

SENATE BILL REPORT

HB 2519

As Reported By Senate Committee On:
Ways & Means, February 26, 2004

Title: An act relating to county property tax levies for criminal justice purposes.

Brief Description: Authorizing voter approved property tax levies for criminal justice purposes.

Sponsors: Representatives Hatfield, Blake, Crouse and Kagi.

Brief History:

Committee Activity: Ways & Means: 2/26/04 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Pflug, Prentice, Regala, Roach, Sheahan and B. Sheldon.

Staff: Terry Wilson (786-7433)

Background: All real and personal property in Washington is subject to the property tax each year based on its value unless a specific exemption is provided by law. The tax bill is determined by multiplying the assessed value by the tax rate for each taxing district in which the property is located.

The sum of property tax rates is limited by the state Constitution to a maximum of 1 percent of true and fair value, or \$10 per \$1,000 of value. The Constitution provides a procedure for voter approval for tax rates that exceed the 1 percent limit. These taxes are called "excess" levies. The most common excess levies are maintenance and operation levies for school districts and bond retirement levies. Excess levies must obtain a 60 percent majority vote plus meet a minimum voter turnout requirement.

Taxes imposed under the 1 percent limit are called "regular" levies. The Constitution does not require voter approval of regular levies. However, some regular levies are limited in time duration and require voter approval. For example, emergency medical service levies, park and recreation district levies, and levies for affordable housing are regular levies but must have voter approval.

The time limits and voting requirements for these levies are:

Emergency Medical Levies:

Time limit: Six years, ten years, or permanent.

Voting requirement: When the voter turnout exceeds 40 percent of voter turnout at last general election - 60 percent "yes" vote; when the voter turnout is less than 40 percent - the "yes" votes must exceed 24 percent of the votes in the last general election.

Park and Recreation District Levies:

Time limit: Six years.

Voting requirement: When the voter turnout exceeds 40 percent of voter turnout at last general election - 60 percent "yes" vote; when the voter turnout is less than 40 percent - the "yes" votes must exceed 24 percent of the votes in the last general election.

Cultural Arts, Stadium, and Convention District Levies:

Time limit: Six years.

Voting requirement: When the voter turnout exceeds 40 percent of voter turnout at last general election - 60 percent "yes" vote; when the voter turnout is less than 40 percent - the "yes" votes must exceed 24 percent of the votes in the last general election.

Affordable Housing Levies:

Time limit: Ten years.

Voting requirement: Simple majority.

City Transportation Authority Levies:

Time limit: Specified in ballot proposition or unlimited.

Voting requirement: Simple majority.

If the combined rate of all regular levies that are imposed exceeds \$10 per \$1,000 of assessed value, the levies are reduced according to statutorily set priorities.

Summary of Amended Bill: A county with a population of 90,000 or less may impose an additional regular property tax levy of up to \$0.50 per year for six consecutive years if the initial levy is approved by the voters.

Levies must be approved by at least 60 percent when the voter turnout exceeds 40 percent of the voter turnout at last general election or the "yes" votes must exceed 24 percent of the votes in the last general election when the voter turnout is less than 40 percent. Revenues must be used exclusively for criminal justice purposes.

If the combined rate of all regular levies exceeds \$10 per \$1,000 of assessed value, this levy is reduced first.

Amended Bill Compared to Original Bill: The amendment limits the authority to small counties.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2004.

Testimony For: (From SB 6205) Pacific County's current expense fund and staff support has been declining since the elimination of the motor vehicle excise tax and because of declining timber revenues. Law enforcement requests and criminal justice costs are increasing. This is a vehicle to fund these services. The local option sales tax for criminal justice is not feasible in a border county with a small retail sales tax base. This adds a viable local option. It has a strong voter support requirement and doesn't hurt other taxing districts.

Testimony Against: (From SB 6205) Larger cities that provide police protection believe that this levy could hurt their ability to levy taxes.

Testified: (From SB 6205) PRO: John Kaino, Pacific County Commissioner; John Didion, Pacific Harbor County Sheriff; Michelle Hagen, WACO; PRO/CON: Jim Justin, AWC.