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SECOND ENGROSSED SUBSTITUTE SENATE BILL 5000

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State of Washington

54th Legislature

1995 Regular Session

By 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)

Read first time 02/20/95.

1 AN ACT Relating to property tax reductions; amending RCW 84.48.080  
2 and 84.52.010; adding a new section to chapter 84.55 RCW; and creating  
3 a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** With property valuations continuing to  
6 increase, property taxes have been steadily increasing. At the same  
7 time, personal incomes have not continued to rise at the same rate.  
8 Property taxes are becoming increasingly more difficult to pay. Many  
9 residential property owners complain about the overall level of taxes  
10 and about the continuing increase in tax from year to year. Taxpayers  
11 want property tax relief. The legislature intends to establish an on-  
12 going program of state property tax reductions the amount of which is  
13 to be determined by the legislature on a yearly basis based on the  
14 level of general fund tax revenues.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.55 RCW  
16 to read as follows:

17 (1) The state property tax levy for collection in 1996 shall be  
18 reduced by 4.7187 percent of the levy amount that would otherwise be

1 allowed under this chapter without regard to this section or any other  
2 tax reduction legislation enacted in 1995.

3 (2) The tax reduction provided in this section is in addition to  
4 any other tax reduction legislation that may be enacted by the  
5 legislature.

6 (3) State levies for collection after 1996 shall be set at the  
7 amount that would be allowed otherwise under this chapter if the state  
8 levy for collection in 1996 had been set without the reduction under  
9 subsection (1) of this section.

10 **Sec. 3.** RCW 84.48.080 and 1994 c 301 s 43 are each amended to read  
11 as follows:

12 (1) Annually during the months of September and October, the  
13 department of revenue shall examine and compare the returns of the  
14 assessment of the property in the several counties of the state, and  
15 the assessment of the property of railroad and other companies assessed  
16 by the department, and proceed to equalize the same, so that each  
17 county in the state shall pay its due and just proportion of the taxes  
18 for state purposes for such assessment year, according to the ratio the  
19 valuation of the property in each county bears to the total valuation  
20 of all property in the state.

21 First. The department shall classify all property, real and  
22 personal, and shall raise and lower the valuation of any class of  
23 property in any county to a value that shall be equal, so far as  
24 possible, to the true and fair value of such class as of January 1st of  
25 the current year for the purpose of ascertaining the just amount of tax  
26 due from each county for state purposes. In equalizing personal  
27 property as of January 1st of the current year, the department shall  
28 use the assessment level of the preceding year. Such classification  
29 may be on the basis of types of property, geographical areas, or both.  
30 For purposes of this section, for each county that has not provided the  
31 department with an assessment return by December 1st, the department  
32 shall proceed, using facts and information and in a manner it deems  
33 appropriate, to estimate the value of each class of property in the  
34 county.

35 Second. The department shall keep a full record of its proceedings  
36 and the same shall be published annually by the department.

37 (2) The department shall levy the state taxes authorized by law(~~(+~~  
38 ~~PROVIDED, That~~)). The amount levied in any one year for general state

1 purposes shall not exceed the lawful dollar rate on the dollar of the  
2 assessed value of the property of the entire state, which assessed  
3 value shall be one hundred percent of the true and fair value of such  
4 property in money. The department shall apportion the amount of tax  
5 for state purposes levied by the department, among the several  
6 counties, in proportion to the valuation of the taxable property of the  
7 county for the year as equalized by the department: PROVIDED, That for  
8 purposes of this apportionment, the department shall recompute the  
9 previous year's levy and the apportionment thereof to correct for  
10 changes and errors in taxable values reported to the department after  
11 October 1 of the preceding year and shall adjust the apportioned amount  
12 of the current year's state levy for each county by the difference  
13 between the apportioned amounts established by the original and revised  
14 levy computations for the previous year. For purposes of this section,  
15 changes in taxable values mean a final adjustment made by a county  
16 board of equalization, the state board of tax appeals, or a court of  
17 competent jurisdiction and shall include additions of omitted property,  
18 other additions or deletions from the assessment or tax rolls, any  
19 assessment return provided by a county to the department subsequent to  
20 December 1st, or a change in the indicated ratio of a county. Errors  
21 in taxable values mean errors corrected by a final reviewing body.

22 In addition to computing a levy under this subsection that is  
23 reduced under section 2 of this act, the department shall compute a  
24 hypothetical levy without regard to the reduction under section 2 of  
25 this act. This hypothetical levy shall also be apportioned among the  
26 several counties in proportion to the valuation of the taxable property  
27 of the county for the year, as equalized by the department, in the same  
28 manner as the actual levy and shall be used by the county assessors for  
29 the purpose of recomputing and establishing a consolidated levy under  
30 RCW 84.52.010.

31 (3) The department shall have authority to adopt rules and  
32 regulations to enforce obedience to its orders in all matters in  
33 relation to the returns of county assessments, the equalization of  
34 values, and the apportionment of the state levy by the department.

35 (4) After the completion of the duties ((hereinabove)) prescribed  
36 in this section, the director of the department shall certify the  
37 record of the proceedings of the department under this section, the tax  
38 levies made for state purposes and the apportionment thereof among the

1 counties, and the certification shall be available for public  
2 inspection.

3 **Sec. 4.** RCW 84.52.010 and 1995 c 99 s 2 are each amended to read  
4 as follows:

5 Except as is permitted under RCW 84.55.050, all taxes shall be  
6 levied or voted in specific amounts.

7 The rate percent of all taxes for state and county purposes, and  
8 purposes of taxing districts coextensive with the county, shall be  
9 determined, calculated and fixed by the county assessors of the  
10 respective counties, within the limitations provided by law, upon the  
11 assessed valuation of the property of the county, as shown by the  
12 completed tax rolls of the county, and the rate percent of all taxes  
13 levied for purposes of taxing districts within any county shall be  
14 determined, calculated and fixed by the county assessors of the  
15 respective counties, within the limitations provided by law, upon the  
16 assessed valuation of the property of the taxing districts  
17 respectively.

18 When a county assessor finds that the aggregate rate of tax levy on  
19 any property, that is subject to the limitations set forth in RCW  
20 84.52.043 or 84.52.050, (~~as now or hereafter amended,~~) exceeds the  
21 limitations provided in either of these sections, the assessor shall  
22 recompute and establish a consolidated levy in the following manner:

23 (1) The full certified rates of tax levy for state, county, county  
24 road district, and city or town purposes shall be extended on the tax  
25 rolls in amounts not exceeding the limitations established by law;  
26 however any state levy shall take precedence over all other levies and  
27 shall not be reduced for any purpose other than that required by RCW  
28 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,  
29 84.34.230, the portion of the levy by a metropolitan park district that  
30 was protected under RCW 84.52.--- (section 1, chapter 99, Laws of  
31 1995), and 84.52.105, the combined rate of regular property tax levies  
32 that are subject to the one percent limitation exceeds one percent of  
33 the true and fair value of any property, then these levies shall be  
34 reduced as follows: (a) The portion of the levy by a metropolitan park  
35 district that is protected under RCW 84.52.--- (section 1, chapter 99,  
36 Laws of 1995) shall be reduced until the combined rate no longer  
37 exceeds one percent of the true and fair value of any property or shall  
38 be eliminated; (b) if the combined rate of regular property tax levies

1 that are subject to the one percent limitation still exceeds one  
2 percent of the true and fair value of any property, then the levies  
3 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy  
4 imposed under RCW 84.52.069 that is in excess of thirty cents per  
5 thousand dollars of assessed value, shall be reduced on a pro rata  
6 basis until the combined rate no longer exceeds one percent of the true  
7 and fair value of any property or shall be eliminated; and (c) if the  
8 combined rate of regular property tax levies that are subject to the  
9 one percent limitation still exceeds one percent of the true and fair  
10 value of any property, then the thirty cents per thousand dollars of  
11 assessed value of tax levy imposed under RCW 84.52.069 shall be reduced  
12 until the combined rate no longer exceeds one percent of the true and  
13 fair value of any property or eliminated.

14 (2) The certified rates of tax levy subject to these limitations by  
15 all junior taxing districts imposing taxes on such property shall be  
16 reduced or eliminated as follows to bring the consolidated levy of  
17 taxes on such property within the provisions of these limitations:

18 (a) First, the certified property tax levy rates of those junior  
19 taxing districts authorized under RCW 36.68.525, 36.69.145, and  
20 67.38.130 shall be reduced on a pro rata basis or eliminated;

21 (b) Second, if the consolidated tax levy rate still exceeds these  
22 limitations, the certified property tax levy rates of flood control  
23 zone districts shall be reduced on a pro rata basis or eliminated;

24 (c) Third, if the consolidated tax levy rate still exceeds these  
25 limitations, the certified property tax levy rates of all other junior  
26 taxing districts, other than fire protection districts, library  
27 districts, the first fifty cent per thousand dollars of assessed  
28 valuation levies for metropolitan park districts, and the first fifty  
29 cent per thousand dollars of assessed valuation levies for public  
30 hospital districts, shall be reduced on a pro rata basis or eliminated;

31 (d) Fourth, if the consolidated tax levy rate still exceeds these  
32 limitations, the certified property tax levy rates authorized to fire  
33 protection districts under RCW 52.16.140 and 52.16.160 shall be reduced  
34 on a pro rata basis or eliminated; and

35 (e) Fifth, if the consolidated tax levy rate still exceeds these  
36 limitations, the certified property tax levy rates authorized for fire  
37 protection districts under RCW 52.16.130, library districts,  
38 metropolitan park districts under their first fifty cent per thousand  
39 dollars of assessed valuation levy, and public hospital districts under

1 their first fifty cent per thousand dollars of assessed valuation levy,  
2 shall be reduced on a pro rata basis or eliminated.

3 In determining whether the aggregate rate of tax levy on any  
4 property, that is subject to the limitations set forth in RCW  
5 84.52.050, exceeds the limitations provided in that section, the  
6 assessor shall use the hypothetical state levy, as apportioned to the  
7 county under RCW 84.48.080, that was computed under RCW 84.48.080  
8 without regard to the reduction under section 2 of this act.

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