

SENATE BILL REPORT

SB 6216

As of January 13, 2010

Title: An act relating to disclosure of existing property tax levies on ballot propositions subject to voter approval for levy lid lifts.

Brief Description: Concerning the disclosure of existing property tax levies on ballot propositions subject to voter approval for levy lid lifts.

Sponsors: Senators Rockefeller, Sheldon, Oemig, Kilmer, Keiser, Shin, Tom and Kline.

Brief History:

Committee Activity: Government Operations & Elections:

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Staff: Sharon Swanson (786-7447)

Background: The ballot title of a referendum or other question submitted to the voters by a local government must include a statement of the subject matter, a concise description of the measure, and the question. The concise description generally is limited to 75 words.

The property tax is the oldest of taxes in Washington and is subject to a number of constitutional and statutory requirements. The State Constitution (Constitution) requires all property taxes to be applied uniformly. This has been interpreted to mean that within any given taxing district, the district rate applied to each parcel of taxable property must be the same. The Constitution limits the sum of property tax rates to a maximum of 1 percent of true and fair value. Levies that are subject to the 1 percent rate limitation are known as regular levies, and there is no constitutional voting requirement for regular levies. The Constitution does provide a procedure for voter approval for tax rates that exceed the 1 percent limit. These taxes are called excess levies. The most common excess levies are maintenance and operation levies for school districts and bond retirement levies. Under excess levies, voters approve the dollar amount of the new levy and an estimate of the tax rate necessary to raise the dollar amount is provided.

In addition to constitutional and statutory limits on property tax rates, there is a statutory 1 percent limit on revenue growth for taxing districts. Under this revenue lid the amount of revenue collected from a regular (non-voter-approved) property tax levy cannot be more than 1 percent above the highest one year amount collected in the prior three years plus an

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additional amount equal to the tax on newly constructed property. Taxing districts may exceed this 1 percent cap if the voters in the district approve a lid lift, which allows voters in a district to agree to tax themselves above the lid. Under a lid lift proposal, voters approve a new tax rate for the district.

Summary of Bill: A local government ballot proposition of a property tax levy must include the currently existing dollar rate, as of the date the proposition is subject to voter approval, and the amount the proposed levy increase exceeds the currently existing dollar rate.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.