

HOUSE BILL REPORT

HB 1297

*As of House Second Reading
February 4, 1991*

Title: An act relating to state assistance to low-income homeowners for property taxes levied for collection in 1991.

Brief Description: Providing temporary property tax relief for low-income homeowners.

Sponsor(s): Representatives Wang, Nelson, Horn, Phillips, Fraser, Heavey, Rust, Brumsickle, Leonard, Belcher, Haugen, Winsley, Jacobsen, Ferguson, Morris, Spanel, Appelwick, O'Brien, H. Sommers, Franklin, Wineberry, Dorn, Cooper, R. King, Jones, Pruitt, H. Myers, Ogden, Bray, Cole, Roland, Basich, Hine, Scott and Anderson.

Brief History:

Reported by House Committee on:
Revenue, January 29, 1991, DP.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass.* Signed by 12 members: Representatives Wang, Chair; Fraser, Vice Chair; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Morton; Phillips; and Rust.

Minority Report: *Without recommendation.* Signed by 3 members: Representatives Holland, Ranking Minority Member; Silver; and Van Luven.

Staff: Rick Peterson (786-7150).

Background: Property subject to property tax is assessed at its true and fair value. In most cases this is the market value in the property's highest and best use. The values are set as of January 1st. These values are used for determining property bills to be collected in the following year.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. The most common length is four years although three and two years schedules are used by some counties. A

proportionate share of the county is revalued during each year of the cycle. In most cases, individual property values are not changed during the intervening years of the revaluation cycle. The change in value for an individual property follows a stair step pattern; no change in value for four years then, in one year, a change representing four years of value growth (two or three years in case of a two or three year cycle).

Some counties are on a program of annual updates. Values are adjusted annually based on market value statistical data. In this case, a physical inspection of each property is done once every six years.

A combination of delayed value changes due to revaluation cycles and volatile real estate markets can generate substantial changes in property tax bills from one year to the next.

Summary of Bill: Assistance is provided for homeowners with incomes below \$30,000. To receive assistance the homeowner's 1991 property tax bill must exceed the 1990 tax bill by 20 percent or \$200. The amount of assistance is equal to the amount by which the 1991 tax bill exceeds the greater of these thresholds.

A claim for assistance must be made to the department of revenue before July 1, 1991.

Fiscal Note: Requested January 15, 1991.

Appropriation: \$14 million from the general fund.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: Low income homeowners need tax relief from large changes in tax bills expected this year.

Testimony Against: None.

Witnesses: Ruthe Ridder, King County Assessor; Tony Lee, Washington Association of Churches; David West, Washington Citizens Action; Terry Schmidt.