

SENATE BILL REPORT

HB 2044

As Reported by Senate Committee On:
Ways & Means, February 23, 2024

Title: An act relating to standardizing limitations on voter-approved property tax levies.

Brief Description: Standardizing limitations on voter-approved property tax levies.

Sponsors: Representatives Duerr, Senn, Fitzgibbon, Alvarado, Ryu, Taylor, Callan, Berry, Gregerson, Reed, Macri, Chopp, Bergquist, Goodman, Pollet, Kloba and Davis.

Brief History: Passed House: 2/12/24, 56-41.

Committee Activity: Ways & Means: 2/20/24, 2/23/24 [DP, DNP, w/oRec].

Brief Summary of Bill

- Eliminates a nonsupplant restriction applicable to local government taxing districts located in a county with a population of 1.5 million or more.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Robinson, Chair; Nguyen, Vice Chair, Operating; Billig, Conway, Dhingra, Hasegawa, Hunt, Keiser, Pedersen, Randall, Saldaña, Van De Wege and Wellman.

Minority Report: Do not pass.

Signed by Senators Mullet, Vice Chair, Capital; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Boehnke, Braun, Muzzall and Torres.

Minority Report: That it be referred without recommendation.

Signed by Senator Wagoner.

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.

Staff: Jeffrey Mitchell (786-7438)

Background: 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 regular property tax levies is limited as follows:

- for jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent; and
- for jurisdictions with a population of 10,000 or more, revenue growth is limited to the lesser of inflation or 1 percent.

Local taxing districts may exceed the 1 percent revenue limit if the voters in the district approve a lid lift which allows voters in a district to agree to tax themselves above the lid. In 2009 a nonsupplant restriction was narrowed to only apply to local taxing district lid lifts within a county with a population of 1.5 million or more. Under a nonsupplant restriction, lid-lift revenue must add to the overall revenue used for the specified purpose of the lid lift and not supplant, in other words replace, existing revenues currently funding the specified program. The nonsupplant restriction has been suspended by the Legislature several times including for lid lifts approved by the voters between 2015 and 2022.

Summary of Bill: The nonsupplant restriction applicable to counties with a population of 1.5 million or more is eliminated.

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: PRO: This bill gives King County voters a voice in what services they want to fund, which every jurisdiction outside of King County already has. Over half of King County's sales tax is dedicated. Likewise, voter-approved levies are dedicated. It is very difficult to shift funds around to meet needs. The nonsupplant restriction makes it difficult to fund core services. This bill provides more flexibility. In current law this bill only impacts King County and taxing districts within King County. The nonsupplant restriction means that jurisdictions can only go to the voters for something new. Costs are growing to maintain existing services. It can be hard to determine supplanting as time goes by.

CON: This bill is bad policy for Washington State. This bill raises property taxes in King County. The King County budget has plenty of money.

Persons Testifying: PRO: Michael White, King County; Candice Bock, Association of

Washington Cities.

CON: Liv Finne, Washington Policy Center; Laurie Layne; Jeffrey Pack, Washington Citizens Against Unfair Taxes.

Persons Signed In To Testify But Not Testifying: No one.