

SENATE BILL REPORT

SJR 8207

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 19, 1993

Brief Description: Taxing based on actual use.

SPONSORS: Senators Skratek, Haugen, Sheldon, Erwin, Winsley, M. Rasmussen and Roach

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 8207 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, McAuliffe, Pelz, Prince, and Sutherland.

Staff: David Cheal (786-7576)

Hearing Dates: February 11, 1993; February 19, 1993

BACKGROUND:

Real property is valued for property tax purposes at its highest and best use measured by its fair market value. Certain exceptions are authorized by the State Constitution for farm and agricultural land, standing timber and timber lands, and certain open space lands, which may be taxed on a valuation of their current use.

Taxation of real property at its highest and best use may provide a strong incentive to a property owner to remove land from a use that has value to the public, such as open space, agriculture or low-income housing.

SUMMARY:

The constitutional amendment makes an addition to the list of types of real property that may be taxed at current use levels. The addition is for land on which is sited one single-family dwelling if the land is zoned or classified for a more intensive use.

EFFECT OF PROPOSED SUBSTITUTE:

Properties with dwelling units that meet health and safety standards and are devoted to low-income housing are included among properties that may be valued at current use.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

There is a need to preserve single family residences in areas where development pressure has caused zoning changes to commercial or multifamily use. Families who can't afford to relocate are being taxed out of their homes in some urban areas.

TESTIMONY AGAINST: None

TESTIFIED: Senator Skratek, prime sponsor (pro); Dick Ducharme (pro)