

SENATE BILL REPORT

SB 5006

As of February 7, 1995

Title: An act relating to lowering the state-authorized property tax rate.

Brief Description: Lowering the state-authorized property tax rate.

Sponsors: Senators Winsley, Haugen, McCaslin and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/1/95.

SENATE COMMITTEE ON WAYS & MEANS

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. Taxes imposed under the 1 percent limit are termed "regular" levies. 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 1 percent limit may be exceeded if approved by 60 percent of the voters voting on the proposition provided the "yes" vote at least equals 24 percent of the number of votes cast in the last general election. For levies for capital purposes, the number of voters voting must at least equal 40 percent of the number of voters voting in the taxing district in the last general election. Voter-approved property taxes are termed "special" or "excess" levies. These levies are approved in terms of total dollars and are generally for one year only but can be for two to six years with respect to school districts and as many as 30 years with respect to bond retirement levies.

Summary of Substitute Bill: The state levy is reduced by \$0.65 to \$2.95, and the 1 percent limit is reduced statutorily to 0.935 percent. This change applies to taxes levied in 1995 for collection in 1996, and thereafter.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: We should use excess revenues now to cut state property taxes. This tax relief affects both homeowners and businesses. The state rate must be lowered to provide any relief. The elderly are afraid of being taxed out of their homes.

Testimony Against: None.

Testified: Senator Winsley, prime sponsor (pro); Jim Whittenburg, Lobby for Social Concerns (pro).