

# HOUSE BILL REPORT

## HB 1957

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**As Reported By House Committee On:**  
Finance

**Title:** An act relating to reducing the state property tax levy for 1996 and thereafter.

**Brief Description:** Reducing the state property tax levy.

**Sponsors:** Representatives B. Thomas, Carrell, Mulliken, Campbell, Foreman, Van Luven, Benton, L. Thomas, Crouse, Backlund, Elliot, McMahan, Smith, Stevens and Schoesler.

**Brief History:**

**Committee Activity:**

Finance: 2/27/95, 3/3/95 [DPS].

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives B. Thomas, Chairman; Boldt, Vice Chairman; Carrell, Vice Chairman; Morris, Ranking Minority Member; Hymes; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Dickerson, Assistant Ranking Minority Member; and Mason.

**Staff:** Rick Peterson (786-7150).

**Background:** The state annually levies a statewide property tax. The state property tax is limited to a rate no greater than \$3.60 per \$1,000 of market value. The state property tax is also limited by the 106 percent levy limit. The 106 percent levy limit requires reduction of property tax rates as necessary to limit the total amount of property taxes received by a taxing district. The limit for each year is the sum of (a) 106 percent of the highest amount of property taxes levied in the three most recent years, plus (b) an amount equal to last year's levy rate multiplied by the value of new construction.

**Summary of Substitute Bill:** The state property tax for collection in 1996 is reduced by 10 percent. The reduced 1996 levy is used for future state levy calculations under

the 106 percent levy limit. These changes reduce the state property tax by \$184 million in the 1995-97 biennium.

**Substitute Bill Compared to Original Bill:** The substitute bill decreases the 1996 state property tax levy by 10 percent. The original bill reduced the state property tax levy by 5 percent.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 6, 1995.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed. Effective for property taxes levied for collection in 1996.

**Testimony For:** The bill reduces everyone's property tax.

**Testimony Against:** None.

**Testified:** Representative Brian Thomas, prime sponsor.