

SENATE BILL REPORT

SB 6242

As of January 24, 2018

Title: An act relating to exempting a portion of the valuation of residential property from property taxation.

Brief Description: Exempting a portion of the valuation of residential property from property taxation.

Sponsors: Senators Braun, Becker, Angel and Rivers.

Brief History:

Committee Activity: Ways & Means: 1/25/18.

Brief Summary of Bill

- Authorizes a \$100,000 assessed value homestead exemption for state property taxes, subject to approval by the voters of a constitutional amendment.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jeffrey Mitchell (786-7438)

Background: Article VII, Section 1 of the Washington State Constitution (Constitution) requires that state and local property taxes be uniform within each class of property. Real property constitutes a single class of property under the Constitution. Uniformity requires both an equal rate of tax and equality in valuing the property. Under the Constitution, the legislature may by general laws exempt property from taxation. Based on the uniformity requirement, differential treatment of different types of real property is disallowed.

In 2017, the Legislature enacted EHB 2242 authorizing an increase in the state property tax levied for the support of the common schools beginning in 2018.

Summary of Bill: The first \$100,000 of value of a residence is exempt from state property taxes. The amount of the homestead exemption for a residence may not result in a tax reduction that exceeds the amount of state property taxes that would otherwise be levied on that residence.

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.

Residence is defined as a single-family dwelling unit whether such unit is separate or part of a multiunit dwelling, including the land on which such dwelling stands. Residence includes: a single-family dwelling situated upon lands the fee of which is vested in or held in trust by the United States or any of its instrumentalities, a federally recognized Indian tribe, the state of Washington or any of its political subdivisions, or a municipal corporation; a single-family dwelling consisting of a manufactured/mobile home or park model that has substantially lost its identity as a mobile unit by virtue of its being fixed in location and placed on a foundation with fixed pipe connections with sewer, water, or other utilities; and a single-family dwelling consisting of a floating home which must be occupied by the property owner as their principal place of residence.

The homestead exemption is in addition to the senior citizen property tax relief program.

For taxes levied for collection in calendar year 2020, and each subsequent year thereafter, the amount of homestead exemption must be increased from the prior year's exemption amount by the percentage growth in the state levy for the prior calendar year.

The homestead exemption must be claimed and renewed on forms developed by the Department of Revenue (Department) or by the county assessor and approved by the Department. Each county assessor must make declaration and renewal declaration forms available at the assessor's office, on the assessor's official website, and by mail or email upon request.

The resulting revenue loss from the exemption is prohibited from being shifted onto other property owners through an increase in the state property tax rate.

The homestead exemption takes effect January 1, 2019, if a proposed constitutional amendment specifically authorizing a homestead exemption is approved by the voters in the November 2018 general election.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on January 1, 2019, subject to approval by the voters of a constitutional amendment at the November 2018 general election.