

# HOUSE BILL REPORT

## SSB 5443

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### As Passed House - Amended:

April 7, 1995

**Title:** An act relating to public hearings for collection of authorized taxes.

**Brief Description:** Requiring taxing districts to hold hearings about using the authorized amount of property tax.

**Sponsors:** Senate Committee on Government Operations (originally sponsored by Senators Drew, Fairley, Quigley, McAuliffe, Hargrove, Haugen, Owen, Rasmussen, Loveland, Smith, Gaspard and Franklin).

### Brief History:

#### Committee Activity:

Government Operations: 3/29/95, 3/31/95 [DPA].

#### Floor Activity:

Amended.

Passed House: 4/7/95, 92-0.

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## HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** Do pass as amended. Signed by 15 members: Representatives Reams, Chairman; Goldsmith, Vice Chairman; L. Thomas, Vice Chairman; Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Chopp; R. Fisher; Hargrove; Honeyford; Hymes; Mulliken; D. Schmidt; Sommers; Van Loven and Wolfe.

**Staff:** Steve Lundin (786-7127).

**Background:** A number of different types of taxing districts are authorized to impose property taxes in Washington State, including the state, counties, cities and towns, port districts, fire protection districts, various types of library districts, public hospital districts, one metropolitan park district, park and recreation districts, cemetery districts, flood control zone districts, and emergency medical service districts.

Article VII, Section 2, of the state constitution, provides that the maximum rate of property taxes that may be imposed on any property may not exceed 1 percent of the true and fair value of the property in any year. However, the 1 percent limitation does not apply to voter approved excess levies or to non-voter approved property taxes imposed by port districts or public utility districts.

Except for voter approved excess levies, most statutes that authorize taxing districts to impose property taxes establish a maximum rate of taxes that each type of taxing district may impose. In addition, property taxes subject to the 1 percent limitation, as well as property taxes imposed by port districts and public utility districts, are subject to the 106 percent limitation. Under this limitation, the taxes for a taxing district in any year are set so that the property tax levy does not exceed 106 percent of the highest amount of property taxes that were levied by the taxing district in any of the three preceding years, not including the taxes on the increase in value resulting from new construction and improvements to property. Voters may approve a ballot proposition waiving the 106 percent limitation. The 106 percent limitation is in addition to the rate limitations on property tax levies imposed by each taxing district.

Some, but not all, types of taxing districts are required to adopt budgets, with the requirement that a public hearing be held on the proposed budget prior to adoption of the budget.

**Summary of Bill:** A taxing district, other than the state, that collects regular levies must hold a public hearing on revenue sources for the taxing district's following year's operating budget. The hearing must include consideration of possible increases in property tax revenues. This requirement applies to regular property taxes, as well as property taxes imposed by port districts and public utility districts.

This requirement does not require a second hearing if the taxing district is otherwise required to hold a hearing on its tax levy.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.