

SENATE BILL REPORT

SB 5333

As Reported By Senate Committee On:
Government Operations & Elections, February 24, 2006
Ways & Means, February 6, 2006

Title: An act relating to voter-approved regular property tax levies.

Brief Description: Modifying requirements for voter-approved property tax levies.

Sponsors: Senators Regala, Esser, Prentice, Hewitt, Pridemore and McCaslin.

Brief History:

Committee Activity: Government Operations & Elections: 2/3/05, 2/24/05 [DPS, DNP, w/oRec]; 1/30/06, 1/31/06 [DP2S, DNP, w/oRec].

Ways & Means: 1/12/06 [w/oRec-GO]; 2/2/06, 2/6/06 [DP2S(GO), DNP, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: That Second Substitute Senate Bill No. 5333 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Kastama, Chair; Berkey, Vice Chair; Fairley, Haugen, Kline, McCaslin and Pridemore.

Minority Report: Do not pass.

Signed by Senator Benton.

Minority Report: That it be referred without recommendation.

Signed by Senators Roach, Ranking Minority Member and Mulliken.

Staff: Genevieve Pisarski (786-7488)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5333 as recommended by Committee on Government Operations & Elections be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Brandland, Fairley, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Minority Report: Do not pass.

Signed by Senator Zarelli, Ranking Minority Member; Pflug.

Minority Report: That it be referred without recommendation.

Signed by Senators Parlette.

Staff: Terry Wilson (786-7772)

Background: In addition to the constitutional 1 percent limit on increase to the total rate of tax per parcel of property, there is a statutory 1 percent limit on the amount of revenue that any taxing district can collect compared to what it collected in prior years. Under this revenue "lid," the amount of revenue collected from a regular (i.e., non-voter-approved) property tax levy can not be more than 1 percent above the highest 1 year amount collected in the past 3 years. The only exception is if the voters in the district approve a "lid lift," which allows voters in a district to agree to tax themselves above the lid. Prior to 2003, such a "lid lift" could be for only 1 year.

In 2003, voters in counties, cities, and towns were allowed to approve by majority vote in a primary or general election a resolution for a levy lid lift for up to 6 consecutive years. Each year's maximum legal levy is the base for the following year, and a dollar rate specified in the resolution is applied to it, along with any specified additional limit factor, or index for determining a limit factor. Funds raised under this levy cannot supplant existing funds for the same purpose.

Summary of Second Substitute Bill: Authority for a levy lid lift that lasts up to 6 years is no longer limited to counties, cities, and towns, making it available to any taxing district. There is no longer a requirement that the funds raised do not supplant existing funds for the same purpose.

Second Substitute Bill Compared to Original Bill: The location of the proposed changes within the section of statute is changed and conforming changes are made.

In addition to removing the limitation on the type of local government authorized to seek a 6-year levy lid lift and on the use of funds, the conforming changes are made.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill gives other taxing districts, like fire and library, the same options that counties, cities, and towns have. It will assist long-term planning and save money and time spent on annual levy lid lift elections. For a library district, this could help provide funding stability to maintain level of service. Removing the existing prohibition against supplanting existing funds is necessary to avoid a net loss of funds for the purpose at issue.

Testimony Against: None.

Who Testified: PRO: Sen. Regala, Prime Sponsor; Ryan Spiller, Fire Districts; Jim Justin, AWC; Steve Duncan, Washington Library Association.