
Finance Committee

HB 1672

Brief Description: Concerning local property tax levies for conservation futures.

Sponsors: Representatives Wylie and Fitzgibbon.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Removes conservation futures property tax levies from the 1 percent revenue growth limit.

Hearing Date: 1/18/22

Staff: Rachelle Harris (786-7137).

Background:

Property tax.

All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue is limited to 1 percent plus limited add-ons resulting from specific increases in assessed value identified in statute.

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

- The state levy rate is limited to \$3.60 per \$1,000 of assessed value.
- County general levies are limited to \$1.80 per \$1,000 of assessed value.
- County road levies are limited to \$2.25 per \$1,000 of assessed value.
- City levies are limited to \$3.375 per \$1,000 of assessed value.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

For property tax purposes, the state, counties, and cities are collectively referred to as senior taxing districts. Junior taxing districts—a term that includes fire, hospital, flood control zone, and most other special purpose districts—each have specific rate limits as well.

The tax rates for senior and junior taxing districts, excluding the state, must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value. If the statutory \$5.90 or constitutional \$10 limit are exceeded, statute establishes the sequential order in which the levies must be proportionally reduced or eliminated (a process referred to as prorationing) to conform to the statutory and constitutional limits.

Some regular property tax levies are subject to the \$10 constitutional limit but not the \$5.90 aggregate rate limit. These levies have protections from general prorationing requirements and exist within the "gap" that remains after subtracting the state levy and the \$5.90 in local regular levies from the constitutional \$10 limit per \$1,000 of assessed value.

Conservation Futures.

To conserve open space, agricultural, and timber lands, certain local governments may acquire or lease private land, or acquire easements or development rights on private land that limit use of the land. The rights acquired under this process are called "conservation futures." A county may levy a property tax of up to \$0.0625 per \$1,000 of assessed value in order to acquire conservation futures and for maintenance and operation associated property. Thirteen counties in the state currently have conservation futures levies. Conservation futures levies exist in "the gap" within the constitutional \$10 limit and are subject to the 1 percent revenue growth limit.

Summary of Bill:

Conservation futures property tax levies are removed from the 1 percent revenue growth limit.

The bill applies to property taxes levied for collection in 2023 and thereafter.

Appropriation: None.

Fiscal Note: Requested on January 3, 2022.

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