

# SENATE BILL REPORT

## SB 5601

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As of February 21, 2005

**Title:** An act relating to property taxes for fire protection services.

**Brief Description:** Modifying property taxation for fire protection services.

**Sponsors:** Senator Eide.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/22/05.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Staff:** Diane Smith (786-7410)

**Background:** The state Constitution limits regular property tax levies to a maximum of one percent of the property's value (\$10 per \$1,000 of assessed value). Voters within a taxing district can vote to tax themselves higher than this one percent limit with an excess levy.

In order to keep the total tax rate for regular property taxes within this constitutional limit, the Legislature has established rate maximums and aggregate rate maximums for the individual taxing districts that derive their funding from the regular property tax. The state property tax levy is limited to \$3.60 per \$1,000 of assessed value. The levies of the remaining taxing districts are generally divided into two types; senior taxing districts and junior taxing districts. Senior taxing districts are cities and counties. Junior taxing districts include library districts, fire protection districts, park districts, etc.

If the combined rates of the senior and junior taxing districts exceed \$5.90, the rates of the junior districts are reduced first and then the rates of the senior districts are reduced, according to statutorily set priorities, until the combined rate fits within the \$5.90 limit. This process is referred to as prorationing.

The following taxes are reduced first in the prorationing process. They are outside of the \$5.90 limit, but still subject to the one percent constitutional limit:

- voter-approved emergency medical services (EMS) taxes;
- taxes to acquire conservation futures;
- voter-approved taxes for affordable housing;
- voter-approved metropolitan park district taxes;
- King County ferry district taxes for passenger-only ferries; and
- voter-approved county criminal justice taxes.

Fire protection districts are authorized to impose three different levies of taxes of 50 cents per \$1,000 of assessed value, for a total of \$1.50 per \$1,000. Regional fire protection service authorities are also authorized to impose three different levies of taxes of 50 cents per \$1,000 of assessed value, for a total of \$1.50 per \$1,000.

Currently, both the first 50 cent levies of fire protection districts and regional fire protection service authorities are prorated equally along with library, hospital and metropolitan park district property taxes until they are completely prorated and thus become zero, if necessary to maintain the constitutional one percent limit. The only category to be prorated after these "senior/junior" districts are prorated to zero, is the category of the counties, cities and county roads, collectively.

Special purpose local government taxing districts can overlap each others' jurisdictions, either in whole or in part. Public hospital districts may levy a 25 cent per \$1,000 property tax that is subject to prorationing along with the cemetery and metropolitan parks (25 cents) and most all other junior taxing districts.

**Summary of Bill:** Between the category of library, hospital, and metropolitan park district levies collectively, and the category of counties, cities, and county roads collectively, is inserted a new category of prorationing that includes collectively, the first 50 cent property tax levies of both the fire protection districts and the regional fire protection service authorities that share a common area with a public hospital district.

This new prorationing category affects taxes levied for collection in 2006 and thereafter.

**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.