

# HOUSE BILL REPORT

## HB 2739

---

**As Reported by House Committee On:**  
Community Development, Housing & Tribal Affairs

**Title:** An act relating to veterans' assistance levies.

**Brief Description:** Concerning veterans' assistance levies.

**Sponsors:** Representatives Chapman, Reeves and Tharinger.

**Brief History:**

**Committee Activity:**

Community Development, Housing & Tribal Affairs: 1/24/18, 1/30/18 [DPS].

**Brief Summary of Substitute Bill**

- Allows a county to impose a separate tax levy on real property to finance its Veterans' Assistance Fund.
- Requires the Department of Veterans Affairs to complete an accountability report by December 1, 2020, regarding the levy imposed by each county to finance its Veterans' Assistance Fund.

---

### HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Ryu, Chair; Macri, Vice Chair; Barkis, Ranking Minority Member; McCabe, Assistant Ranking Minority Member; Reeves and Sawyer.

**Minority Report:** Do not pass. Signed by 1 member: Representative Jenkin.

**Staff:** Travis Yonker (786-7383).

**Background:**

All real and personal property in Washington is subject to a 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

---

*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.*

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 1 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 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.
- If the regular property tax levy remains the same, the VAF allocation cannot be reduced below the base allocation.

---

### **Summary of Substitute 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 the county chooses this option, 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 1 percent or the rate of inflation.

By December 1, 2020, the Department of Veterans Affairs (DVA) must submit an accountability report to the Legislature that provides the following information from each county:

- the type of levy method chosen by the county;
- the total amount raised through the levy since January 1, 2019;
- the amount of expenditures attributed to direct costs, including amounts given directly to veterans and their families;
- the amount of expenditures attributed to indirect costs, including administrative costs; and
- any additional findings or recommendations for improvement in the levy process.

**Substitute Bill Compared to Original Bill:**

The substitute bill requires the DVA to submit an accountability report to the Legislature after collecting certain data from each county related to the levies imposed in each county to fund that county's VAF.

---

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Currently, the funds for the VAF must be drawn from the county's general fund. If this bill is passed, a separate levy could be issued that would not involve the general fund at all. The idea of a standalone levy allows more accountability and flexibility for the VAF. This would help local governments and veterans more than the current system.

(Opposed) None.

**Persons Testifying:** Representative Chapman, prime sponsor; Juliana Roe, Washington State Association of Counties; Randy Ross, Greys Harbor County; and Bill Peach, Clallam County.

**Persons Signed In To Testify But Not Testifying:** None.