

HOUSE BILL REPORT

HJR 4206

As Reported by House Committee On:
Finance

Brief Description: Providing a constitutional amendment to modify voter-approved property tax levy limitations.

Sponsors: Representatives McIntire, Ahern, Simpson, Santos, Schindler, Chase and Appleton.

Brief History:

Committee Activity:

Finance: 2/8/05, 3/7/05 [DP].

Brief Summary of Bill

- Amends the Washington Constitution to allow all property taxing districts to ask their voters to approve multi-year excess levies.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 7 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Ahern, Conway, Hasegawa and Santos.

Minority Report: Do not pass. Signed by 2 members: Representatives Roach, Assistant Ranking Minority Member; and Ericksen.

Staff: Rick Peterson (786-7150).

Background:

The Washington Constitution (Constitution) caps the total property tax rate at 1 percent (\$10 per \$1,000 of value). With at least a 60 percent majority vote of the people a district can impose taxes above the 1 percent cap. Levies above the 1 percent cap are called "excess" levies. The elections must occur not more than 12 months before the tax levy is to be made. A proposition may be submitted twice in a 12-month period.

Generally, districts may only impose excess levies for one year at a time. However, school districts and fire districts may ask voters to approve excess levies for up to four years for operations and up to six years for construction, modernization, or remodeling of facilities.

Summary of Bill:

The Constitution is amended to allow all property taxing districts to ask their voters to approve excess levies for up to four years for operating purposes and up to six years for the construction, modernization, or remodeling of facilities. The requirement that elections be held not more than 12 months before the levy is made is deleted. More than two propositions may be presented to the voters.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The resolution takes effect upon approval of the voters at the November 2005 general election.

Testimony For: This allows for an efficient way to plan for major initiatives on a longer term basis. The 60 percent vote requirement provides substantial oversight. Some expenditures, for example street resurfacing or library remodels, are capital expenditures but local jurisdictions may not want to issue debt. This is a way for voters to provide flexibility for longer term projects that don't require the issuance of debt.

Testimony Against: The tax burden on business is too high in this state. Excess levies will impose additional taxes on businesses. This will make it difficult to attract businesses when these taxes are increased. Property taxes are protected in the Constitution. This measure would deteriorate these protections.

Persons Testifying: (In support) Representative McIntire, prime sponsor; Stan Finkelstein, Association of Washington Cities.

(Opposed) Tom McBride, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.