
Ways & Means Committee

ESB 5638

Brief Description: Concerning the exemption of flood control zone districts that are coextensive with a county from certain limitations upon regular property tax levies while protecting other levies from prorationing.

Sponsors: Senators Keiser, Fain, Prentice and Shin.

Brief Summary of Engrossed Bill

- Removes the regular property tax levy for a flood control zone district in a county with a population of 1.5 million or more from the \$5.90 limit on junior and senior taxing districts.
- Authorizes a metropolitan park district in a county with a population of 1.5 million or more to move a portion of its property tax levy outside the \$5.90 aggregate limit if it would otherwise have been subject to prorationing.

Hearing Date: 4/13/11

Staff: Jeff Olsen (786-7175).

Background:

Flood Control Districts.

Flood control zone districts may be established in a county for the purpose of operating or maintaining flood or storm water control. A flood control zone district is an independent taxing authority and may receive funding from a variety of sources, including property tax receipts; rates, charges, and assessments; and debt proceeds. A flood control zone district may impose annual, nonvoter-approved regular property tax levies of up to \$0.50 per \$1,000 of assessed value.

Property Tax Levy.

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

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tax themselves higher than this 1 percent limit with an excess levy. The Legislature has established individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example, the state levy rate is limited to \$3.60 per \$1,000 of assessed value, county general levies are limited to \$1.80 per \$1,000 of assessed value, county road levies are limited to \$2.25 per \$1,000 of assessed value, and city levies are limited to \$3.375 per \$1,000 of assessed value. These districts are known as "senior" districts. Junior districts such as fire, library, hospital, and flood control districts each have specific rate limits as well. The tax rates for most of these senior and junior districts must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value. State statutes contain schedules specifying the preferential order in which the various junior taxing district levies will be prorated in the event that the \$5.90 limit is exceeded. Under this prorating system, senior districts are given preference over junior districts

Property Tax "Gap".

A few regular property tax levies are not placed into the \$5.90 aggregate rate limit: emergency medical service, conservation futures, affordable housing, metropolitan park districts, county ferry districts, criminal justice, fire districts, and county transit. However, these districts are subject to reduction if the rates for these districts, the state property tax, and the districts subject to the \$5.90 limit together exceed the constitutional limit of \$10 per \$1,000 of market value. These districts are in what has been called the "gap," the \$0.50 cents remaining after subtracting the \$3.60 state levy and the \$5.90 in local regular levies from the statutory \$10 limit.

As noted earlier, flood control zone districts are categorized as "junior districts" and, therefore, are subject to the statutory provisions that include districts within the \$5.90 aggregate rate limit. However, in the statutory schedule determining the order of proration, flood control districts are in the second tier of junior districts to get prorated. In the latest tax year, the King County Flood Control Zone District was subject to prorationing.

Subject to voter approval, a metropolitan park district with a population of 150,000 or more may move a portion of their levy outside the \$5.90 aggregate limit if it would otherwise have been subject to prorationing.

Summary of Bill:

Effective for taxes due in 2012, the regular property tax levy for a flood control zone district that is coextensive with a county, and is located in a county with a population of 1.5 million or more, is no longer included in the \$5.90 limit on junior and senior taxing districts. The levy for such districts is still within the constitutional \$10 limit. Should the \$10 limit be exceeded, the flood control zone districts will be the first priority subject to prorationing.

Subject to voter approval, a metropolitan park district in a county with a population of 1.5 million or more may move a portion of their levy outside the \$5.90 aggregate limit if it would otherwise have been subject to prorationing.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

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