
**Community Development, Housing &
Tribal Affairs Committee**

HB 2739

Brief Description: Concerning veterans' assistance levies.

Sponsors: Representatives Chapman, Reeves and Tharinger.

Brief Summary of Bill

- Allows a county to impose a separate tax levy on real property to finance its Veterans' Assistance Fund.

Hearing Date: 1/24/18

Staff: Travis Yonker (786-7383).

Background:

All real and personal property in Washington is subject to property tax each year based on its value, unless some specific exemption applies. Taxing districts, which include the state, counties, and other local governmental subdivisions, may each levy certain amounts of property tax, subject to statutory limits, resulting in an aggregate regular property tax levy. The Washington Constitution limits the aggregate regular property tax levy to a maximum of 1 percent of the assessed real property value, or \$10 per \$1,000 of assessed value. If the aggregate regular property tax levy exceeds this constitutional limit, the individual components of the aggregate regular property tax levy must be reduced in a particular prioritized order to bring the aggregate regular property tax levy down to the constitutional limit. Further, most taxing districts, except for the state, must abide by certain statutory growth limits in levy increases, which are generally capped at either one percent or the rate of inflation.

Every county is required to establish a Veterans' Assistance Program to address the needs of local indigent veterans and their families. As part of that program, a county must create a Veterans' Assistance Fund (VAF), which is to be financed by the allocation of a certain amount of the

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regular property tax levied by the county. The base allocation for the VAF must be between 1.125 cents and 27 cents per \$1,000 of the assessed real property value. This allocation amount may be modified from the base allocation as follows:

- if the regular property tax levy is reduced from the preceding year's levy, the VAF allocation may also be reduced by no more than the same percentage;
- if the regular property tax levy is increased from the preceding year's levy, the VAF allocation must be increased by at least the same percentage, unless the increase was the result of a voter-approved increase dedicated to a specific purpose; or
- if the regular property tax levy remains the same, the VAF allocation cannot be reduced below the base allocation.

Summary of Bill:

A county is given a second alternative to finance its VAF. Instead of allocation from the regular property tax, a county may opt to impose a separate VAF tax levy independent of the regular property tax levy. If so, the VAF tax levy must be between 1.125 cents and 27 cents per \$1,000 of assessed real property value. If the aggregate regular property tax levy, including the VAF tax levy, exceeds the constitutional limit, the VAF tax levy is the eighth, and last, prioritized type of levy to be subject to reduction or elimination. Also, the statutory growth limit for a VAF levy is the greater of either one percent or the rate of inflation.

Appropriation: None.

Fiscal Note: Requested on 1/19/18.

Effective Date: This act applies to taxes levied for collection beginning in 2019.