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What's in store for Land Bank? Fate of funding source on November ballot

By Scott Rasmussen

It's not the existence of the Land Bank itself that voters are being asked to decide upon.

Rather, it's the fate of San Juan County Land Bank's primary founding source – a 1 percent tax on local real estate sales – that hangs in the balance of the Nov. 8 election.

There's no other like it in Washington state, dedicated solely to land conservation and open space preservation. Not that others haven't tried.

"Five other counties put it on the ballot back in 1990," said Land Bank Commission chairman Tom Cowan. "All of them were defeated. Except here in San Juan County – and by wide margins."

More recent efforts have failed elsewhere as well, according to Land Bank Director Lincoln Bormann.

"I think it's now 12 counties where it hasn't passed," Bormann said of efforts to implement a voter-approved real estate excise tax, or REET, similar to San Juan County's. "Six or seven counties have tried it since 1990."

Not only are they unique, the county Land Bank and its real estate excise tax have proven popular among islanders as well. In 1990, roughly 70 percent of local voters supported the creation of both. Nine years later, just over 73 percent of voters agreed that the REET should remain in place.

Why did things end up differently here at home?

Perhaps more is at stake for the state's smallest county, one consisting entirely of islands? Or do islanders have a greater interest than others in preserving what open space they have and in creating public access to areas that have historically been off limits.

For Cowan, who 20 years ago helped lead the campaign for a change in state law that would usher in the Land Bank's "enabling legislation," the longevity of the Land Bank's wide-spread support is firmly rooted in a long ago, determined effort to bring as many people on board as possible, realtors in particular, and in the art of compromise.

"There was a broad constituency and compromises on all sides," Cowan said of the campaign in support of that enabling legislation. "It wasn't difficult for people to support it up here [mainly because] the whole concept was designed in San Juan County."

Cowan recalls that it took some give-and-take, however, before those who weighed in on the REET's blueprint were satisfied. It was hashed out over a series of Saturday breakfast meetings in Friday Harbor that drew nearly 25 people representing various interests and industries in the islands.

The blueprint that circulated later in Olympia called for a 1 percent tax on real estate sales, rather than the 2 percent more typical of land conservation initiatives on East Coast at the time, and called for the tax to be paid by the buyer. Cowan said that a buyer-paid excise tax was at that time “totally contrary to state law.” That’s because, he said, state law governing excise taxes targeted those earning proceeds of a sale.

More importantly, perhaps, the enabling legislation adopted by the state Legislature contained a sunset clause. That meant the local voters would have to ratify the REET’s continuation every 12 years, or earlier.

“There were a lot of people sitting around the breakfast table saying ‘yeah, we think it’s a good idea’, “ Cowan said. “. . .’but we don’t want to create another public agency with no end in sight’. In the end, we decided 12 years would be long enough for the Land Bank to prove itself, but it wouldn’t be too long for it to be evaluated.”

San Juan Land Bank at a glance

The San Juan County Land Bank was launched with this mandate: to preserve in perpetuity areas in the county that have environmental, agricultural, aesthetic, cultural, scientific, historic, scenic or low-intensity recreational value and to protect existing and future sources of potable water.

The organization is guided by a county ordinance and run by a small staff and a commission of seven citizen volunteers. The primary source of funding is a one percent real estate excise tax paid by purchasers of property in San Juan County.

The county doesn’t lose any property tax revenue from the 1 percent tax on real estate sales or when the land bank buys land or a conservation easement. Instead, the amount of revenue the county is allowed to collect via its property tax levy – a predetermined amount each year – gets redistributed across all property-tax paying properties that remain on the property tax rolls.

According to the assessor’s office, the owner of a \$500,000 home pays about \$10 more annually in property tax because of land removed from the tax rolls by land bank property purchases.

Other sources of revenue include the conservation futures tax, private donations, grants and interest income

There are two kinds of land bank purchases: a fee-simple acquisition (buying property outright) and conservation easements on privately owned property, legally bound to preserve conservation values. Most easement properties do not provide public access. Land Bank fee-simple acquisitions are typically called “preserves” and are open to the public.

As of December 2010, the land bank owned a total of 3,180.42 acres. Turtleback Mountain Preserve, which is 1,578 acres, makes up close to half of that number. There is a total of 111,000 acres in San Juan County; the land bank owns 2.86 percent.

The land bank also has 2,078.88 acres in conservation easements and a 400-acre lease on Lopez Hill.

The land bank has collected a total of \$49 million in real estate excise tax. It has spent \$69 million in acquisitions, easements and building up its stewardship fund. That excise tax, or REET, contains a sunset clause, by design.

“Every 12 years, unless it’s renewed by our community, it goes out of existence in terms of new acquisitions,” said Orcas Island’s Harvey Himelfarb, a member of the Land Bank renewal committee.

“The land bank puts money aside for stewardship of what has been protected. Someday, our citizens will decide that enough land has been protected, and then the land bank will simply be stewarding.”

Difference between land Bank and Preservation Trust

- The San Juan Preservation Trust is a private, non-profit, conservation organization helping people protect the wildlife, scenery, and a traditional way of life. The trust serves the islands of San Juan, Skagit, and Whatcom Counties.
- The Land Bank is a public agency of the county and serves the county. Its mission is to preserve in perpetuity areas that have environmental, agricultural, aesthetic, cultural, scientific, historic, scenic or low-intensity recreational value, and to protect potable water.