

SENATE BILL REPORT

SHB 1344

As of March 29, 2017

Title: An act relating to extending the period for which a bond levy may be increased.

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).

Brief History: Passed House: 2/27/17, 74-22.

Committee Activity: Local Government: 3/09/17, 3/16/17 [DP-WM].

Ways & Means: 3/30/17.

Brief Summary of Bill

- Increases the maximum bond levy period for Thurston County from 9 years to 25 years.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Short, Chair; Angel, Vice Chair; Takko, Ranking Minority Member; Palumbo and Sheldon.

Staff: Bonnie Kim (786-7316)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

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. 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.

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.

The annual growth of regular levy 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 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 may 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 can 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 permanently impact levy calculations. If the lid lift proceeds are dedicated to pay bond service, the duration of the increased levy cannot exceed nine years.

Summary of Bill: For Thurston County only, the period in which bond levies may be increased with a levy lid lift is extended from 9 years to 25 years. The bill applies to taxes levied for collection in 2018 and thereafter.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Local Government): PRO: Thurston County Courthouse needs to be either rebuilt or renovated, but financing a courthouse in nine years is not feasible. This bill is limited to just Thurston County. The courthouse needs updated security. It is more expensive to renovate the current building than to build a new courthouse.

Persons Testifying (Local Government): PRO: Representative Laurie Dolan, Prime Sponsor; Commissioner Gary Edwards, Thurston County; Jon Tunheim, Thurston County Prosecuting Attorney.

Persons Signed In To Testify But Not Testifying (Local Government): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: Thurston County doesn't have enough capacity under its lid lift to pay off bonds in nine years. This would provide an important tool to make long term infrastructure decisions. It is fully supported by all the county officials.

Persons Testifying (Ways & Means): PRO: Commissioner Bud Blake, Thurston County Commission.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.