

FINAL BILL REPORT

SHB 1344

C 296 L 17
Synopsis as Enacted

Brief Description: Extending the period for which a bond levy may be increased.

Sponsors: House Committee on Finance (originally sponsored by Representatives Dolan, Nealey, Doglio, Springer, Frame, Riccelli, Appleton, Ryu, Ormsby and Goodman).

House Committee on Finance
Senate Committee on Local Government
Senate Committee on Ways & Means

Background:

All property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law.

The Washington Constitution limits regular property tax levies (regular levies) to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value). Individual district rate maximums and aggregate rate maximums keep the total tax rate for regular property taxes within the constitutional limit.

The annual revenue growth for regular levies revenue is limited to the lesser of inflation or 1 percent, plus the value of new construction, for jurisdictions with a population of 10,000 or more. For jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent.

Jurisdictions levying a property tax rate less than their statutory maximum may exceed the levy growth limit for a defined period of time with approval from a simple majority of the district's voters. The ballot title must contain the proposed levy rate for the first year of the lid lift and must include a dedicated purpose for the proceeds. Levies may exceed the revenue limit for one year, defined as a single year lid lift, or up to six consecutive years, defined as a multiple year lid lift.

Additionally, the impact of the lid lift may temporarily or permanently impact future levy calculations. If the impact is temporary, the levy limit in future years will be calculated as though a lid lift never occurred. If the impact is permanent, the final levy is used to calculate the future levy limit. The lid lift is temporary unless the ballot title specifies the lid lift will

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permanently impact levy calculations. If the lid lift proceeds are dedicated to pay bond service, the duration of the increased levy may not exceed nine years.

Summary:

The period in which bond levies may be increased with a levy lid lift is extended from nine years to 25 years for the county in which the state capitol is located. The act applies to taxes levied for collection in 2018 and thereafter.

Votes on Final Passage:

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|--------|----|----|
| House | 74 | 22 |
| Senate | 46 | 3 |

Effective: July 23, 2017