

# HOUSE BILL REPORT

## SB 5024

---

---

### As Reported By House Committee On:

Finance

**Title:** An act relating to clarifying statutes to be consistent with the state supreme court decision on property tax value averaging.

**Brief Description:** Responding to a supreme court ruling regarding property tax value averaging.

**Sponsors:** Senators Loveland and Winsley.

### Brief History:

#### Committee Activity:

Finance: 3/30/99, 4/5/99 [DP].

#### Brief Summary of Bill

- Repeals the value averaging provisions of Referendum 47 that were invalidated by the state supreme court.

---

### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Carrell, Republican Vice Chair; Reardon, Democratic Vice Chair; Cairnes; Conway; Cox; Dickerson; Pennington; Santos; Van Luven and Veloria.

**Staff:** Rick Peterson (786-7150).

### Background:

Referendum 47, approved by the voters in November 1997, placed a limitation on adding to the tax rolls large valuation increases in real property, beginning with taxes payable in 1999. Each year, the current appraised (market) value was to be compared to the assessed (taxable) value of the property for the previous year. The new assessed value was limited to the greater of (1) the previous assessed value plus an increase of 15 percent or (2) the previous assessed value plus 25 percent of the

difference between the previous assessed value and the appraised value. This limitation was known as value averaging.

On July 30, 1998, the state Supreme Court in *Belas v. Kiga*, 135 Wn.2d 913 (1998), held that the value-averaging provisions of Referendum 47 violated the constitutional requirement that taxes on real property be uniform.

---

**Summary of Bill:**

The value-averaging provisions of Referendum 47 that were invalidated by the court are removed from the statutes to reflect the holding of the court.

---

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill restores the law to current practice after the court invalidated the value averaging provisions of Referendum 47.

**Testimony Against:** None.

**Testified:** Senator Loveland, prime sponsor.