

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1634**

63rd Legislature  
2014 Regular Session

Passed by the House February 7, 2014  
Yeas 80 Nays 14

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**Speaker of the House of Representatives**

Passed by the Senate March 4, 2014  
Yeas 49 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1634** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1634**

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Passed Legislature - 2014 Regular Session

**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** House Finance (originally sponsored by Representatives Warnick and Manweller)

READ FIRST TIME 01/21/14.

1       AN ACT Relating to including the value of solar, biomass, and  
2 geothermal facilities in the property tax levy limit calculation;  
3 amending RCW 84.55.010, 84.55.015, 84.55.020, 84.55.030, and 84.55.120;  
4 and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       **Sec. 1.** RCW 84.55.010 and 2006 c 184 s 1 are each amended to read  
7 as follows:

8       Except as provided in this chapter, the levy for a taxing district  
9 in any year (~~shall~~) must be set so that the regular property taxes  
10 payable in the following year (~~shall~~) does not exceed the limit  
11 factor multiplied by the amount of regular property taxes lawfully  
12 levied for such district in the highest of the three most recent years  
13 in which such taxes were levied for such district plus an additional  
14 dollar amount calculated by multiplying the regular property tax levy  
15 rate of that district for the preceding year by the increase in  
16 assessed value in that district resulting from:

17       (1) New construction(( $\tau$ ));

18       (2) Increases in assessed value due to construction of ((electric  
19 generation)) wind turbine, solar, biomass, and geothermal facilities

1 ~~((classified as personal property)), if such facilities generate~~  
2 ~~electricity and the property is not included elsewhere under this~~  
3 ~~section for purposes of providing an additional dollar amount. The~~  
4 ~~property may be classified as real or personal property;~~

- 5 ~~(3) Improvements to property((τ)); and~~
- 6 ~~(4) Any increase in the assessed value of state-assessed property~~  
7 ~~((by the regular property tax levy rate of that district for the~~  
8 ~~preceding year)).~~

9 **Sec. 2.** RCW 84.55.015 and 2006 c 184 s 2 are each amended to read  
10 as follows:

11 If a taxing district has not levied since 1985 and elects to  
12 restore a regular property tax levy subject to applicable statutory  
13 limitations then such first restored levy ~~((shall))~~ must be set so that  
14 the regular property tax payable ~~((shall))~~ does not exceed the amount  
15 which was last levied, plus an additional dollar amount calculated by  
16 multiplying the property tax rate which is proposed to be restored, or  
17 the maximum amount which could be lawfully levied in the year such a  
18 restored levy is proposed, by the increase in assessed value in the  
19 district since the last levy resulting from:

- 20 ~~(1) New construction((τ));~~
- 21 ~~(2) Increases in assessed value due to construction of ((electric~~  
22 ~~generation)) wind turbine, solar, biomass, and geothermal facilities~~  
23 ~~((classified as personal property)), if such facilities generate~~  
24 ~~electricity and the property is not included elsewhere under this~~  
25 ~~section for purposes of providing an additional dollar amount. The~~  
26 ~~property may be classified as real or personal property;~~
- 27 ~~(3) Improvements to property((τ)); and~~
- 28 ~~(4) Any increase in the assessed value of state-assessed property~~  
29 ~~((by the property tax rate which is proposed to be restored, or the~~  
30 ~~maximum amount which could be lawfully levied in the year such a~~  
31 ~~restored levy is proposed)).~~

32 **Sec. 3.** RCW 84.55.020 and 2006 c 184 s 3 are each amended to read  
33 as follows:

34 Notwithstanding the limitation set forth in RCW 84.55.010, the  
35 first levy for a taxing district created from consolidation of similar  
36 taxing districts ~~((shall))~~ must be set so that the regular property

1 taxes payable in the following year (~~shall~~) do not exceed the limit  
2 factor multiplied by the sum of the amount of regular property taxes  
3 lawfully levied for each component taxing district in the highest of  
4 the three most recent years in which such taxes were levied for such  
5 district plus the additional dollar amount calculated by multiplying  
6 the regular property tax rate of each component district for the  
7 preceding year by the increase in assessed value in each component  
8 district resulting from:

- 9 (1) New construction(~~(τ)~~);
- 10 (2) Increases in assessed value due to construction of (~~electric~~  
11 ~~generation~~) wind turbine, solar, biomass, and geothermal facilities  
12 (~~classified as personal property~~), if such facilities generate  
13 electricity and the property is not included elsewhere under this  
14 section for purposes of providing an additional dollar amount. The  
15 property may be classified as real or personal property;
- 16 (3) Improvements to property(~~(τ)~~); and
- 17 (4) Any increase in the assessed value of state-assessed property  
18 (~~by the regular property tax rate of each component district for the~~  
19 ~~preceding year~~)).

20 **Sec. 4.** RCW 84.55.030 and 2006 c 184 s 4 are each amended to read  
21 as follows:

22 For the first levy for a taxing district following annexation of  
23 additional property, the limitation set forth in RCW 84.55.010  
24 (~~shall~~) must be increased by an amount equal to (~~(+1)~~) the aggregate  
25 assessed valuation of the newly annexed property as shown by the  
26 current completed and balanced tax rolls of the county or counties  
27 within which such property lies, multiplied by (~~(+2)~~) the dollar rate  
28 that would have been used by the annexing unit in the absence of such  
29 annexation, plus (~~(+3)~~) the additional dollar amount calculated by  
30 multiplying the regular property tax levy rate of that annexing taxing  
31 district for the preceding year by the increase in assessed value in  
32 the annexing district resulting from:

- 33 (1) New construction(~~(τ)~~);
- 34 (2) Increases in assessed value due to construction of (~~electric~~  
35 ~~generation~~) wind turbine, solar, biomass, and geothermal facilities  
36 (~~classified as personal property~~), if such facilities generate

1 electricity and the property is not included elsewhere under this  
2 section for purposes of providing an additional dollar amount. The  
3 property may be classified as real or personal property;

4 (3) Improvements to property((~~τ~~)); and

5 (4) Any increase in the assessed value of state-assessed property  
6 ((by the regular property tax levy rate of that annexing taxing  
7 district for the preceding year)).

8 **Sec. 5.** RCW 84.55.120 and 2006 c 184 s 6 are each amended to read  
9 as follows:

10 (1) A taxing district, other than the state, that collects regular  
11 levies ((~~shall~~)) must hold a public hearing on revenue sources for the  
12 district's following year's current expense budget. The hearing must  
13 include consideration of possible increases in property tax revenues  
14 and ((~~shall~~)) must be held prior to the time the taxing district levies  
15 the taxes or makes the request to have the taxes levied. The county  
16 legislative authority, or the taxing district's governing body if the  
17 district is a city, town, or other type of district, ((~~shall~~)) must  
18 hold the hearing. For purposes of this section, "current expense  
19 budget" means that budget which is primarily funded by taxes and  
20 charges and reflects the provision of ongoing services. It does not  
21 mean the capital, enterprise, or special assessment budgets of cities,  
22 towns, counties, or special purpose districts.

23 (2) If the taxing district is otherwise required to hold a public  
24 hearing on its proposed regular tax levy, a single public hearing may  
25 be held on this matter.

26 (3)(a) Except as provided in (b) of this subsection (3), no  
27 increase in property tax revenue((~~, other than that resulting from the~~  
28 addition of new construction, increases in assessed value due to  
29 construction of electric generation wind turbine facilities classified  
30 as personal property, and improvements to property and any increase in  
31 the value of state-assessed property, may be authorized by a taxing  
32 district, other than the state, except by adoption of a separate  
33 ordinance or resolution, pursuant to notice, specifically authorizing  
34 the increase in terms of both dollars and percentage. The ordinance or  
35 resolution may cover a period of up to two years, but the ordinance  
36 shall specifically state for each year the dollar increase and  
37 percentage change in the levy from the previous year)) may be

1 authorized by a taxing district, other than the state, except by  
2 adoption of a separate ordinance or resolution, pursuant to notice,  
3 specifically authorizing the increase in terms of both dollars and  
4 percentage. The ordinance or resolution may cover a period of up to  
5 two years, but the ordinance must specifically state for each year the  
6 dollar increase and percentage change in the levy from the previous  
7 year.

8 (b) Exempt from the requirements of (a) of this subsection are  
9 increases in revenue resulting from the addition of:

10 (i) New construction;

11 (ii) Increases in assessed value due to construction of wind  
12 turbine, solar, biomass, and geothermal facilities, if such facilities  
13 generate electricity and the property is not included elsewhere under  
14 this section for purposes of providing an additional dollar amount.  
15 The property may be classified as real or personal property;

16 (iii) Improvements to property; and

17 (iv) Any increase in the value of state-assessed property.

18 NEW SECTION. Sec. 6. This act applies to taxes levied for  
19 collection in 2015 and thereafter.

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