

# FINAL BILL REPORT

## 2ESSB 5000

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C 13 L 95 E2  
Synopsis as Enacted

**Brief Description:** Reducing property taxes.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Loveland, Snyder, Wojahn, Sheldon, Gaspard, Franklin, Haugen, Rasmussen, Quigley, Owen, McAuliffe, Winsley, McCaslin, Drew, Morton, Prentice, Bauer, Spanel, Hale and Deccio).

### Senate Committee on Ways & Means

**Background:** The Constitution limits the amount of property taxes that may be imposed on an individual parcel of property without voter approval to 1 percent of its true and fair value, or \$10 per \$1,000 of assessed value. Of this, the state levy is limited to \$3.60 per \$1,000 of assessed value, equalized to market value, for the support of the common schools.

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:** The state property tax for collection in 1996 is reduced by 4.7187 percent, which is \$54.4 million. Other taxing district levies are prevented from being higher as a result of the lower state tax levy.

For purposes of the 106 percent limit, state levies after 1996 are set at the amount that would otherwise be allowed if the state levy for 1996 had been set without the reduction under this bill.

The reduction in this bill is in addition to any other reduction enacted for the 1996 session.

### Votes on Final Passage:

Senate 27 22

#### Second Special Session

Senate 45 2

House 88 6

House 90 4 (House reconsidered)

**Effective:** August 24, 1995