

# SENATE BILL REPORT

## 2ESSB 5000

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As Passed Senate, May 25, 1995

**Title:** An act relating to property tax reductions.

**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).

**Brief History:**

**Committee Activity:** Ways & Means: 2/1/95, 2/16/95 [DPS].  
Passed Senate, 3/15/95, 27-22.

**Second Special Session:** Passed Senate, 5/25/95, 45-2.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5000 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Fraser, Gaspard, Hargrove, Moyer, Quigley, Sheldon, Snyder, Spanel, Sutherland and Winsley.

**Staff:** Terry Wilson (786-7715)

**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 of Bill:** 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.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This buys down the state levy until the state is out of the property tax business. All 39 counties support this bill. There is no administrative cost. It eliminates the state's dependency on the property tax. The war on property taxes is escalating nationally. People want tax relief. Local voter-approved levies will have a greater chance of passing.

**Testimony Against:** The state might need the surplus in the next five years because there are large federal cuts under current plans.

**Testified:** Senator Loveland, prime sponsor (pro); Paul Dossett, WA Association of County Assessors (pro); Gail Rauch, Carol Belas, Ray Hall, Ben Gassaway, WA Association of County Assessors (pro); Jay Weber, WA Association of Counties (pro); Elizabeth Pierini, People for Fair Taxes (con).