

SENATE BILL REPORT

ESB 5843

AS PASSED SENATE, MARCH 16, 1993

Brief Description: Authorizing local governments to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households.

SPONSORS: Senators Moyer, Talmadge, Hochstatter, Deccio, Prentice, Quigley, McAuliffe, Erwin, Pelz, Winsley and M. Rasmussen

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Fraser, McAuliffe, Pelz, and Wojahn.

Staff: Dave Cheal (786-7576)

Hearing Dates: March 2, 1993; March 3, 1993

BACKGROUND:

Article VII, Section 2, of the State Constitution, limits the cumulative rate of regular property taxes that may be imposed on any property in any year to an amount not exceeding 1 percent of the true and fair value of the property. Excess property tax levies may be imposed above the 1 percent limitation.

The limitation on the cumulative rate of regular property taxes is restricted even further by statute, as follows:

- (1) The state is authorized to impose regular property taxes to fund K-12 education at a rate not exceeding \$3.60 per \$1,000 of assessed valuation at the state equalized value;
- (2) The cumulative rate of regular property taxes imposed by other taxing districts, including counties, cities, road districts, and junior taxing districts, may not exceed \$5.90 per \$1,000 of assessed valuation; and
- (3) The following two regular property tax levies are not subject to these statutory cumulative rate limitations:
 - (1) Voter approved regular property taxes of up to 50 cents per \$1,000 of assessed valuation for emergency medical service purposes may be imposed by a number of different taxing districts; and
 - (2) regular property taxes of up to 6.25 cents per \$1,000 of assessed valuation may be imposed by counties to acquire conservation futures.

SUMMARY:

Voters of a county, city, or town may approve a ballot proposition authorizing the county, city, or town to impose additional regular property tax levies of up to 50 cents per \$1,000 of assessed valuation for each of up to 10 consecutive years. This tax is above statutory cumulative rate limitations but within the constitutional 1 percent limitation. The additional levies are authorized if the ballot proposition is approved by a simple majority vote.

Prior to imposing these voter approved regular property tax levies, the governing body of the county, city, or town must: (1) Declare a housing affordability emergency exists for very low-income households within its boundaries; and (2) adopt a plan to expend the tax receipts that is consistent with either the locally adopted or state adopted comprehensive housing affordability strategy required under the Cranston-Gonzalez National Housing Affordability Act.

If voters of both a county, and a city within that county, authorize this additional levy, the combined rates for the county and city may not exceed 50 cents per \$1,000 of assessed valuation.

If the combined rates of all regular property taxes exceed the 1 percent limitation, provisions are made to reduce, on a pro-rata basis, the regular levies that are above the statutory cumulative rate limitations, i.e., the EMS levy, the conservation futures levy, and the new affordable housing levy.

A technical correction is made removing an unintended and inappropriate limitation on EMS levies.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Cities, towns and counties are provided with a method for dealing with their very low-income housing needs. Several safeguards are provided including voter approval.

TESTIMONY AGAINST: None

TESTIFIED: Jim Bomberger (pro); Beverlee Numbers (pro); Robert Fukai (pro)