

# SENATE BILL REPORT

## SB 5432

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As Reported by Senate Committee On:  
Government Operations & Elections, February 12, 2009

**Title:** An act relating to adjusting the property tax levy lid limits for certain local services.

**Brief Description:** Adjusting the property tax levy lid limits for certain local services.

**Sponsors:** Senators Regala, Pridemore, Fraser and Fairley.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/12/09 [DP-WM, w/oRec].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.  
Signed by Senators Fairley, Chair; Oemig, Vice Chair; McDermott and Pridemore.

**Minority Report:** That it be referred without recommendation.  
Signed by Senators Roach, Ranking Minority Member; Swecker.

**Staff:** Sharon Swanson (786-7447)

**Background:** The State Constitution limits regular property tax levies to a maximum of 1 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 1 percent with an excess levy.

In order to keep the total tax rate for regular property taxes within the 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, port districts, etc.

If the combined rates of the senior and junior taxing districts exceed \$5.90, the rates of the junior taxing 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.

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The following taxes are reduced first in the prorationing process. They are outside of the \$5.90 limit, but still subject to the 1 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.

A taxing district may impose an emergency medical care and service levy in an amount equal to 50 cents or less per \$1,000 of the assessed value of property in the taxing district, upon approval of at least three-fifths of the registered voters in the taxing district. The growth rate of taxing district regular levy revenues may not exceed an annual 1 percent levy limit.

Monies from the taxes imposed under an emergency medical care and service levy must be used only for the provision of emergency medical care or emergency medical services including related personnel costs and training for such personnel and related equipment, supplies, vehicles, and structures needed for the provision of emergency medical care or emergency medical services.

**Summary of Bill:** Effective with taxes levied for collection in 2010 and thereafter, a county governing authority may impose a tax for developmental disabilities or mental health services up to a total of 2.5 cents of its property tax levy outside the \$5.90 aggregate property tax limit. A tax for veterans assistance may be imposed up to a total of 27 cents of its property tax levy outside the \$5.90 aggregate property tax limit.

The tax for development mental disabilities services and veterans assistance are not subject to prorationing.

A taxing district imposing a levy to provide funds for community services for persons with developmental disabilities; veterans assistance; acquiring conservation futures; or a permanent emergency medical care and services levy may provide for the use of a limit factor of the greater of 101 percent or inflation.

A taxing district may impose an emergency medical care and service levy upon approval of a majority of registered voters in the taxing district.

**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.

**Staff Summary of Public Testimony:** PRO: The point behind this bill is to allow greater flexibility for local governments with the difficult funding decisions that we all face. This

bill is about providing core services. Our local governments have heavy reliance on property taxes. Property tax revenues are declining seriously, sales taxes are being eroded by the lack of spending. With greater flexibility comes greater accountability to the electorate. Times are tough. Counties are working very closely with our cities. Counties are being forced to lay people off, we are working with 2004 levels of revenue. This bill allows us to try to keep up with inflation.

**Persons Testifying:** PRO: Senator Regala, prime sponsor; Scott Merriman, Lynda Ring Erickson, Association of Counties; Mike Folkers, City of Hoquiam.