

# HOUSE BILL REPORT

## HJR 4204

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**As Reported by House Committee On:**  
Finance

**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 History:**

**Committee Activity:**

Finance: 2/9/21, 3/31/21 [DP].

**Brief Summary of Joint Resolution**

- 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.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 11 members: Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Chopp, Harris-Talley, Morgan, Orwall, Ramel, Springer, Thai and Wylie.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase and Vick.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Stokesbary.

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

**Background:**

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*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.*

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 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.

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**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.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Staff Summary of Public Testimony:**

(In support) We are living through a racial reckoning and it is time to reflect and remedy inequities. Property taxes have been used historically to diminish black prosperity. This is the constitutional amendment that will allow for a residential property tax exemption that will slow down displacement by addressing economic inequality. It helps reduce the cost of

homeownership and creates security for families. There is a human cost to losing a home and the COVID-19 pandemic has shown us a house is more than just a place to live. Right now, more people are working from home and running businesses from their homes. The challenge to pay a property tax bill creates stress and is often related to medical issues. This constitutional amendment would help protect those most at risk by providing the ability to the Legislature to enact a substantial property tax exemption for a primary residence.

There are some concerns. The county assessors are concerned about the administrative burdens of a residential property tax exemption without a mechanism to fund the work required of the counties. Counties lack the ability to absorb the cost of processing a new and expansive property tax exemption, which would include the need for additional staff and software upgrades.

(Opposed) None.

**Persons Testifying:** Representative Harris-Talley, prime sponsor; Matthew Lang, Seattle Transit Riders Union; Denise Rodriguez, Washington Homeownership Resource Center; and Shaun Scott, Statewide Poverty Action Network.

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