

HOUSE BILL REPORT

ESB 5843

As Reported By House Committee On:
Local Government

Title: An act relating to authority of counties, cities, and towns to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households.

Brief Description: Authorizing local governments to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households.

Sponsors: Senators Moyer, Talmadge, Hochstatter, Deccio, Prentice, Quigley, McAuliffe, Erwin, Pelz, Winsley and M. Rasmussen.

Brief History:

Reported by House Committee on:
Local Government, April 2, 1993, DPA.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass as amended. Signed by 9 members: Representatives H. Myers, Chair; Bray, Vice Chair; Edmondson, Ranking Minority Member; Dunshee; R. Fisher; Rayburn; Romero; Springer; and Zellinsky.

Minority Report: Do not pass. Signed by 3 members: Representatives Reams, Assistant Ranking Minority Member; Horn; and Van Luven.

Staff: Steve Lundin (786-7127).

Background: Article VII, Section 2, of the state constitution, limits the cumulative rate of regular property taxes that may be imposed on any property in any year to an amount not exceeding 1 percent of the true and fair value of the property. Excess property tax levies may be imposed above the 1 percent limitation.

The limitation on the cumulative rate of regular property taxes is restricted even further by statute, as follows:

- (1) The state is authorized to impose regular property taxes to fund K-12 education at a rate not exceeding

\$3.60 per \$1,000 of assessed valuation at the state equalized value;

- (2) The cumulative rate of regular property taxes imposed by other taxing districts, including counties, cities, road districts, and junior taxing districts, may not exceed \$5.90 per \$1,000 of assessed valuation; and
- (3) The following two regular property tax levies are not subject to these statutory cumulative rate limitations:
 - (1) Voter approved regular property taxes of up to 50 cents per \$1,000 of assessed valuation for emergency medical service (EMS) purposes may be imposed by a number of different taxing districts; and
 - (2) regular property taxes of up to 6.25 cents per \$1,000 of assessed valuation may be imposed by counties to acquire conservation futures.

Summary of Amended Bill: Voters of a county, city, or town may approve a ballot proposition by a simple majority vote authorizing the county, city, or town to impose additional regular property tax levies of up to 50 cents per \$1,000 of assessed valuation for each of up to 10 consecutive years. This tax is above statutory cumulative rate limitations but within the constitutional 1 percent limitation.

Prior to imposing these voter approved regular property tax levies, the governing body of the county, city, or town must: (1) declare a housing affordability emergency exists for very low-income households within its boundaries; and (2) adopt a plan to expend the tax receipts that is consistent with either the locally adopted or state adopted comprehensive housing affordability strategy required under the Cranston-Gonzalez National Housing Affordability Act.

If voters of both a county, and a city within that county, authorize this additional levy, the combined rates for the county and city may not exceed 50 cents per \$1,000 of assessed valuation.

If the combined rates of all regular property taxes exceed the 1 percent limitation, provisions are made to reduce, on a pro-rata basis, the regular levies that are above the statutory cumulative rate limitations, i.e., the EMS levy, the conservation futures levy, and the new affordable housing levy.

Amended Bill Compared to Engrossed Bill: The amendment replaces the Senate bill with the language in the House bill where the taxes are authorized by a majority vote instead of a supermajority vote and makes a technical internal reference correction.

Fiscal Note: Not requested.

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

Testimony For: This authorizes voters to finance affordable housing. The public sector, private-nonprofit sector, and private-for-profit sector all must assist in providing affordable housing. This proposal was generated by a group of Spokane area citizens, including bankers, the real estate industry, public housing officials, and elected officials.

Testimony Against: None.

Witnesses: (Pro): Senator Moyer, prime sponsor; Beverlee Numbers, city of Spokane; Stan Finkelstein, Association of Washington Cities; Mike Ryherd, Low Income Housing Congress; and Jim Bamberger, Spokane Legal Services.