliance. When properties are removed from the program, a removal tax bill is created for 7 years of deferred taxes plus associated interest and a penalty may be applied. Properties in the Open Space program receive a high level of deferral, paying taxes on approximately \$3.3 million of current use value, about 1.7% of the full market value for these properties. This represents a tax shift to other property owners located in similar taxing areas.

Please see the Current Use property maps in [Appendix A](#)

Work performed to this point

A [Current Use Work Session](#) was presented to the Board of County Councilors in September 2017 by the Public Works Parks & Land Division and Clark County Assessor’s Office. This presentation included a general introduction to the [Open Space Taxation Act](#), an overview of RCW chapters [84.33](#) and [84.34](#),

8WAC's and county code which authorize and govern current use programs in Clark County and Washington State, and an explanation of who is responsible for the oversight and administration of these programs. At the conclusion of this work session, the Assessor's Office presented information about the implementation of a Public Benefit Rating System (PBRS) as recommended in the Clark County Rural Lands Study. The goals from which include equalizing tax benefit to public benefit, conservation of agricultural lands, and decreasing the cost of removal from the program through the introduction of a new Open Space classification: Farm Conservation. The council subsequently approved a motion for county staff to perform additional review and analysis regarding the potential impacts of a Public Benefits Rating System to be brought back to the council at a later date.

A committee was formed in early 2018 to research how other Washington counties have implemented a PBRS solution, the resources and time required to implement the solution, and to develop a sample public benefit ratings model. The PBRS committee includes representatives from the Assessor's Office, Community Planning, and Public Works as well as members from the community comprising of local farmers, rural property owners, advisory committees and other interested stakeholders. The committee met monthly through 2018 and into early 2019. During this time, the committee worked on a number of recommendations and other considerations to bring back to the council.

Implementation and timeline

Should the Board of County Councilors agree to move forward with a Public Benefit Rating System, it is projected to be a multi-year project, requiring county resources, public hearing and feedback, and code revisions. The following is a draft schedule of activities and their associated timelines:

Year	Q1	Q2	Q3	Q4	Activity or action
2020					Council action to approve public outreach using draft ratings
					Draft necessary code revisions
					Notice of Public Hearing
					Public outreach and feedback
2021					Designate Timberland into Designated Forest Land
					Convert properties using new rating system
					Perform 2 nd owner outreach with estimated tax impacts
					Council approval for converted PBRS Open Space properties
2022					30-day voluntary program withdrawal period
					First year where taxes are billed based on the new PBRS values

POSTPONED

Resources and county staff

A successful project requires planning and coordination between Community Planning, Prosecuting Attorney's Office, Assessor's Office, Public Works (Parks, Forestry, Wetlands), and other stakeholders. Subject matter experts from these teams are meeting in early December 2019 to discuss staffing needs, workload, and associated project timelines. The biggest draw upon staff resources will be the rating and conversion of current use values to a new PBRS, with most of the time associated to properties in the Critical Habitat program as these properties may require field visits prior to validating of the benefit rating.

Committee recommendations

The PBRS committee recommends the following actions be taken:

1. Merge the Timberland program into the Designated Forest Land (DFL) program

Merging properties from the Timberland program into the Designated Forest Land (DFL) program does not have a negative impact upon existing or future property owners. Additionally, the Timberland program has a commercial harvesting requirement, making it slightly more difficult to remain in compliance. Taking properties out of these programs requires repayment of deferred taxes. Removal from the Timberland program requires payment of deferred taxes for up to 7 years, plus associated interest and potentially a penalty. Removal from the DFL program requires up to 9 years of compensating taxes, which typically result in lower overall removal fees as compared to the Timberland program.

Merging Timberland into DFL also makes good business sense. Managing properties in two separate and similar programs creates operational inefficiencies and other administrative challenges. Furthermore, no new Timberland applications were filed in 2019 as compared to 31 new applications filed for DFL during the same period. Combining the programs allows county staff to administer a single program instead of two, standardizing the application process and associated fees. **Most importantly, this action may be performed with or without moving forward with a Public Benefits Rating System.**

2. Implement a Public Benefit Rating System for Open Space properties

The implementation of a Public Benefit Rating System (PBRS) is generally expected to increase current use values of the properties in the Open Space program, reducing the associated tax benefit owners receive. The exact amount of the impact will not be known until the rating and assessed valuation schedules are drafted, reviewed, and approved by the appropriate governing body. Property owners will have a 30-day window to request to be removed from the program without interest or penalties once updated notices of value are sent to owners reflective of the PBRS changes.

The implementation will likely occur over a 2 to 3 year period, allowing time for public and owner outreach, changes to county code, the development and approval of a public benefit rating system for Open Space properties, and the conversion and re-rating of existing open space properties. The first change the committee recommends is to update the Open Space classifications under the current county code to:

- Combine Soil Conservation, Conservation & Enhancement of Natural Resources, and Stream Protection into **Critical Habitat**
- Change Enhancement of Recreational Opportunities to **Parks & Recreation**
- Change Historic sites to **Historic Preservation**

Along with these classification changes, the committee also drafted a sample rating schedule to use as a reference point to develop and approve a final Public Benefit Rating System schedule. The draft rating schedules are located in [Appendix B](#).

3. Create a new tiered Open Space classification titled “Farm Conservation”

The committee also recommends creating a new tiered Open Space classification for **Farm Conservation**. This classification is intended to help owners who may need to transition out of the Farm & Agriculture program by placing their property into Farm Conservation, retaining land for farming and agricultural production in the future. The benefit rating for this classification should be placed on a tiered scale, where the associated current use benefit is reduced over a period of years. This may incentivize owners to put the property back into production while also reducing the amount of deferred taxes needing to be paid upon removal. **This action should not be performed without implementing a Public Benefit Rating System.**

Project risks and considerations

Risks

1. Time and staff resources, including staff from the Assessor’s Office, Community Planning, Public Works, and the Prosecuting Attorney’s Office.
2. Impact of implementing a Public Benefits Rating System upon existing properties in the Open Space Current Use program
3. System configuration and limitations of the current Property Assessment and Collections System (PACS) to support a PBRS if approved

Other considerations and questions

Please see [Appendix C](#) for a list of frequently asked questions.

Appendices

Appendix A – Current Use Property Maps

Appendix B – Draft benefit rating schedule

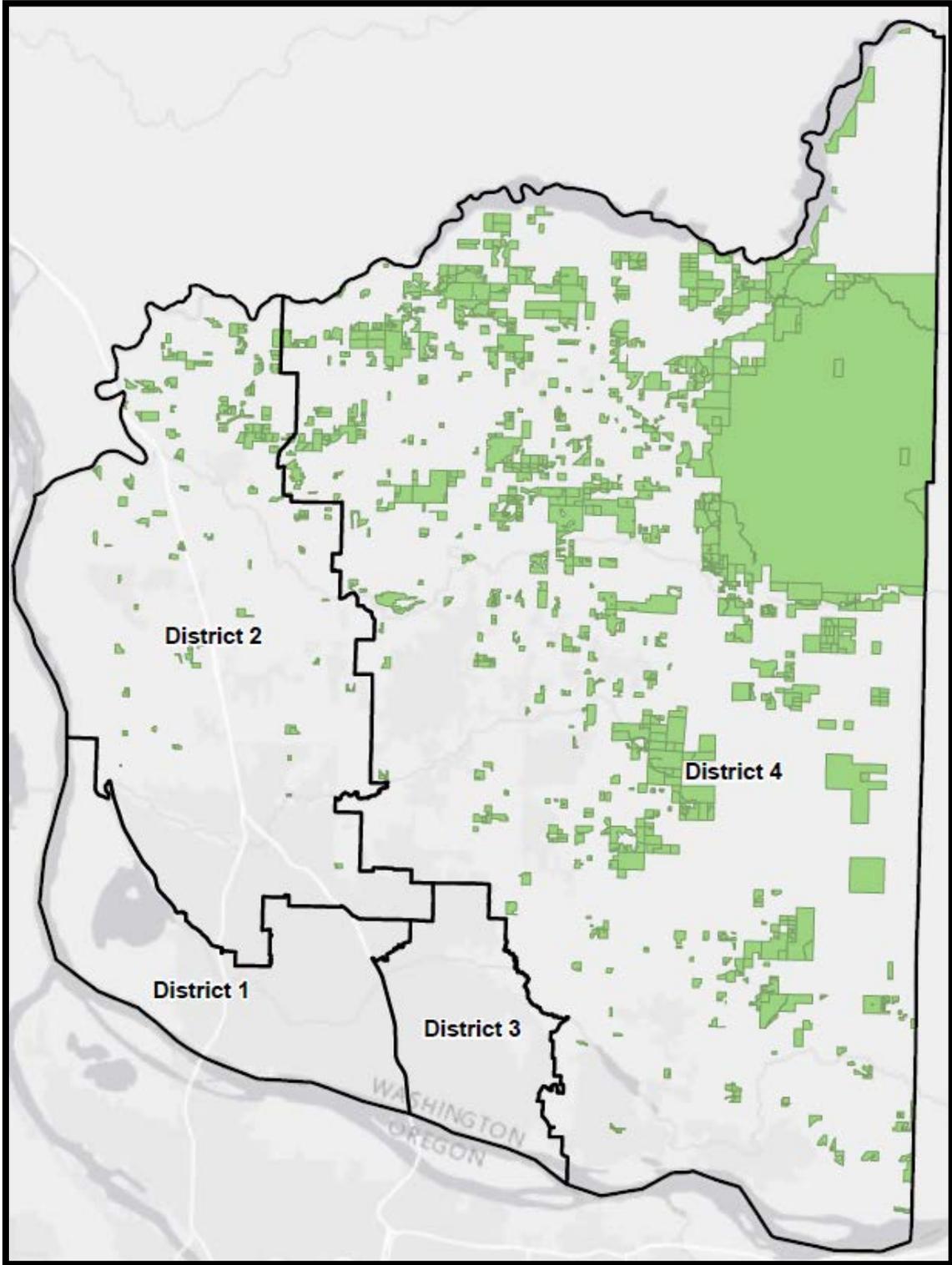
Appendix C – Frequently asked questions

Appendix A – Current Use property maps

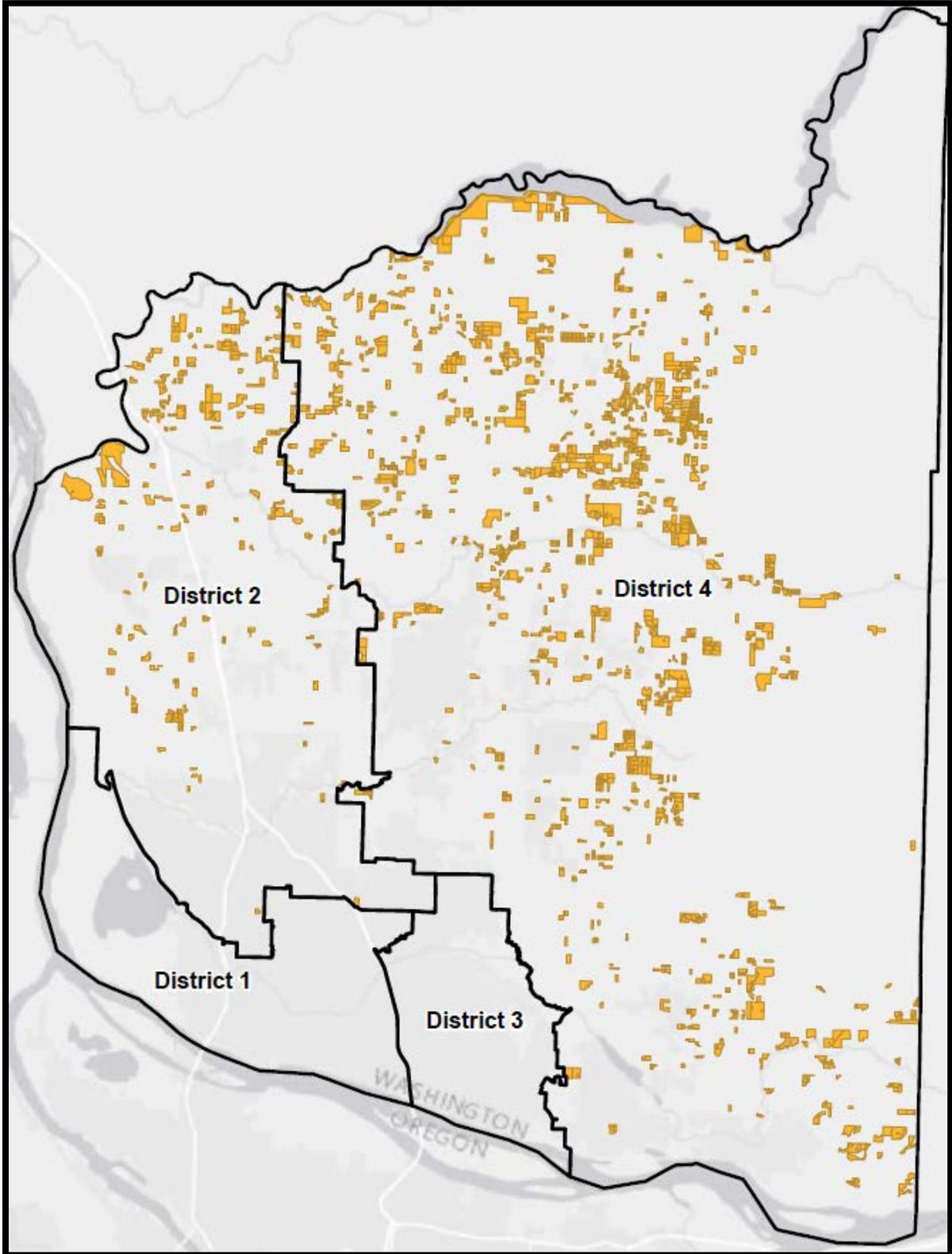
The following maps by district as of 11/21/2019 show the various properties in the various current use programs for:

- Designated Forest Land
- Timberland
- Open Space (all classifications)
- Farm & Agriculture
- All programs overlay

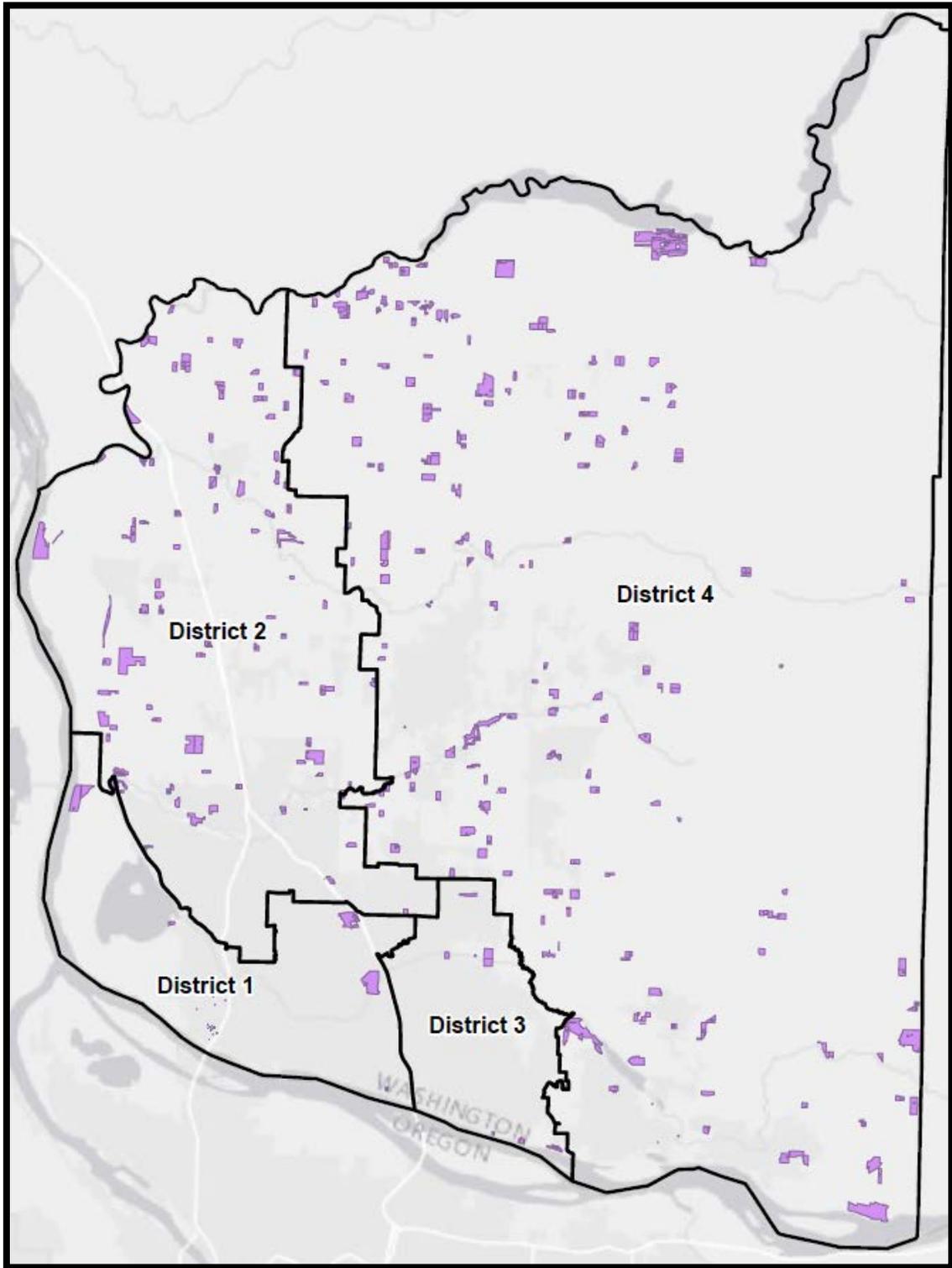
Designated Forest Land (DFL)



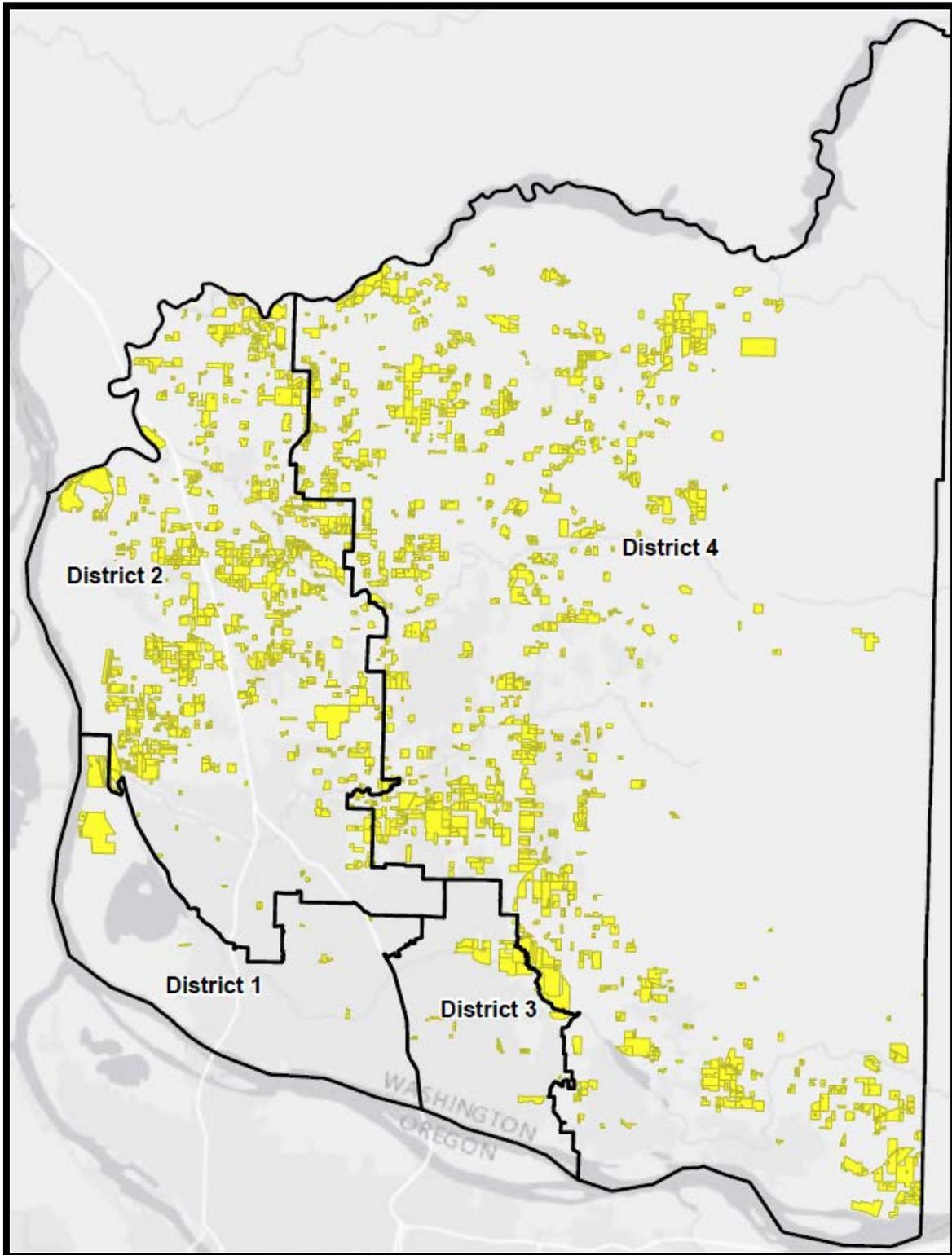
Timberland



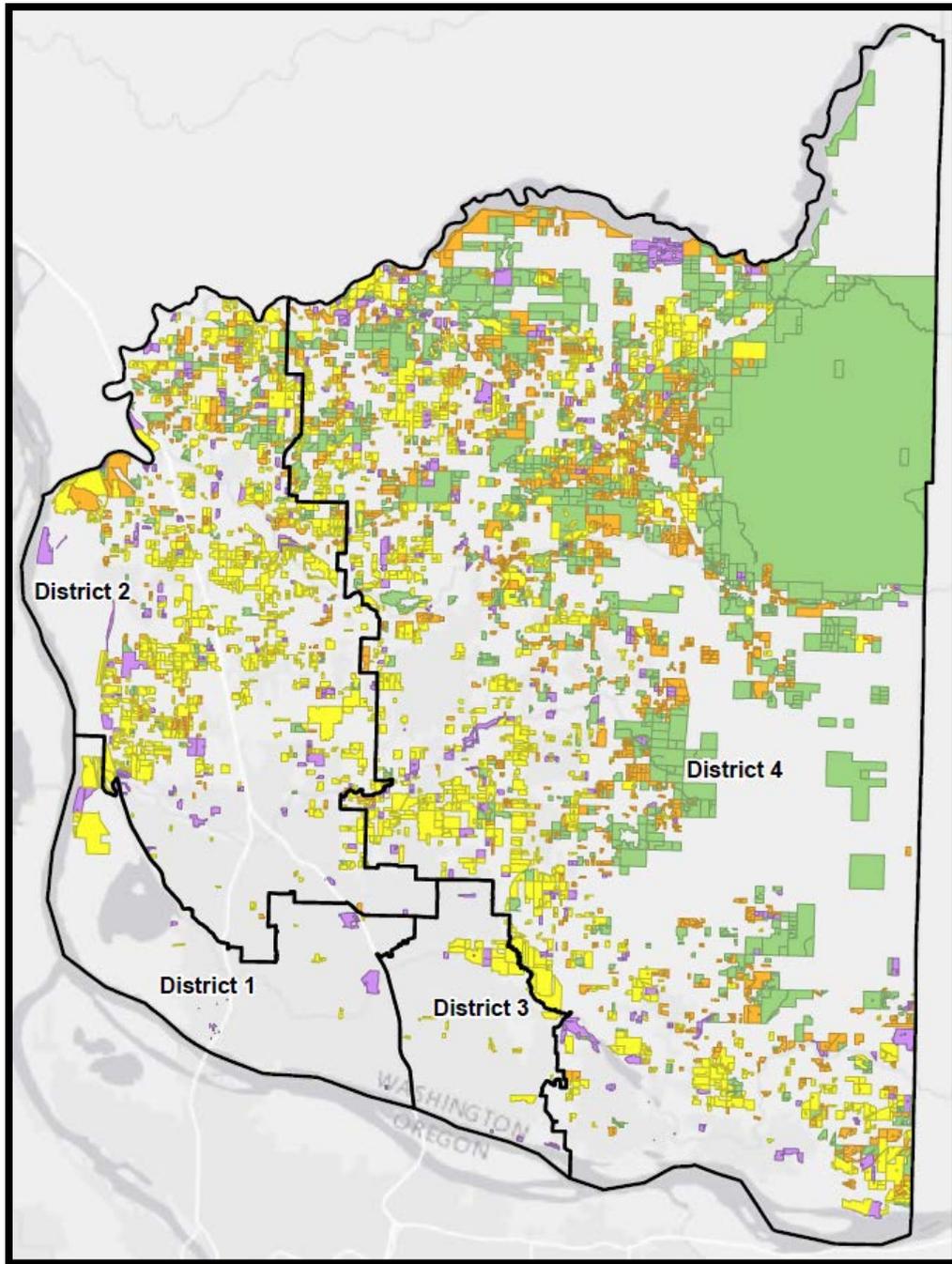
Open Space – All classifications



Farm & Agriculture



All program overlay



Legend	
Designated Forest Land (DFL)	Green
Timberland	Orange
Open Space	Purple
Farm & Agriculture	Yellow

Appendix B – Draft benefit rating schedules

The following draft rating benefit schedule was compiled to help decision makers understand the potential impacts of implementing a Public Benefit Rating System in Clark County. Each Open Space property will be reevaluated based upon the following rating schedules:

Public Benefit Rating	Percent reduction of market value
1 – 4 pts	15%
5 – 10 pts	30%
11 – 15 pts	45%
16 – 20 pts	60%
21 – 34 pts	75%
> 35 pts	90%

Classification	Sub-class or Resource	Specification	Criteria	Suggested Point Value	Map Reliability	Field Validation Required
Critical Habitat	Stream Habitat	Salmonid Habitat	250 ft. avg setback from OHWM, High functioning or restored	8	H	N
		Type F Waters - No Salmonid Habitat	250 ft. avg setback from OHWM, High functioning or restored	5	M	Y
		Type N Waters	150 ft. avg setback from OHWM, High functioning or restored	5	M	Y
		Water Quality Buffer Only (any stream or water body)	Ungrazed, 95% min. cover of herbaceous or woody canopy; 100 ft. min. for Type F and S waters, 50 ft. min. for Type N waters	3	M	Y
	Wetlands	Category I and II	Preservation with 120% average CCC 40.450 land use intensity buffer per zoning designation	5	L	Y
		Category III	Preservation with 120% average CCC 40.450 land use intensity buffer per zoning designation	3	L	Y
		Category IV	Preservation with 120% average CCC 40.450 land use intensity buffer per zoning designation	2	L	Y
	Priority Habitat Features (Individual PHS Oaks, Snags, Caves, Balds, Talus)	Connected	External to other credited Priority Habitat Areas; Minimum 100 ft. shrub or forested corridor to other Priority Habitat or species areas	5	L	Y
		Isolated	Verified significant by WDFW or established assessment methodology	3	L	Y
	Priority Oak Woodland Stands	Savana	less than 25% canopy Cover, 2 acres min.	5	L	Y
		Forest	25% canopy cover of Oak; minimum 4 Oak trees greater than 12 in DBH inside the UGA or 1 acre minimum outside the UGA	5	M	Y
	Biodiversity Areas and Corridors	Mapped and Field Verified	Follow PHS definition	5	H	Y
	Mature or Old Growth Forest		Follow PHS definition	5	L	Y
	Locally Important Habitat	Pursuant to CCC 40.440.010.C.1.c		5	H	N
	Rare Plant Site	WDNR S1 Ranking	Listed and ranked by WDNR NHP	5	L	Y
		WDNR S2 or S3 Ranking	Listed and ranked by WDNR NHP	3	L	Y
	Element Occurrence Ecosystem		WDNR NHP Designation	5	H	N
	Habitat Corridor	Connecting 1 or more Priority Habitat and Species Area, Locally Important Habitat, or WDNR Natural Heritage resource	Minimum 100 ft wide with 70% canopy cover of native woody vegetation and less than 20% cover of invasive plant species external to other areas on site that generate points in the rating system.	5	L	Y
	Watershed Protection Area	Forest cover, functioning understory	1 acre min.; 65% of total site area, Can overlay Forest Lands if protected or SSI/FSC certified	5	H	Y
	Voluntary Habitat Enhancement	Instream habitat, Bio-Engineered Bank stabilization, Planting native vegetation, managing invasive plant species.	Enhancement is performing as intended	5	NA	Y
Voluntary Watershed Process Restoration	Stream restoration, wetland rehabilitation, floodplain restoration	Restoration performing as intended	5	NA	Y	
Deed/Title Restriction	Conservation Easement or Covenant		15	NA	N	
Soil Conservation	NRCS Soil Classifications I & II	Meets the following definition: tracts which contain not less than ten (10) acres of Class I or Class II soil, as identified by the local Soil Conservation Service Office, and at least eighty percent (80%) of the tract must be in production of food or fiber.	20	Soils layer in GIS and parcel size		

Classification	Sub-class or Resource	Specification	Criteria	Suggested Point Value	Map Reliability	Field Validation Required
Parks & Recreation	Trail Linkages- way to get people to existing networks	Regional Trail System Linkage	Land in private ownership that allows the general public an off-road trail linkage to the Regional trail system for the purpose of bicycle, pedestrian, and equestrian from a public right-of-way to an established trail system.	25	Existing Trails Mapping in GIS	
	Trail Linkages- way to get people to existing networks	Regional Facility Linkage	Land in private ownership that allows the general public an off-road trail linkage for the purpose of bicycle, pedestrian, and equestrian from a public right-of-way to an established trail system.	25	Existing Trails Mapping in GIS	
	Trail Easement (main cat.)- Dev. Of the counties bike and trail system plan	Regional Trail System Section	Land in private ownership that provides for a critical trail linkage for a trail system identified in the regional bike and trails plan. Purpetuity required.	15	Bike and trails plan is conceptual	
	Public Recreation Area	Active Recreation / Special uses	Land devoted to providing active or passive recreation uses or that compliments or substitutes for recreation facilities typically provided by public agencies.	10	Existing Parks and/or PIF Districts	
	Open Space Conservation		Land in private ownership that is shown as high value conservation land in the county's conservation areas acquisition plan that has not been irrevocably devoted to a use inconsistent with open space and conservation.	5	Conservation Areas Acquisition Plan Appendix A	
	Public Access Granted	Unlimited	Year-round access by the general public without restriction.	20		
	Public Access Granted	Limited access due to resources	Access may be reasonably limited by the owner due to the sensitive nature of resources.	10		
	Public Access Granted	Environmental Education	A land owner enters into an agreement with a school or a non-profit organization.	5		
	Public Access Granted	Seasonal Limited	Seasonal conditions as mutually agreed to by the landowner and Clark County	5		

Classification	Sub-class or Resource	Specification	Criteria	Suggested Point Value	Map Reliability	Field Validation Required
Historic Preservation	Historic Landmark or archeological site: desitnated site	Clark County Heritage Register designated site	Listed in the Clark County Heritage Register (CCHR) or an archaeological site identified by the state as significant	25		
	Historic Landmark or archeological site: Eligible Site	National Register of Historic Places or Washington Heritage	Eligible to be listed in the Clark County Heritage Register	10		
	Historic Landmark or archeological site: buffer to a designated or eligible site	buffer to a designated site	Provides a buffer to a significant historic site to conserve the historic landscape of the site.	10		

Classification	Sub-class or Resource	Specification	Criteria	Suggested Point Value	Map Reliability	Field Validation Required
Farm Conservation (NEW)	Farm and Agriculture Conservation		0 - 5 years	16	Comprehensive Plan agriculture zoning designations	
			6 - 7 Years	11		
			8 - 9 Years	5		
			10+ years	1		

Appendix C – Frequently Asked Questions

1. What is the expected transition or migration period to re-rate properties in a Public Benefits Rating System?

Staff from Public Works, Community Planning and the Assessor's Office are meeting in early December to review and estimate the time and resources required to re-rate properties.

2. After new PBRS values are calculated and property owners are sent notices of value, may the 30 day timeframe be extended so that property owners have more time to seek legal, financial, or other counsel to make an informed decision prior to continuing or removing their property from the Open Space program?

No, 30 days is the allowable timeframe to remove properties from the program without interest or penalty. Please see [RCW 84.34.055\(3\)](#) and [WAC 450-30-330 \(6\)\(a\)](#)

3. What are the key differences between the Timberland and DFL current use programs? Is there a general benefit or additional burden associated to moving from one program to the other, specifically for removal costs? What are the application fees?

The key differences between the two programs are:

- Application fees: \$2,032 for Timberland, \$0 for DFL
 - Removal fees:
 - Removal from Timberland requires up to 7 years of back taxes, 1% interest per month, and possibly a 20% penalty
 - Removal from DFL requires up to 9 years of compensating taxes
 - Program requirements:
 - Timberland has a commercial harvesting component
4. What is the impact of moving from Timberland to DFL with respect to Timber Assessed Value (TAV) and what effect does it have on the levy calculation process?

Combining programs wouldn't be a burden on local tax payers. Timber Assessed Value is not a large source of revenue for Clark County tax districts. If anything, combining programs will provide a small benefit in the form of a very slightly reduced local levy rate for excess levies.

5. What happens when someone applies for DFL, how is it reviewed for approval and what are the qualifications?

The application is received by the Assessor's Office. Once entered into the system, it is mapped by Land Records. The Timber Management Plan is reviewed by Hunter Decker, the County Forester. If approved, a request for the recording fee is mailed and prepare the Notice of Approval. After receiving the recording fee, the Notice is recorded with the Auditor's office.

6. Provide the council with specific property examples and scenarios for potential PBRS conversions

Green Meadows - For the primary 94 acre parcel, which is currently paying approximately \$149,000, moving to a PBRS scale would increase their associated taxes to approximately \$191,000.

7. What year did PBRS begin and what was the first county to adopt a ratings system?

The open space plan and public benefit rating system was adopted by legislation in 1985 for taxes payable in 1986. We do not know which county first adopted a PBRS in Washington State.

8. What are the number of properties and associated acreage in the various current use programs?

Please see the Current Use maps in Appendix C. There are slightly less than 6,000 total current use property accounts in Clark County.

9. Why are the presently used current use values so low in Clark County?

Current use is based on a calculation for lease and rent rates established from farmland in Clark County, with some impact based upon soil types. Lease and rent rates of farmland are very low as are the soil ratings, resulting in a very low current use value of land for properties in Open Space programs.

10. How are properties in Farm Conservation documented and verified by other counties to ensure they remain in compliance?

Waiting for feedback from local counties who have implemented PBRS solutions.

11. Should PBRS be approved by the council, what is the expected timeline and associated events necessary to make this happen through to implementation?

The timeline directly depends on the county staff resources and availability. Most of the work is expected to be performed in 2020 and 2021 for implementation in 2022.

12. What is the potential impact to current owners in Open Space programs?

Current use values are expected to increase, which will cause their associated taxes to increase. The exact amount of the increase will not be known until a final ratings schedule is approved and properties are converted into PBRS. Please see the proposed rating scenarios based upon low (15% reduction), medium (50% reduction) and high (90% reduction) PBRS ratings.

13. What county resources would be required for the county to move to a PBRS solution? Teams and subject matter experts? Number of FTE's required (new, existing)? What is the average length of time employees are expected to be involved?

Project staff will meet with representatives from Community Planning, Public Works and the Assessor's Office in December 2019 to estimate resource and FTE needs.

14. How many new current use applications did we receive in 2019?

For year to date 2019 we have received 47 total applications including 31 for DFL, 12 for Farm & Agriculture, 4 for Open Space, and 0 for Timberland.

15. How many current use removals were processed in 2019 or prior? How many were due to non-compliance vs voluntary withdrawals from the program?

In 2018, 17 Timberland, 14 Open Space, 13 DFL, and 98 Farm & Agriculture properties were removed. Of those removals, 18 properties were removed for non-compliance and 124 properties were voluntarily removed.

16. What happens if we do nothing and keep the status quo?

By not enacting PBRS?

By doing nothing, we will continue to undervalue properties in Open Space, shifting the burden of taxes to other owners in similar taxing areas.

By not creating Farm Conservation?

The tax burden will continue to be a hardship for those who didn't plan for untimely program removals. The current trend is that farmland will more likely be sold for development than conserved. It is also highly recommended by the DOR to have a farm conservation program.

By not combining Timberland and DFL?

Not combining Timberland and DFL would be an efficiency opportunity lost. The same staff which processes senior/disabled exemptions, senior/disabled deferrals, serves customers in the joint lobby, and renders new construction drawings adding new construction dollars to the tax roll, also supports the Current Use programs. These staff resources are already overburdened.