
SENATE BILL 5857

State of Washington

55th Legislature

1997 Regular Session

By Senator Roach

Read first time 02/17/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to property taxes; amending RCW 84.41.050,
2 84.55.010, 84.55.020, 35.61.210, 70.44.060, and 84.08.115; adding new
3 sections to chapter 84.40 RCW; adding new sections to chapter 84.41
4 RCW; adding a new section to chapter 84.44 RCW; adding a new section to
5 chapter 84.48 RCW; adding a new section to chapter 84.52 RCW; adding a
6 new section to chapter 84.55 RCW; creating a new section; repealing RCW
7 84.41.030, 84.41.041, 84.41.070, and 84.41.130; and providing for
8 submission of this act to a vote of the people.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** This act may be referred to as the Property
11 Tax Relief Act.

12 NEW SECTION. **Sec. 2.** The legislature of the state of Washington
13 finds and declares:

14 (1) Real property taxes should be stabilized, uniform, and
15 predictable.

16 (2) The 1996 assessed value of real property shall constitute the
17 standard for determining true and fair value for taxation purposes.

1 (3) This act's limitation of assessed valuation to the 1996 base
2 year and limiting increases to a two percent inflation rate is a fair
3 method, as determined by the consumer price index, of determining
4 assessed valuation. This method applies to every parcel of real
5 property in this state and operates in an orderly, simple, systematic,
6 nondiscriminatory, and uniform manner.

7 (4) This act's limitation on assessed valuation is consistent with
8 the existing one percent limitation on true and fair value in the state
9 Constitution. This act guarantees that the constitutional limit on
10 property taxes will not be breached.

11 NEW SECTION. **Sec. 3.** For the purposes of chapters 84.40, 84.41,
12 84.44, 84.48, 84.52, and 84.55 RCW, "true and fair value" and "value"
13 mean:

14 (1) The fair market value of all property in 1996, as assessed;

15 (2) The 1996 value of any new construction or new improvements to
16 real property; and

17 (3) An inflationary rate not to exceed two percent for any given
18 year or a reduction to reflect decline in value.

19 NEW SECTION. **Sec. 4.** Assessors shall revalue all real property to
20 1996 values before taxes for collection in 1999 are levied.

21 NEW SECTION. **Sec. 5.** For the purposes of section 3 of this act,
22 new construction or new improvements shall not include any
23 construction, installation, or modification required by any unit of
24 government for any purpose, including but not limited to health and
25 safety.

26 NEW SECTION. **Sec. 6.** The method of determining true and fair
27 value for real property in RCW 84.40.030 and for timberland in RCW
28 84.40.033 shall be used for determination of the 1996 true and fair
29 value. Thereafter, true and fair value shall be determined under
30 section 3 of this act.

31 NEW SECTION. **Sec. 7.** A new section is added to chapter 84.41 RCW
32 to read as follows:

33 The requirements in this chapter for an active program of
34 revaluation shall terminate once all property is revalued at 1996

1 values. Thereafter, county assessors shall maintain an active and
2 systematic program of revaluing only new construction or new
3 improvements to real property to determine 1996 values of such new
4 construction and new improvements.

5 NEW SECTION. **Sec. 8.** A new section is added to chapter 84.41 RCW
6 to read as follows:

7 The definitions in section 3 of this act apply to this chapter.

8 NEW SECTION. **Sec. 9.** A new section is added to chapter 84.44 RCW
9 to read as follows:

10 The definitions in section 3 of this act apply to this chapter.

11 NEW SECTION. **Sec. 10.** A new section is added to chapter 84.48 RCW
12 to read as follows:

13 The definitions in section 3 of this act apply to this chapter.

14 NEW SECTION. **Sec. 11.** A new section is added to chapter 84.52 RCW
15 to read as follows:

16 The definitions in section 3 of this act apply to this chapter.

17 NEW SECTION. **Sec. 12.** A new section is added to chapter 84.55 RCW
18 to read as follows:

19 The definitions in section 3 of this act apply to this chapter.

20 **Sec. 13.** RCW 84.41.050 and 1961 c 15 s 84.41.050 are each amended
21 to read as follows:

22 (~~Each county assessor in budgets hereafter submitted, shall make~~
23 ~~adequate provision to effect county wide revaluations as herein~~
24 ~~directed.)) The several boards of county commissioners in passing upon
25 budgets submitted by the several assessors, shall authorize and levy
26 amounts which in the judgment of the boards will suffice to carry out
27 the directions of this chapter.~~

28 **Sec. 14.** RCW 84.55.010 and 1979 ex.s. c 218 s 2 are each amended
29 to read as follows:

30 Except as provided in this chapter, the levy for a taxing district
31 in any year shall (~~be set so that the regular property taxes payable~~
32 ~~in the following year shall)) not exceed one hundred six percent of the~~

1 amount of regular property taxes lawfully levied for such district in
2 the highest of the three most recent years in which such taxes were
3 levied for such district plus an additional dollar amount calculated by
4 multiplying the increase in assessed value in that district resulting
5 from new construction, improvements to property, and any increase in
6 the assessed value of state-assessed property by the regular property
7 tax levy rate of that district for the preceding year. The limit under
8 this section on regular property taxes payable is reduced in 1998 to
9 one hundred five percent, reduced in 1999 to one hundred four percent,
10 and reduced in 2000 to one hundred two percent, and that one hundred
11 two percent limit shall remain the limit thereafter.

12 **Sec. 15.** RCW 84.55.020 and 1971 ex.s. c 288 s 21 are each amended
13 to read as follows:

14 Notwithstanding the limitation set forth in RCW 84.55.010, the
15 first levy for a taxing district created from consolidation of similar
16 taxing districts shall (~~be set so that the regular property taxes~~
17 ~~payable in the following year shall~~) not exceed one hundred six
18 percent of the sum of the amount of regular property taxes lawfully
19 levied for each component taxing district in the highest of the three
20 most recent years in which such taxes were levied for such district
21 plus the additional dollar amount calculated by multiplying the
22 increase in assessed value in each component district resulting from
23 new construction and improvements to property by the regular property
24 tax rate of each component district for the preceding year. The limit
25 under this section on regular property taxes payable is reduced in 1998
26 to one hundred five percent, reduced in 1999 to one hundred four
27 percent, and reduced in 2000 to one hundred two percent, and that one
28 hundred two percent limit shall remain the limit thereafter.

29 **Sec. 16.** RCW 35.61.210 and 1990 c 234 s 3 are each amended to read
30 as follows:

31 The board of park commissioners may levy or cause to be levied a
32 general tax on all the property located in said park district each year
33 not to exceed fifty cents per thousand dollars of assessed value of the
34 property in such park district. In addition, the board of park
35 commissioners may levy or cause to be levied a general tax on all
36 property located in said park district each year not to exceed twenty-
37 five cents per thousand dollars of assessed valuation. Although park

1 districts are authorized to impose two separate regular property tax
2 levies, the levies shall be considered to be a single levy for purposes
3 of the ((one hundred six percent)) limitation provided for in chapter
4 84.55 RCW.

5 The board is hereby authorized to levy a general tax in excess of
6 its regular property tax levy or levies when authorized so to do at a
7 special election conducted in accordance with and subject to all the
8 requirements of the Constitution and laws of the state now in force or
9 hereafter enacted governing the limitation of tax levies. The board is
10 hereby authorized to call a special election for the purpose of
11 submitting to the qualified voters of the park district a proposition
12 to levy a tax in excess of the seventy-five cents per thousand dollars
13 of assessed value herein specifically authorized. The manner of
14 submitting any such proposition, of certifying the same, and of giving
15 or publishing notice thereof, shall be as provided by law for the
16 submission of propositions by cities or towns.

17 The board shall include in its general tax levy for each year a
18 sufficient sum to pay the interest on all outstanding bonds and may
19 include a sufficient amount to create a sinking fund for the redemption
20 of all outstanding bonds. The levy shall be certified to the proper
21 county officials for collection the same as other general taxes and
22 when collected, the general tax shall be placed in a separate fund in
23 the office of the county treasurer to be known as the "metropolitan
24 park district fund" and paid out on warrants.

25 **Sec. 17.** RCW 70.44.060 and 1990 c 234 s 2 are each amended to read
26 as follows:

27 All public hospital districts organized under the provisions of
28 this chapter shall have power:

29 (1) To make a survey of existing hospital and other health care
30 facilities within and without such district.

31 (2) To construct, condemn and purchase, purchase, acquire, lease,
32 add to, maintain, operate, develop and regulate, sell and convey all
33 lands, property, property rights, equipment, hospital and other health
34 care facilities and systems for the maintenance of hospitals,
35 buildings, structures, and any and all other facilities, and to
36 exercise the right of eminent domain to effectuate the foregoing
37 purposes or for the acquisition and damaging of the same or property of
38 any kind appurtenant thereto, and such right of eminent domain shall be

1 exercised and instituted pursuant to a resolution of the commission and
2 conducted in the same manner and by the same procedure as in or may be
3 provided by law for the exercise of the power of eminent domain by
4 incorporated cities and towns of the state of Washington in the
5 acquisition of property rights: PROVIDED, That no public hospital
6 district shall have the right of eminent domain and the power of
7 condemnation against any health care facility.

8 (3) To lease existing hospital and other health care facilities and
9 equipment and/or other property used in connection therewith, including
10 ambulances, and to pay such rental therefor as the commissioners shall
11 deem proper; to provide hospital and other health care services for
12 residents of said district by facilities located outside the boundaries
13 of said district, by contract or in any other manner said commissioners
14 may deem expedient or necessary under the existing conditions; and said
15 hospital district shall have the power to contract with other
16 communities, corporations, or individuals for the services provided by
17 said hospital district; and they may further receive in said hospitals
18 and other health care facilities and furnish proper and adequate
19 services to all persons not residents of said district at such
20 reasonable and fair compensation as may be considered proper:
21 PROVIDED, That it must at all times make adequate provision for the
22 needs of the district and residents of said district shall have prior
23 rights to the available hospital and other health care facilities of
24 said district, at rates set by the district commissioners.

25 (4) For the purpose aforesaid, it shall be lawful for any district
26 so organized to take, condemn and purchase, lease, or acquire, any and
27 all property, and property rights, including state and county lands,
28 for any of the purposes aforesaid, and any and all other facilities
29 necessary or convenient, and in connection with the construction,
30 maintenance, and operation of any such hospitals and other health care
31 facilities, subject, however, to the applicable limitations provided in
32 subsection (2) of this section.

33 (5) To contract indebtedness or borrow money for corporate purposes
34 on the credit of the corporation or the revenues of the hospitals
35 thereof, and the revenues of any other facilities or services that the
36 district is or hereafter may be authorized by law to provide, and to
37 issue and sell: (a) Revenue bonds, revenue warrants, or other revenue
38 obligations therefor payable solely out of a special fund or funds into
39 which the district may pledge such amount of the revenues of the

1 hospitals thereof, and the revenues of any other facilities or services
2 that the district is or hereafter may be authorized by law to provide,
3 to pay the same as the commissioners of the district may determine,
4 such revenue bonds, warrants, or other obligations to be issued and
5 sold in the same manner and subject to the same provisions as provided
6 for the issuance of revenue bonds, warrants, or other obligations by
7 cities or towns under the Municipal Revenue Bond Act, chapter 35.41
8 RCW, as may hereafter be amended; (b) general obligation bonds therefor
9 in the manner and form as provided in RCW 70.44.110 and 70.44.130, as
10 may hereafter be amended; or (c) interest-bearing warrants to be drawn
11 on a fund pending deposit in such fund of money sufficient to redeem
12 such warrants and to be issued and paid in such manner and upon such
13 terms and conditions as the board of commissioners may deem to be in
14 the best interest of the district; and to assign or sell hospital
15 accounts receivable, and accounts receivable for the use of other
16 facilities or services that the district is or hereafter may be
17 authorized by law to provide, for collection with or without recourse.
18 General obligation bonds shall be issued and sold in accordance with
19 chapter 39.46 RCW. Revenue bonds, revenue warrants, or other revenue
20 obligations may be issued and sold in accordance with chapter 39.46
21 RCW.

22 (6) To raise revenue by the levy of an annual tax on all taxable
23 property within such public hospital district not to exceed fifty cents
24 per thousand dollars of assessed value, and an additional annual tax on
25 all taxable property within such public hospital district not to exceed
26 twenty-five cents per thousand dollars of assessed value, or such
27 further amount as has been or shall be authorized by a vote of the
28 people. Although public hospital districts are authorized to impose
29 two separate regular property tax levies, the levies shall be
30 considered to be a single levy for purposes of the ((one hundred six
31 percent)) limitation provided for in chapter 84.55 RCW. Public
32 hospital districts are authorized to levy such a general tax in excess
33 of their regular property taxes when authorized so to do at a special
34 election conducted in accordance with and subject to all of the
35 requirements of the Constitution and the laws of the state of
36 Washington now in force or hereafter enacted governing the limitation
37 of tax levies. The said board of district commissioners is authorized
38 and empowered to call a special election for the purpose of submitting
39 to the qualified voters of the hospital district a proposition or

1 propositions to levy taxes in excess of its regular property taxes.
2 The superintendent shall prepare a proposed budget of the contemplated
3 financial transactions for the ensuing year and file the same in the
4 records of the commission on or before the first Monday in September.
5 Notice of the filing of said proposed budget and the date and place of
6 hearing on the same shall be published for at least two consecutive
7 weeks in a newspaper printed and of general circulation in said county.
8 On the first Monday in October the commission shall hold a public
9 hearing on said proposed budget at which any taxpayer may appear and be
10 heard against the whole or any part of the proposed budget. Upon the
11 conclusion of said hearing, the commission shall, by resolution, adopt
12 the budget as finally determined and fix the final amount of
13 expenditures for the ensuing year. Taxes levied by the commission
14 shall be certified to and collected by the proper county officer of the
15 county in which such public hospital district is located in the same
16 manner as is or may be provided by law for the certification and
17 collection of port district taxes. The commission is authorized, prior
18 to the receipt of taxes raised by levy, to borrow money or issue
19 warrants of the district in anticipation of the revenue to be derived
20 by such district from the levy of taxes for the purpose of such
21 district, and such warrants shall be redeemed from the first money
22 available from such taxes when collected, and such warrants shall not
23 exceed the anticipated revenues of one year, and shall bear interest at
24 a rate or rates as authorized by the commission.

25 (7) To enter into any contract with the United States government or
26 any state, municipality, or other hospital district, or any department
27 of those governing bodies, for carrying out any of the powers
28 authorized by this chapter.

29 (8) To sue and be sued in any court of competent jurisdiction:
30 PROVIDED, That all suits against the public hospital district shall be
31 brought in the county in which the public hospital district is located.

32 (9) To pay actual necessary travel expenses and living expenses
33 incurred while in travel status for (a) qualified physicians who are
34 candidates for medical staff positions, and (b) other qualified persons
35 who are candidates for superintendent or other managerial and technical
36 positions, when the district finds that hospitals or other health care
37 facilities owned and operated by it are not adequately staffed and
38 determines that personal interviews with said candidates to be held in

1 the district are necessary or desirable for the adequate staffing of
2 said facilities.

3 (10) To make contracts, employ superintendents, attorneys, and
4 other technical or professional assistants and all other employees; to
5 make contracts with private or public institutions for employee
6 retirement programs; to print and publish information or literature;
7 and to do all other things necessary to carry out the provisions of
8 this chapter.

9 **Sec. 18.** RCW 84.08.115 and 1991 c 218 s 2 are each amended to read
10 as follows:

11 (1) The department shall prepare a clear and succinct explanation
12 of the property tax system, including but not limited to:

13 (a) The standard of true and fair value as the basis of the
14 property tax.

15 (b) How the assessed value for particular parcels is determined.

16 (c) The procedures and timing of the assessment process.

17 (d) How district levy rates are determined, including the ((~~one~~
18 ~~hundred six percent~~)) limit under chapter 84.55 RCW.

19 (e) How the composite tax rate is determined.

20 (f) How the amount of tax is calculated.

21 (g) How a taxpayer may appeal an assessment, and what issues are
22 appropriate as a basis of appeal.

23 (h) A summary of tax exemption and relief programs, along with the
24 eligibility standards and application processes.

25 (2) Each county assessor shall provide copies of the explanation to
26 taxpayers on request, free of charge. Each revaluation notice shall
27 include information regarding the availability of the explanation.

28 NEW SECTION. **Sec. 19.** The following acts or parts of acts are
29 each repealed:

30 (1) RCW 84.41.030 and 1996 c 254 s 7, 1982 1st ex.s. c 46 s 1, 1971
31 ex.s. c 288 s 6, & 1961 c 15 s 84.41.030;

32 (2) RCW 84.41.041 and 1987 c 319 s 4, 1982 1st ex.s. c 46 s 2, 1979
33 ex.s. c 214 s 9, & 1974 ex.s. c 131 s 2;

34 (3) RCW 84.41.070 and 1994 c 301 s 40, 1975 1st ex.s. c 278 s 198,
35 & 1961 c 15 s 84.41.070; and

36 (4) RCW 84.41.130 and 1974 1st ex.s. c 278 s 203 & 1961 c 15 s
37 84.41.130.

1 NEW SECTION. **Sec. 20.** Sections 1 through 6 of this act are each
2 added to chapter 84.40 RCW.

3 NEW SECTION. **Sec. 21.** In order to assure that the long-term
4 stability of the valuation system established in this act is not
5 subject to repeated statutory changes, the legislature shall propose
6 any changes as may be necessary by amendment to the state Constitution
7 pursuant to its authority in Article XXIII of the state Constitution.

8 NEW SECTION. **Sec. 22.** The secretary of state shall submit this
9 act to the people for their adoption and ratification, or rejection, at
10 the next general election to be held in this state, in accordance with
11 Article II, section 1 of the state Constitution and the laws adopted to
12 facilitate its operation.

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