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**Finance Committee**

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**HB 1846**

**Brief Description:** Clarifying property tax provisions.

**Sponsors:** Representative McIntire; by request of Department of Revenue.

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Makes administrative changes for property taxes.</li></ul>
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**Hearing Date:** 2/22/05

**Staff:** Bob Longman (786-7139).

**Background:**

When legislation is enacted, it frequently contains references to other statutes. These references may become erroneous due to changes made to the referenced statutes by other legislation enacted during the same legislative session. In addition, statutes sometimes include provisions that are limited in time. These provisions become obsolete with the passage of time.

No increase in property tax revenue, other than that resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, may be authorized by a taxing district other than the state except by adoption of a separate ordinance or resolution, pursuant to notice, specifically authorizing the increase in terms of both dollars and percentage.

Commercial fishing vessels, and vessels engaged in interstate commerce with vessel documentation provided by the United States government, are subject to the state property tax levy but exempt from local property taxes. All other vessels are entirely exempt from property taxes. For vessels that are subject to property tax, the department of revenue collects the tax. There are specific penalty provisions for late payment that only apply to property taxes on these vessels.

**Summary of Bill:**

Outdated provisions relating to a forest land compensating tax exemption and an open space additional tax exemption are stricken from statutes. Both provisions expired July 22, 2003.

Statutory cross references in a property tax statute are reordered in RCW section number order.

Statute referring to a November deadline for filing tax district budgets are amended to provide an exception to the deadline for districts with later statutory budget dates.

Language related to an exception to the tax district property tax revenue limit is rearranged into a different section. Language explaining the intent of this provision is deleted.

The threshold of property tax revenue increase that requires a district to adopt a separate resolution or ordinance is changed from zero to one percent. The resolution or ordinance must be on forms prescribed or approved by the Department.

The specific penalties that apply to late payments of state property taxes on commercial fishing vessels and documented commercial vessels are deleted and replaced with a reference to the penalties that apply to late payments of state excise taxes.

Statutes directing specific state property tax reductions for the years 1996 and 1998 are repealed.

Several erroneous, omitted, or outdated cross references to other statutes are corrected.

The changes in this bill apply to taxes levied for collection in 2006 and thereafter.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.