

Program Background

The Public Benefit Rating System (PBRs) is a government incentive program authorized under the Washington State Open Space Taxation Act (RCW 84:34). Private landowners who designate parcels as Open Space under the program are rewarded with reduced property taxes. While 49 states have an agricultural current-use tax incentive program, PBRs diverges from these programs in its scope and in the way it calculates the tax reward. Unlike state programs strictly for agricultural or timber lands, any size or type of parcel may apply under PBRs. The tax reward amount is a function of both a score measuring the parcel's relative public benefit (according to county-specified criteria), and its conventional property value (i.e., reductions are scaled proportionally to market values). Fifteen of Washington's 39 counties have PBRs ordinances, dating as far back as 1983; several other counties are developing an ordinance.

Methods

My study uses publicly available program data gathered from local ordinances, assessors' databases, and planning department records. All counties meeting minimum enrollment and data accuracy levels for each analysis were included. The study generated comparable measures at the county level and analyzed them using statistical correlation.

Findings

A wide variety of lands and landowners participate in PBRs, although it is a relatively small program. Enrollment as of 2006 was 30,000 acres, representing \$3 Million in foregone

property tax revenue annually. Detailed data from two counties shows that rural residential parcels (which comprise the majority of enrollment) provide most of the program's riparian and habitat acreage, but these owners are typically averse to placing conservation easements or granting public access. Conservation easements and access are granted more frequently on urban parcels, which often serve as buffers or provide scenic views. Public awareness regarding designated lands is limited.

An examination of PBRs incentive levels is incisive. The level of incentive that counties specify substantially correlates with the size of county budgets; i.e., counties with smaller budgets are more stringent in their rating award. However, the county-specified incentive component has little impact on enrollment levels; ironically, participation is influenced primarily by property values. The initial decision to make the reward proportional to property values was a critical flaw, convenient to administer but contrary to the logic of open space retention. It serves to illustrate the need for careful policy design and evaluation, particularly in regard to the uncertainties that result from voluntary or market-driven mechanisms.

Conclusion

While the ratings component of PBRs represents a practical, locally-determined way to value non-pecuniary public amenities, the current program is unlikely to maximize these amenities. The policy deserves reassessment. Future open space programs should incorporate monitoring and evaluation to assess whether they achieve intended public goals.