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HOUSE BILL 2334

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Ericks, McIntire, Jarrett, Hankins and B. Sullivan

Read first time 02/21/2007. Referred to Committee on Finance.

1            AN ACT Relating to authorizing regular property tax increases in  
2 excess of one percent growth for limited purposes including the funding  
3 of infrastructure and the reduction of impact fees; amending RCW  
4 84.55.005 and 84.55.0101; adding a new section to chapter 82.02 RCW;  
5 adding new sections to chapter 43.31 RCW; and providing an expiration  
6 date.

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

8            **Sec. 1.** RCW 84.55.005 and 2002 c 1 s 2 are each amended to read as  
9 follows:

10            As used in this chapter:

11            (1) "Incremental property tax revenue" means the regular property  
12 taxes payable in excess of the amount that would otherwise be payable  
13 using a limit factor of one hundred one percent;

14            (2) "Inflation" means the percentage change in the implicit price  
15 deflator for personal consumption expenditures for the United States as  
16 published for the most recent twelve-month period by the bureau of  
17 economic analysis of the federal department of commerce in September of  
18 the year before the taxes are payable;

19            ((+2)) (3) "Limit factor" means:

1           (a) ~~((For taxing districts with a population of less than ten~~  
2 ~~thousand in the calendar year prior to the assessment year, one hundred~~  
3 ~~one percent;~~

4           ~~(b))~~ For taxing districts for which a limit factor is authorized  
5 under RCW 84.55.0101, the lesser of the limit factor under that section  
6 or one hundred ~~((one))~~ percent plus inflation; or

7           ~~((c))~~ (b) For all other districts, ~~((the lesser of one hundred~~  
8 ~~one percent or))~~ one hundred percent plus inflation; ~~((and~~

9           ~~(3))~~ (4) "Regular property taxes" has the meaning given it in RCW  
10 84.04.140; and

11           (5) "System improvement" has the meaning provided in RCW 82.02.090.

12           **Sec. 2.** RCW 84.55.0101 and 2002 c 1 s 3 are each amended to read  
13 as follows:

14           (1) Upon a finding of substantial need, the legislative authority  
15 of a taxing district other than the state may provide for the use of a  
16 limit factor under this chapter of one hundred ~~((one))~~ percent plus  
17 inflation or less unless an increase greater than this limit is  
18 approved by the voters at an election as provided in RCW 84.55.050. In  
19 districts with legislative authorities of four members or less, two-  
20 thirds of the members must approve an ordinance or resolution under  
21 this section. In districts with more than four members, a majority  
22 plus one vote must approve an ordinance or resolution under this  
23 section. The new limit factor shall be effective for taxes collected  
24 in the following year only.

25           (2) A taxing district, other than the state, shall use incremental  
26 property tax revenue for system improvements before the revenue is used  
27 for any other purpose.

28           (3) The state shall use incremental property tax revenue for the  
29 support of high growth school districts as provided in section 4 of  
30 this act.

31           NEW SECTION. **Sec. 3.** A new section is added to chapter 82.02 RCW  
32 to read as follows:

33           Counties, cities, and towns may not impose impact fees authorized  
34 under RCW 82.02.050, except with respect to school facilities, in the  
35 calendar year following the calendar year in which the county, city, or

1 town adopts a limit factor under RCW 84.55.0101 in excess of one  
2 hundred one percent.

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.31 RCW  
4 to read as follows:

5 (1) Incremental property tax revenue authorized by the state under  
6 RCW 84.55.0101 shall be deposited into the high growth school district  
7 mitigation account hereby created in the state treasury. Money in the  
8 account may be spent only after appropriation. Expenditures from the  
9 account must be used in accordance with subsection (2) of this section.

10 (2) The department shall conduct a grant process to award funds to  
11 school districts for the construction, modernization, or remodeling of  
12 school facilities in high growth school districts. Grant applications  
13 must be submitted to the department. The application must be in a form  
14 and manner prescribed by the department. The application must include  
15 a description of the capital facility or facilities that will be  
16 constructed, modernized, or remodeled with funds distributed under this  
17 section and the estimated costs of the constructing, modernizing, or  
18 remodeling activity. A distribution to a school district under this  
19 section may not exceed the amount appropriated to the high growth  
20 school district mitigation account for the fiscal year multiplied by  
21 the school district's student enrollment in the school year as a  
22 percentage of total student enrollment for all high growth school  
23 districts for that year that have applied for funding under this  
24 section. A school district must apply every calendar year to receive  
25 funding under this section. The state treasurer shall distribute funds  
26 to qualifying high growth school districts on the last business day of  
27 June and December, as directed by the department in accordance with the  
28 requirements in section 5 of this act.

29 (3) The definitions in this subsection apply to this section and  
30 section 5 of this act.

31 (a) "Department" means the department of community, trade, and  
32 economic development.

33 (b) "Growth" means the percentage change from the prior year in  
34 student enrollment.

35 (c) "High growth school district" means a school district with  
36 growth for the school year at least one hundred fifty percent of the  
37 statewide average growth.

1 (d) "School year" means the school year that includes the calendar  
2 year in which the state approves a limit factor under RCW 84.55.0101.

3 (e) "Student enrollment" means annual average full-time equivalent  
4 student enrollment.

5 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.31 RCW  
6 to read as follows:

7 The department shall direct the state treasurer to give first  
8 priority in distributing funds under section 4 of this act to  
9 qualifying high school districts that are located within taxing  
10 jurisdictions in which the jurisdiction: (1) Imposes impact fees for  
11 the purposes of school facilities, as of January 1, 2007; and (2) has  
12 approved an ordinance or resolution that reduces the impact fees  
13 received by a school district by the amount of any grant funding such  
14 school district receives under section 4 of this act.

15 NEW SECTION. **Sec. 6.** Section 5 of this act expires three years  
16 after the effective date of this act.

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