

VETO MESSAGE ON HB 1906-S

July 13, 2001

To the Honorable Speakers and Members,

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

I am returning herewith, without my approval as to section 2, Substitute House Bill No. 1906 entitled:

"AN ACT Relating to the exemption of machinery and equipment used in farming operations from the state property tax and preventing a shift of property taxes;"

Substitute House Bill No. 1906 authorizes an exemption from the state property tax for machinery and equipment owned by a farmer and used exclusively to grow agricultural products. Under the bill, farmers will continue to pay local property taxes on the machinery and equipment.

Section 2 of the bill would have required the state levy to be recalculated so that the exemption would not increase the rate of the state property tax levy, shifting the property tax burden to other property tax payers. The result would have been to permanently reduce revenues going into the state General Fund.

In the 2003-2005 biennium, section 2 would have caused a reduction in General Fund revenues of almost seven million dollars. The recently passed operating budget already leaves an uncomfortably small reserve for the future. My veto of section 2 will preserve revenue for the state General Fund and increase the reserves available for the state school levy.

For these reasons, I have vetoed section 2 of Substitute House Bill No. 1906.

With the exception of section 2, Substitute House Bill No. 1906 is approved.

Respectfully submitted,
Gary Locke
Governor