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**SENATE BILL 5618**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senators Kuderer, Wellman, Frame, Hunt, Lias, Lovelett, Nguyen, and Robinson

Read first time 01/30/23. Referred to Committee on Local Government, Land Use & Tribal Affairs.

1 AN ACT Relating to increasing the local property tax revenue  
2 growth limit; amending RCW 84.55.005, 84.55.0101, and 84.55.100;  
3 creating new sections; and providing a contingent effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature acknowledges that the  
6 current annual regular property tax revenue growth limit of 101  
7 percent is inadequate in addressing the evolving needs of local  
8 governments and counties. As populations continue to grow and the  
9 costs of goods and services persistently rise, it becomes  
10 increasingly challenging for local governments to maintain a stable  
11 financial footing.

12 The legislature, therefore, aims to rectify this situation by  
13 increasing the property tax levy limit to more accurately reflect the  
14 economic realities of our communities. This act will equip local  
15 governments and counties with the necessary tools to keep pace with  
16 the rising cost of living.

17 Furthermore, an increase in levy capacity would provide local  
18 governments and counties with greater flexibility to manage their  
19 financial resources and meet the needs of their citizens. This  
20 increased flexibility will allow them to fund essential services and  
21 infrastructure that promote public safety, access to transportation

1 and education, and other services that are vital to the welfare of  
2 the citizens of the state.

3 Many vital fields, such as law enforcement, health care, and  
4 education, are facing challenges in recruiting and retaining  
5 essential personnel due to the high cost of living in the communities  
6 they serve. By empowering local governments to raise the funds needed  
7 to support their communities through the balanced approach outlined  
8 in this act, the legislature can help them address local needs with  
9 minimal impact on taxpayers and retain the essential personnel who  
10 serve their communities.

11 This act represents a clear demonstration of the legislature's  
12 commitment to ensuring that all residents have access to essential  
13 services they need to thrive, work, and live in the communities they  
14 call home.

15 **Sec. 2.** RCW 84.55.005 and 2014 c 97 s 316 are each amended to  
16 read as follows:

17 The definitions in this section apply throughout this chapter  
18 unless the context clearly requires otherwise.

19 (1) "Inflation" means the ~~((percentage change in the implicit~~  
20 ~~price deflator for personal consumption expenditures for the United~~  
21 ~~States as published for the most recent twelve-month period by the~~  
22 ~~bureau of economic analysis of the federal department of commerce by~~  
23 ~~September 25th of the year before the taxes are payable;)) annual~~

24 percentage increase in the consumer price index for all urban  
25 consumers in the western region for all items as provided in the most  
26 recent 12-month period by the bureau of labor statistics of the  
27 United States department of labor by July 25th of the year before the  
28 taxes are payable.

29 (2) "Limit factor" means:

30 (a) For taxing districts with a population of less than ~~((ten~~  
31 ~~thousand)) 10,000 in the calendar year prior to the assessment year,~~

32 ~~((one hundred one)) 103 percent;~~

33 (b) For taxing districts for which a limit factor is authorized  
34 under RCW 84.55.0101, the lesser of the limit factor authorized under  
35 that section or ~~((one hundred one)) 103 percent;~~

36 (c) ~~((For)) Except as provided in (d) of this subsection, for all~~

37 other districts, the lesser of ((one hundred one)) 103 percent or  
38 ((one hundred)) 100 percent plus population change and inflation; and

1 (d) For state property taxes under RCW 84.52.065, the lesser of  
2 101 percent or 100 percent plus inflation.

3 (3)(a) "Population change" means the annual percent increase in  
4 the population of a taxing district between the two most recent years  
5 as provided in the official population estimates published by the  
6 office of financial management for April 1st of the year before taxes  
7 are payable. If the office of financial management estimates a net  
8 decrease in a taxing district's population, for the purposes of this  
9 section, the population change is zero. For a county, the "population  
10 of a taxing district" means the population within the county's  
11 incorporated and unincorporated areas, unless the county taxing  
12 district boundaries are limited to the unincorporated county areas,  
13 in which case the "population of a taxing district" means the  
14 population of the unincorporated county areas only. For taxing  
15 districts that are not coterminous with one or more cities, towns,  
16 counties, or unincorporated county areas, or any combination thereof,  
17 as provided in the official population estimates published by the  
18 office of financial management in April of the year before the taxes  
19 are payable, "population change" means:

20 (i) The population change for the city or town within which the  
21 taxing district is wholly located;

22 (ii) The population change for the county in which the taxing  
23 district is wholly located, when the taxing district is not wholly  
24 located within a city or town; or

25 (iii) For taxing districts located in more than one county, the  
26 county population change for the county in which the greatest total  
27 taxable assessed value of the taxing district for the prior  
28 assessment year is located.

29 (b) For the purposes of this subsection (3), the annual percent  
30 increase in population is calculated to the nearest tenth of one  
31 percent, rounding up to the next tenth of one percent if the second  
32 decimal place of the annual percent increase is five or greater.

33 (4) "Regular property taxes" has the meaning given it in RCW  
34 84.04.140.

35 **Sec. 3.** RCW 84.55.0101 and 2007 sp.s. c 1 s 2 are each amended  
36 to read as follows:

37 Upon a finding of substantial need, the legislative authority of  
38 a taxing district other than the state may provide for the use of a  
39 limit factor under this chapter of (~~one hundred one~~) 103 percent or

1 less. In districts with legislative authorities of four members or  
2 less, two-thirds of the members must approve an ordinance or  
3 resolution under this section. In districts with more than four  
4 members, a majority plus one vote must approve an ordinance or  
5 resolution under this section. The new limit factor (~~shall be~~) is  
6 effective for taxes collected in the following year only.

7 **Sec. 4.** RCW 84.55.100 and 1983 c 223 s 1 are each amended to  
8 read as follows:

9 (1) The property tax limitation contained in this chapter shall  
10 be determined by the county assessors of the respective counties in  
11 accordance with the provisions of this chapter: PROVIDED, That the  
12 limitation for any state levy shall be determined by the department  
13 of revenue and the limitation for any intercounty rural library  
14 district shall be determined by the library district in consultation  
15 with the respective county assessors.

16 (2) By September 1, 2023, and by September 1st every year  
17 thereafter, the department of revenue must provide county assessors  
18 the limit factors necessary for the county assessor to comply with  
19 subsections (1) and (3) of this section.

20 (3) By October 1, 2023, and by October 1st every year thereafter,  
21 the county assessor must determine the limit factor applicable to  
22 each taxing district in their county and notify each taxing district  
23 of the determination. However, for a taxing district located in more  
24 than one county, the assessor of the county with the most assessed  
25 value of the taxing district is subject to the requirements of this  
26 subsection (3).

27 NEW SECTION. **Sec. 5.** This act applies to taxes levied for  
28 collection in 2024 and thereafter.

29 NEW SECTION. **Sec. 6.** This act takes effect if chapter . . .  
30 (Senate Bill No. 5495 (creating a primary residence property tax  
31 exemption and renter's credit)), Laws of 2023, is enacted by August  
32 1, 2023.

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