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## Finance Committee

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### HJR 4204

**Brief Description:** Concerning a constitutional amendment providing for a residential real property exemption from property taxes levied for state purposes.

**Sponsors:** Representatives Harris-Talley, Berg, Wicks, Peterson, Ortiz-Self, Simmons, Gregerson, Chapman, Berry, Frame, Thai, Pollet, Ormsby, Davis and Ramel.

Brief Summary of Bill
<ul style="list-style-type: none"><li>Amends the Washington Constitution to allow for a legislatively enacted residential real property tax exemption from the state levy of up to \$250,000 of equalized assessed value.</li></ul>



**Hearing Date:** 2/9/21

**Staff:** Tracey O'Brien (786-7152).

**Background:**

State Constitution and Property Taxes.

*Uniformity (Article VII, section 1).*

The Washington Constitution (Constitution) requires all taxes to be applied uniformly on property within each taxing district. However, the Legislature may exempt certain property from taxation. All real and personal property in the state is subject to the state property tax, unless specifically exempted under law. Property taxes are based on the assessed fair market value of the property.

*Limits (Article VII, section 2).*

The Constitution also limits regular property tax levies to a maximum of 1 percent of a property's assessed value (AV). This applies collectively to the total taxes levied by the state, local

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governments, and any other agencies with taxing authority. However, the Constitution specifically exempts port and utility districts from this limitation.

To keep the total tax rate within the 1 percent limit, the Legislature has established individual and aggregate limits for the various tax districts. The tax levy maximum assessed by the state is set at \$3.60 per \$1,000 of the AV. The state levy takes precedence over all other levies. Most of the remaining local tax districts must share an overall maximum rate of \$5.90 per \$1,000 of the AV.

*Apportionment (Article VII, section 6; Article VIII, section 4).*

All taxes collected for state purposes must be paid to the State Treasury. Money paid out of the treasury must be appropriated by law.

**Summary of Joint Resolution:**

The Constitution is amended to allow the Legislature to provide a residential real property exemption from the state property tax levy. The amount is up to \$250,000 of equalized assessed valuation of the property. The Legislature may subject the exemption to limits and restrictions. The Legislature may provide for an annual increase to the exemption amount.

**Appropriation:** None.

**Fiscal Note:** Requested on February 8, 2021.

**Effective Date:** Subject to ratification by the voters at the next general election.