

HOUSE BILL REPORT

HJR 4213

As Reported By House Committee On:
Revenue

Brief Description: Amending the Constitution to authorize the legislature to provide a homestead exemption for real property occupied as residences by the owners.

Sponsors: Representatives G. Fisher, Holm and Appelwick.

Brief History:

Reported by House Committee on:
Revenue, March 8, 1993, DPA.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass as amended. Signed by 12 members: Representatives G. Fisher, Chair; Foreman, Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust; Thibaudeau; Van Luven; and Wang.

Minority Report: Do not pass. Signed by 3 members: Representatives Fuhrman, Assistant Ranking Minority Member; Silver; and Talcott.

Staff: Bob Longman (786-7139).

Background: The Washington Constitution requires that taxes be uniformly applied to real estate. The voters have approved constitutional amendments to allow exceptions for property owned by retired persons (Senior Citizens and Retired Disabled Persons Property Tax Exemption Program) and agricultural lands, timberland and other open space lands.

The Washington Constitution limits the cumulative rate of regular property taxes that may be imposed on any property in any one 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 limit with voter approval.

Summary of Amended Bill: A constitutional amendment is submitted to the people at the next general election. The amendment allows the Legislature to provide a homestead exemption to homeowners on their residences. The amount of the exemption may vary among counties according to the median value of homeowner property within each county.

The constitutional amendment increases the 1 percent cumulative rate limit to 1.1 percent.

This constitutional amendment is implemented by HB 2058.

Amended Bill Compared to Original Bill: The amended bill clarifies that the homestead exemption authorization overrides other provisions, particularly the uniformity clause.

Fiscal Note: Available.

Testimony For: By targeting those who are most in need of property tax relief, this bill adds an element of progressivity to property taxation. The bill is broadbased; about 87 percent of homeowners would benefit. The bill also takes county market variations into account, and reverses the recent tax shift onto residential property. Changes in the rate limit minimize the impact of any potential revenue loss to local governments.

Testimony Against: If the economy starts booming again, the recent shift of taxes to residential property will shift back to commercial property. This is why market values are used in the first place.

Witnesses: Representative Greg Fisher, prime sponsor (pro); Will Rice, Department of Revenue (pro); and Jeanette Burrige, Northwest Legal Foundation (con).