

FINAL BILL REPORT

2ESB 5638

C 28 L 11 E 1
Synopsis as Enacted

Brief Description: Concerning the exemption of certain taxing districts.

Sponsors: Senators Keiser, Fain, Prentice and Shin.

Senate Committee on Ways & Means

House Committee on Ways & Means

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 1 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 local 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, and park districts, among others.

If the combined rates of the senior and junior taxing districts exceed \$5.90 – or if the combined rate of all districts exceed the \$10 limit – the rates of certain districts are reduced according to statutorily set priorities until the combined rate fits within the \$5.90 limit or the overall \$10 limit. This process is referred to as pro-rationing.

There are also local property taxes with rates outside of the \$5.90 limit, but which are still subject to the 1 percent constitutional limit. These following taxes are reduced first in the pro-rationing process for the \$10 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;
- voter-approved county criminal justice taxes;
- a portion of levies by fire protection districts; and
- certain King County transit taxes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A flood control zone district (zone) is an independent taxing authority. A zone may receive funding from a variety of sources, including property tax receipts; rates, charges, and assessments; and debt proceeds.

A zone may impose annual, nonvoter-approved regular property tax levies of up to \$0.50 per \$1,000 of assessed value. With 60 percent voter approval, a zone may also impose excess levies for general purposes and to retire general obligation bonds issued for capital purposes.

In the latest tax year, the King County Flood Control Zone District was subject to pro-rationing.

Summary: Metropolitan Park Districts in King County may, if authorized by a vote of the people, move all or a portion of their levy outside the \$5.90 aggregate limit if it would otherwise have been pro-rationed away. The protected levy for such Metropolitan Park Districts is still within the constitutional \$10 limit.

Should the \$10 limit be exceeded the protected portion of the Metropolitan Park District's levy will be the first priority to be pro-rationed down.

Unintentional errors in EHB 1969 which dealt with flood control districts and passed earlier this session are corrected.

Votes on Final Passage:

Senate 44 2

First Special Session

Senate 38 7

House 53 37

Effective: August 24, 2011.
Contingent.