

VETO MESSAGE ON HB 1037

January 22, 1997

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington  
Ladies and Gentlemen:

I am returning herewith, without my approval, House Bill No. 1037 entitled:

"AN ACT Relating to making the 4.7187% state property tax levy reduction permanent;"

House Bill No. 1037 converts the temporary 4.7 percent reduction in the state property levy which expired on December 31, 1996 to a permanent tax reduction. As I have explained in my conversations with legislative leadership and the news media, I am vetoing the bill because making the 4.7 percent property tax reduction permanent would preclude more substantial relief for homeowners. Of the \$159 million in tax reduction provided by this measure through June 1999, only 58 percent benefits single family homeowners.

Moreover, in the last two years, the state has granted approximately one billion dollars of tax relief--virtually none of it to the hard-working families of Washington State. While I support additional tax relief for businesses by rolling back the remainder of the 1993 Business and Occupation Tax increase, I believe we should adjust the balance between tax relief for businesses and families.

Our state's ability to provide tax relief is not unlimited; we must set priorities. My priority for property tax relief is an approach that maximizes the benefits for middle-class homeowners and those of moderate means. Extending the 4.7 percent property tax indefinitely for both businesses and homeowners takes away dollars for more substantial tax relief for homeowners.

I remain committed to signing a one-year extension of the temporary reduction, and will send executive request legislation on that matter to you today under separate cover. While we continue to work on the form and scope of meaningful long-term tax relief for homeowners, I urge you to pass the one-year extension of the property tax relief measure quickly and without complicating provisions. County officials have informed my office that they still have time to revise 1997 tax statements. I hope that we can work together to ensure that the property tax relief secured through the hard work of both parties over the past two years is not lost.

Respectfully submitted,  
Gary Locke  
Governor