
Finance Committee

HB 1940

Brief Description: Exempting levies imposed by qualifying flood control zone districts from certain limitations upon regular property tax levies.

Sponsors: Representatives Stokesbary, Fitzgibbon, Ryu, Magendanz, Kochmar, Hargrove, Rodne, Bergquist, Hurst, Gregerson, Orwall and Jinkins.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Allows eligible flood control zone districts to permanently protect a portion of their levy capacity from general prorationing requirements under certain circumstances.
--

Hearing Date: 2/10/15

Staff: Richelle Geiger (786-7175).

Background:

All real and personal property in the state is subject to property tax each year based on its value, unless specific exemption is provided by law. The Washington Constitution (Constitution) requires that taxes be uniform within a class of property. Uniformity requires both an equal rate of tax and equality in valuing the property taxes.

The Constitution limits regular property tax levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value). 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.

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.

For property tax purposes, the state, counties, and cities, with respect to the levies listed above, are collectively referred to as senior taxing districts.

Junior taxing districts, a term that includes fire, hospital, flood control zone and most other special purpose districts, each have specific rate limits as well.

The tax rates for senior and junior districts, excluding the state, must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value. If the \$5.90 limit is exceeded, statute establishes the sequential order in which the levies of various junior taxing district levies must be proportionally reduced or eliminated (a process referred to as prorationing) to conform to the \$5.90 limit.

Some regular property tax levies, including levies for port districts, emergency medical services, and criminal justice purposes, are not subject to the \$5.90 aggregate rate limit. These levies have protections from general prorationing requirements and exist within the 50 cent "gap" that remains after subtracting the \$3.60 state levy and the \$5.90 in local regular levies from the constitutional \$10 limit per \$1,000 of assessed value.

Under current law, qualifying flood control zone districts may protect up to 25 cents per \$1,000 of assessed value levy authority through exceptions to general prorationing requirements if their levy within the \$5.90 limit is subject to prorationing. To qualify, a flood control district must be located in a county with a population of 775,000 or more and whose boundaries are coextensive with the county. This provision is set to expire in 2018.

Summary of Bill:

A qualifying flood control zone districts may permanently protect up to 25 cents per \$1,000 of assessed value levy authority from general prorationing requirements if their levy within the \$5.90 limit is subject to prorationing.

Appropriation: None.

Fiscal Note: Requested February 9, 2015.

Effective Date: The act applies to the taxes levied for collection in 2018 and thereafter.