
Finance Committee

HB 1510

Brief Description: Modifying the prorationing of fire protection district property tax levies.

Sponsors: Representatives Haigh, Eickmeyer, Morris and Simpson.

Brief Summary of Bill

- Protects 25 cents of a fire district's property tax levy from reduction under the \$5.90 property tax rate limit.

Hearing Date: 2/11/03

Staff: Rick Peterson (786-7150).

Background:

Property taxes are imposed by state and local governments. The county assessor determines assessed value for each property. The county assessor also calculates the tax rate necessary to raise the correct amount of property taxes for each taxing district. The assessor calculates the rate so the individual district rate limit, the district revenue limit, and the aggregate rate limits are all satisfied. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located. The assessor delivers the county tax roll to the treasurer. The county treasurer collects property taxes based on the tax roll starting February 15 each year.

The sum of property tax rates is limited by the state constitution to a maximum of 1.0 percent of true and fair value, or \$10 per \$1,000 of market value. The constitution provides a procedure for voter approval for tax rates that exceed the 1 percent limit. These taxes are called "excess" levies. Property taxes that are subject to this 1 percent limitation are referred to as regular property tax levies.

The Legislature has established individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example, the state levy rate is limited to \$3.60 per \$1,000 of assessed value, county general levies are limited to \$1.80 per thousand, county road levies are limited to \$2.25 per thousand, and city levies are limited to \$3.375 per thousand. These districts are known as "senior" districts. Junior districts such as fire, library, and hospital districts each have

specific rate limits as well. The tax rates for most of these senior and junior districts must fit within an overall rate limit of \$5.90 per \$1,000 of value. There is a complex system of prorating the various levies so that the total rate does not exceed \$5.90. Under this prorating system senior districts are given preference over junior districts.

A few regular property tax levies are not placed into the \$5.90 aggregate rate limit: emergency medical service, affordable housing, conservation futures, and a portion of a metropolitan park district's rate. However, these districts are subject to reduction if the rates for these districts, the state property tax, and the districts subject to the \$5.90 limit together exceed \$10 per \$1,000 of market value.

Summary of Bill:

A fire district may protect 25 cents of its property tax levy rate from reduction under the \$5.90 aggregate property tax rate limit.

Appropriation: None.

Fiscal Note: Requested on January 29, 2003.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.