

**Chapter 39.36 RCW**  
**LIMITATION OF INDEBTEDNESS OF TAXING DISTRICTS**

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*Limitation of state debt: State Constitution Art. 8 s 1.*

*Limitation on levies: State Constitution Art. 7 s 2.*

*Limitations on municipal indebtedness: State Constitution Art. 8 s 6.*

**RCW 39.36.010 Definitions.** The term "taxing district" as herein used shall be held to mean and embrace all counties, cities, towns, townships, port districts, school districts, metropolitan park districts or other municipal corporations which now, or may hereafter exist.

The term "the last assessed valuation of the taxable property in such taxing district" as used herein shall be held to mean and embrace the aggregate assessed valuation for such taxing district as placed on the last completed and balanced tax rolls of the county next preceding the date of contracting the debt or incurring the liability. [1917 c 143 s 4; RRS s 5608.]

**RCW 39.36.015 "Value of the taxable property" defined.** Whenever used in chapter 42, Laws of 1970 ex. sess., the term "value of the taxable property" shall mean the actual value of the taxable property in a taxing district incurring indebtedness, as the term "taxing district" is defined in RCW 39.36.010, to be ascertained by the last assessment for state and county purposes previous to the incurring of such indebtedness except that in incorporated cities the assessment shall be taken from the last assessment for city purposes, plus the timber assessed value for the district as defined in RCW 84.33.035. [1984 c 204 s 15; 1970 ex.s. c 42 s 1.]

**Savings—Effective date—1984 c 204:** See notes following RCW 84.33.035.

**Severability—1970 ex.s. c 42:** "If any provision of this 1970 amendatory act, or its application to any person or circumstance is held invalid, the remainder of this 1970 amendatory act, or the application of the provision to other persons or circumstances is not affected." [1970 ex.s. c 42 s 41.]

**Effective date—1970 ex.s. c 42:** "The effective date of this 1970 amendatory act is November 1, 1970." [1970 ex.s. c 42 s 42.]

**RCW 39.36.020 Limitation of indebtedness prescribed.** (1) Except as otherwise expressly provided by law or in subsections (2), (3) and (4) of this section, no taxing district shall for any purpose become indebted in any manner to an amount exceeding three-eighths of one percent of the value of the taxable property in such taxing district without the assent of three-fifths of the voters therein voting at an election to be held for that purpose, nor in cases requiring such assent shall the total indebtedness incurred at any time exceed one and one-fourth percent on the value of the taxable property therein.

(2) (a) (i) Public hospital districts are limited to an indebtedness amount not exceeding three-fourths of one percent of the value of the taxable property in such public hospital districts without the assent of three-fifths of the voters therein voting at an election held for that purpose.

(ii) Counties, cities, and towns are limited to an indebtedness amount not exceeding one and one-half percent of the value of the taxable property in such counties, cities, or towns without the assent of three-fifths of the voters therein voting at an election held for that purpose.

(b) In cases requiring such assent counties, cities, towns, and public hospital districts are limited to a total indebtedness of two and one-half percent of the value of the taxable property therein. However, any county that has assumed the rights, powers, functions, and obligations of a metropolitan municipal corporation under chapter 36.56 RCW may become indebted to a larger amount for its authorized metropolitan functions, as provided under chapter 35.58 RCW, but not exceeding an additional three-fourths of one percent of the value of the taxable property in the county without the assent of three-fifths of the voters therein voting at an election held for that purpose, and in cases requiring such assent not exceeding an additional two and one-half percent of the value of the taxable property in the county.

(3) School districts are limited to an indebtedness amount not exceeding three-eighths of one percent of the value of the taxable property in such district without the assent of three-fifths of the voters therein voting at an election held for that purpose. In cases requiring such assent school districts are limited to a total indebtedness of two and one-half percent of the value of the taxable property therein.

(4) No part of the indebtedness allowed in this chapter shall be incurred for any purpose other than strictly county, city, town, school district, township, port district, metropolitan park district, or other municipal purposes: PROVIDED, That a city or town, with such assent, may become indebted to a larger amount, but not exceeding two and one-half percent additional, determined as herein provided, for supplying such city or town with water, artificial light, and sewers, when the works for supplying such water, light, and sewers shall be owned and controlled by the city or town; and a city or town, with such assent, may become indebted to a larger amount, but not exceeding two and one-half percent additional for acquiring or developing open space, park facilities, and capital facilities associated with economic development: PROVIDED FURTHER, That any school district may

become indebted to a larger amount but not exceeding two and one-half percent additional for capital outlays.

(5) Such indebtedness may be authorized in any total amount in one or more propositions and the amount of such authorization may exceed the amount of indebtedness which could then lawfully be incurred. Such indebtedness may be incurred in one or more series of bonds from time to time out of such authorization but at no time shall the total general indebtedness of any taxing district exceed the above limitation.

The term "value of the taxable property" as used in this section shall have the meaning set forth in RCW 39.36.015. [2000 c 156 s 1; 1994 c 277 s 1; 1993 c 240 s 12; 1971 ex.s. c 218 s 1; 1971 c 38 s 1; 1970 ex.s. c 42 s 27; 1969 c 142 s 3; 1967 c 107 s 4; 1959 c 227 s 1; 1953 c 163 s 2; 1917 c 143 s 1; RRS s 5605.]

**Effective date—2000 c 156:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 27, 2000]." [2000 c 156 s 2.]

**Severability—Effective date—1970 ex.s. c 42:** See notes following RCW 39.36.015.

**Validating—1953 c 163:** "Bonds authorized, issued and sold by any school district prior to the effective date of this act [March 18, 1953] and not in excess of the limitations provided in sections 1 and 2 thereof are hereby approved, ratified and validated, and are a legal and irrevocable obligation of such school district." [1953 c 163 s 3.]

*Cemetery districts, limitation upon indebtedness: RCW 68.52.310.*

*Cities other than first class, limitations upon indebtedness: RCW 35.37.040, 35.37.050.*

*Conditional sales contract debt, not counted as part of debt limit: RCW 28A.335.200, 39.30.010.*

*Counties, limitations upon indebtedness: Chapter 36.67 RCW.*

*Executory conditional sales contracts, limitations on indebtedness: RCW 28A.335.200, 39.30.010.*

*Leases by cities and towns, limitations on indebtedness: RCW 35.42.200.*

*Metropolitan municipal corporations, limitations on indebtedness: RCW 35.58.450.*

*Metropolitan park districts, incurring indebtedness: RCW 35.61.100, 35.61.110.*

*Municipal corporations, limitations upon indebtedness: State Constitution Art. 8 s 6 (Amendment 27).*

*Port districts, limitations upon indebtedness: RCW 39.28.030, 53.36.030.*

*Public utility districts, limitations upon indebtedness: RCW 54.24.018.*

*School districts, limitations upon indebtedness: Chapters 28A.530, 28A.535 RCW.*

*Validation requirement: RCW 39.40.010.*

*Water-sewer districts, limitations upon indebtedness: RCW 57.20.110, 57.20.120.*

**RCW 39.36.030 Computation of indebtedness.** (1) Whenever it shall be necessary to compute the indebtedness of a taxing district for bonding or any other indebtedness purposes, taxes levied for the current year and cash on hand received for the purpose of carrying on the business of such taxing district for such current year shall be considered as an asset only as against indebtedness incurred during such current year which is payable from such taxes or cash on hand: PROVIDED, HOWEVER, That all taxes levied for the payment of bonds, warrants or other public debts of such taxing district, shall be deemed a competent and sufficient asset of the taxing district to be considered in calculating the constitutional debt limit or the debt limit prescribed by this chapter for any taxing district: PROVIDED, That the provisions of this section shall not apply in computing the debt limit of a taxing district in connection with bonds authorized pursuant to a vote of the electors at an election called prior to March 1, 1917.

(2) If reductions in assessed valuation of property within a taxing district result in the outstanding indebtedness of the taxing district exceeding its statutory indebtedness limitations, the amount of such excess indebtedness shall not be included in the statutory indebtedness ceiling. Additional indebtedness that is subject to indebtedness limitations, other than refinancing indebtedness that does not increase the total amount of indebtedness, may not be issued by such a taxing district until its total outstanding indebtedness, including that which this subsection removes from the statutory indebtedness limitations, is below these limitations.

(3) Nothing in this section authorizes taxing districts to incur indebtedness beyond constitutional indebtedness limitations. [1986 c 50 s 1; 1921 c 123 s 1; 1917 c 143 s 2; RRS s 5606.]

**RCW 39.36.040 Authorizations in violation of chapter void.** All orders, authorizations, allowances, contracts, payments or liabilities to pay, made or attempted to be made in violation of this chapter, shall be absolutely void and shall never be the foundation of a claim against a taxing district. [1994 c 81 s 75; 1923 c 45 s 1; 1917 c 143 s 3; RRS s 5607.]

**RCW 39.36.050 Ballot proposition authorizing indebtedness—Excess property tax levies.** The governing body of a taxing district desiring to place a ballot proposition authorizing indebtedness before the voters may submit the proposition at any special election held on the dates authorized in RCW 29A.04.330. The ballot proposition shall

include the maximum amount of the indebtedness to be authorized, the maximum term any bonds may have, a description of the purpose or purposes of the bond issue, and whether excess property tax levies authorized under RCW 84.52.056 will be authorized.

When it is required that such bonds be retired by excess property tax levies, or when the governing body desires such bonds be retired by excess property tax levies, the ballot proposition shall also include authorization for such excess bond retirement property tax levies provided under RCW 84.52.056.

Notice of the proposed election shall be published as required by RCW 29A.52.355. [2015 c 53 s 69; 1984 c 186 s 3.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

**RCW 39.36.060 Chapter not applicable to loan agreements under chapter 39.69 RCW.** This chapter does not apply to a loan made pursuant to a loan agreement under chapter 39.69 RCW, and any computation of indebtedness under this chapter shall exclude the amount of any loan under such a loan agreement. [1987 c 19 s 5.]

**RCW 39.36.900 Validation—1969 c 142.** All bonds heretofore issued, or heretofore voted and which may have been or may hereafter be issued, by any taxing district pursuant to any of the foregoing sections as amended or for any of the purposes authorized by any of said sections are hereby validated. [1969 c 142 s 6.]