

HOUSE BILL REPORT

SSB 6600

As Reported By House Committee On:
Revenue

Title: An act relating to an analysis of property tax systems.

Brief Description: Analyzing property tax systems.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Owen, Skratek, Franklin, McAuliffe, M. Rasmussen, Haugen, Fraser, Sheldon, Moore, Gaspard, Snyder, Sutherland, Oke and Winsley).

Brief History:

Reported by House Committee on:
Revenue, February 28, 1994, DPA.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass as amended. Signed by 13 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Anderson; Brown; Caver; Cothorn; Leonard; Romero; Rust; Silver; Thibaudeau and Wang.

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

Staff: Rick Peterson (786-7150).

Background: The markets for real estate have experienced substantial volatility over the last few years due to changing economic conditions. Because all real property in this state is subject to the property tax based on its market value, many taxpayers have experienced large increases in property taxes. This has led to many complaints about the equity of the property tax system.

Summary of Amended Bill: An appropriation is made to the Senate and House of Representatives for the purpose of employing a consultant to conduct a study of the property tax system of Washington and other states. The goal of the study is to analyze the existing system with an emphasis on the problems resulting from changes in economic conditions and actual impacts on residential property taxes. The study shall consider possible changes to the system, including the

adoption of an alternative system, that would alleviate the problems of the current system and operate to enhance the confidence of persons in the property tax system beyond that confidence level that now exists. Alternative systems considered may include two-tiered property tax systems, property classification systems, tax or value limitations, homestead and other exemptions, or alternative tax bases.

Amended Bill Compared to Substitute Bill: The amended bill adds homestead exemptions to the list of property tax alternatives that are to be studied.

Fiscal Note: Available.

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

Testimony For: We need to take a complete and total look at why there is such low public confidence in the property tax system. The House and Senate needs to work as a team on this problem. A study is needed to update the tax system as well as to obtain a balanced tax structure that is fair, adequate, flexible and has a sound economic effect. The current property tax system, with its myriad of exemptions, is not fair, nor flexible, and does not have a sound economic effect. This study should be non-partisan and based on verifiable and the most recent data.

Testimony Against: The study should be limited to investigating the two-tier property tax system. The two-tier system will create an incentive to place land to better uses. A two-tier system is consistent with growth management policies.

Witnesses: Senator Brad Owen, prime sponsor; Mary Murphy, League of Women Voters; Marvin Saillard, Washington State Georgist Association; Clark Rieke, citizen; Liz Pierini, People for Fair Taxes; Mark Foutch, City of Olympia; and Meta Heller, Washington State Georgist Association.