

SENATE BILL REPORT

SJR 8204

As of January 23, 2023

Brief Description: Concerning property tax relief.

Sponsors: Senators Wilson, L. and Dozier.

Brief History:

Committee Activity: Ways & Means: 1/24/23.

Brief Summary of Bill

- Amends the State Constitution to authorize the creation of a homestead exemption for state property taxes and a renter's credit.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Uniformity Clause. The Washington State 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. Based on the uniformity requirement, differential treatment of different types of real property is disallowed. Under the Constitution, the Legislature may, by general laws, exempt property from taxation.

Gift of Public Funds. The gifting of public funds doctrine refers to a set of prohibitions contained in two sections of the Washington State Constitution. The sections prohibit the state government and its political subdivisions from conferring benefits on private parties in ways that might disadvantage public interests. Courts have used a two-step process that first determines if funds being expended are to carry out a fundamental purpose of the government. If so, then no gift of public funds has been made. Otherwise, the court looks to see whether the government entity received adequate return, or if the expenditure was donative in nature.

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.

Constitutional Amendment. To amend Washington's Constitution, the Legislature must first approve the proposed amendment with a two-thirds vote. Then, the approved proposal must be placed on the ballot at the next state general election. It becomes law if approved by a majority of the electors.

Summary of Bill: The State Constitution is amended to authorize the Legislature to create a homestead property tax exemption for state property taxes. The homestead property tax exemption may be up to \$250,000 of assessed value on a taxpayer's principal place of residence. The state levy must be reduced as necessary to prevent the exempted value from increasing the state property tax rate for other property owners.

The Legislature may also provide a similar benefit through a renter's credit to residential tenants. The renter's credit must be in the form of a refund of a portion of the rent paid by tenants on their primary residence. The amount of renter's credit for each tenant may not exceed the maximum amount of tax reduction provided by the homestead property tax exemption.

The Legislature may annually increase to the maximum amount of exemption and credit, and may place other limitations and conditions on the homestead property tax exemption and renter's credit as it deems proper.

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.