

1 in accordance with the indicated ratio fixed by the state department of
2 revenue.

3 (2) The rate of state tax in subsection (1) of this section shall
4 be as follows:

5 (a) Three dollars and sixty cents per thousand dollars of assessed
6 value for taxes levied for collection in 1997, and before;

7 (b) Three dollars per thousand dollars of assessed value for taxes
8 levied for collection in 1998;

9 (c) Two dollars and forty cents per thousand dollars of assessed
10 value for taxes levied for collection in 1999;

11 (d) One dollar and eighty cents per thousand dollars of assessed
12 value for taxes levied for collection in 2000;

13 (e) One dollar and twenty cents per thousand dollars of assessed
14 value for taxes levied for collection in 2001; and

15 (f) Sixty cents per thousand dollars of assessed value for taxes
16 levied for collection in 2002.

17 No tax may be levied under this section for taxes levied for
18 collection in 2003 and thereafter.

19 (3) As used in this section, "the support of common schools"
20 includes the payment of the principal and interest on bonds issued for
21 capital construction projects for the common schools.

22 **Sec. 2.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read
23 as follows:

24 Within and subject to the limitations imposed by RCW 84.52.050 as
25 amended, the regular ad valorem tax levies upon real and personal
26 property by the taxing districts hereafter named shall be as follows:

27 (1) Levies of the senior taxing districts shall be as follows: (a)
28 The levy by the state shall not exceed (~~three dollars and sixty~~
29 ~~cents~~) the dollar rate per thousand dollars of assessed value
30 specified in RCW 84.52.065 adjusted to the state equalized value in
31 accordance with the indicated ratio fixed by the state department of
32 revenue to be used exclusively for the support of the common schools;
33 (b) the levy by any county shall not exceed one dollar and eighty cents
34 per thousand dollars of assessed value; (c) the levy by any road
35 district shall not exceed two dollars and twenty-five cents per
36 thousand dollars of assessed value; and (d) the levy by any city or
37 town shall not exceed three dollars and thirty-seven and one-half cents
38 per thousand dollars of assessed value. However any county is hereby

1 authorized to increase its levy from one dollar and eighty cents to a
2 rate not to exceed two dollars and forty-seven and one-half cents per
3 thousand dollars of assessed value for general county purposes if the
4 total levies for both the county and any road district within the
5 county do not exceed four dollars and five cents per thousand dollars
6 of assessed value, and no other taxing district has its levy reduced as
7 a result of the increased county levy.

8 (2) The aggregate levies of junior taxing districts and senior
9 taxing districts, other than the state, shall not exceed five dollars
10 and ninety cents per thousand dollars of assessed valuation. The term
11 "junior taxing districts" includes all taxing districts other than the
12 state, counties, road districts, cities, towns, port districts, and
13 public utility districts. The limitations provided in this subsection
14 shall not apply to: (a) Levies at the rates provided by existing law
15 by or for any port or public utility district; (b) excess property tax
16 levies authorized in Article VII, section 2 of the state Constitution;
17 (c) levies for acquiring conservation futures as authorized under RCW
18 84.34.230; (d) levies for emergency medical care or emergency medical
19 services imposed under RCW 84.52.069; (e) levies to finance affordable
20 housing for very low-income housing imposed under RCW 84.52.105; and
21 (f) the portions of levies by metropolitan park districts that are
22 protected under RCW 84.52.--- (section 1, chapter 99, Laws of 1995).

23 **Sec. 3.** RCW 84.52.050 and 1973 1st ex.s. c 194 s 1 are each
24 amended to read as follows:

25 (1) Except as hereinafter provided, the aggregate of all tax levies
26 upon real and personal property by the state and all taxing districts,
27 now existing or hereafter created, shall not in any year exceed (~~one~~
28 ~~percentum~~) the following percentage of the true and fair value of such
29 property in money: (~~PROVIDED, HOWEVER, That~~)

30 (a) For taxes levied for collection in 1997, and before, 1.0
31 percent;

32 (b) For taxes levied for collection in 1998, 0.94 percent;

33 (c) For taxes levied for collection in 1999, 0.88 percent;

34 (d) For taxes levied for collection in 2000, 0.82 percent;

35 (e) For taxes levied for collection in 2001, 0.76 percent;

36 (f) For taxes levied for collection in 2002, 0.70 percent; and

37 (g) For taxes levied for collection in 2003 and thereafter, 0.64
38 percent.

1 (2) Nothing herein shall prevent levies at the rates now provided
2 by law by or for any port or public utility district. The term "taxing
3 district" for the purposes of this section shall mean any political
4 subdivision, municipal corporation, district, or other governmental
5 agency authorized by law to levy, or have levied for it, ad valorem
6 taxes on property, other than a port or public utility district. Such
7 aggregate limitation or any specific limitation imposed by law in
8 conformity therewith may be exceeded only as authorized by law and in
9 conformity with the provisions of Article VII, section 2(a), (b), or
10 (c) of the Constitution of the state of Washington.

11 (3) Nothing herein contained shall prohibit the legislature from
12 allocating or reallocating the authority to levy taxes between the
13 taxing districts of the state and its political subdivisions in a
14 manner which complies with the aggregate tax limitation set forth in
15 this section.

16 **Sec. 4.** RCW 36.58.150 and 1984 c 186 s 25 are each amended to read
17 as follows:

18 (1) A solid waste disposal district shall not have the power to
19 levy an annual levy without voter approval, but it shall have the power
20 to levy a tax, in excess of the ((one percent)) limitation in RCW
21 84.52.050, upon the property within the district for a one year period
22 to be used for operating or capital purposes whenever authorized by the
23 electors of the district pursuant to RCW 84.52.052 and Article VII,
24 section 2(a) of the state Constitution.

25 A solid waste disposal district may issue general obligation bonds
26 for capital purposes only, subject to the limitations prescribed in RCW
27 39.36.020(1), and may provide for the retirement of the bonds by voter-
28 approved bond retirement tax levies pursuant to Article VII, section
29 2(b) of the state Constitution and RCW 84.52.056. Such general
30 obligation bonds shall be issued and sold in accordance with chapter
31 39.46 RCW.

32 A solid waste disposal district may issue revenue bonds to fund its
33 activities. Such revenue bonds may be in any form, including bearer
34 bonds or registered bonds as provided in RCW 39.46.030.

35 (2) Notwithstanding subsection (1) of this section, such revenue
36 bonds may be issued and sold in accordance with chapter 39.46 RCW.

1 **Sec. 5.** RCW 36.60.040 and 1983 c 303 s 11 are each amended to read
2 as follows:

3 A county rail district is not authorized to impose a regular ad
4 valorem property tax levy but may:

5 (1) Levy an ad valorem property tax, in excess of the ((one
6 percent)) limitation in RCW 84.52.050, upon the property within the
7 district for a one-year period to be used for operating or capital
8 purposes whenever authorized by the voters of the district pursuant to
9 RCW 84.52.052 and Article VII, section 2(a) of the state Constitution.

10 (2) Provide for the retirement of voter approved general obligation
11 bonds, issued for capital purposes only, by levying bond retirement ad
12 valorem property tax levies, in excess of the one percent limitation,
13 whenever authorized by the voters of the district pursuant to Article
14 VII, section 2(b) of the state Constitution and RCW 84.52.056.

15 **Sec. 6.** RCW 36.69.145 and 1994 c 156 s 3 are each amended to read
16 as follows:

17 (1) A park and recreation district may impose regular property tax
18 levies in an amount equal to sixty cents or less per thousand dollars
19 of assessed value of property in the district in each year for six
20 consecutive years when specifically authorized so to do by a majority
21 of at least three-fifths of the voters thereof approving a proposition
22 authorizing the levies submitted at a special election or at the
23 regular election of the district, at which election the number of
24 voters voting "yes" on the proposition shall constitute three-fifths of
25 a number equal to forty per centum of the number of voters voting in
26 such district at the last preceding general election when the number of
27 voters voting on the proposition does not exceed forty per centum of
28 the number of voters voting in such taxing district in the last
29 preceding general election; or by a majority of at least three-fifths
30 of the voters thereof voting on the proposition if the number of voters
31 voting on the proposition exceeds forty per centum of the number of
32 voters voting in such taxing district in the last preceding general
33 election. A proposition authorizing the tax levies shall not be
34 submitted by a park and recreation district more than twice in any
35 twelve-month period. Ballot propositions shall conform with RCW
36 29.30.111. In the event a park and recreation district is levying
37 property taxes, which in combination with property taxes levied by
38 other taxing districts subject to the ((one-percent)) limitation

1 provided for in (~~Article 7, section 2, of our state Constitution~~) RCW
2 84.52.050 result in taxes in excess of the limitation provided for in
3 RCW 84.52.043, the park and recreation district property tax levy shall
4 be reduced or eliminated before the property tax levies of other taxing
5 districts are reduced.

6 (2) The limitation in RCW 84.55.010 shall not apply to the first
7 levy imposed under this section following the approval of the levies by
8 the voters under subsection (1) of this section.

9 **Sec. 7.** RCW 36.73.060 and 1987 c 327 s 6 are each amended to read
10 as follows:

11 (1) A transportation benefit district may levy an ad valorem
12 property tax in excess of the (~~one percent~~) limitation in RCW
13 84.52.050 upon the property within the district for a one-year period
14 whenever authorized by the voters of the district pursuant to RCW
15 84.52.052 and Article VII, section 2(a) of the state Constitution.

16 (2) A district may provide for the retirement of voter-approved
17 general obligation bonds, issued for capital purposes only, by levying
18 bond retirement ad valorem property tax levies in excess of the one
19 percent limitation whenever authorized by the voters of the district
20 pursuant to Article VII, section 2(b) of the state Constitution and RCW
21 84.52.056.

22 **Sec. 8.** RCW 36.83.030 and 1983 c 130 s 3 are each amended to read
23 as follows:

24 (1) A service district may levy an ad valorem property tax, in
25 excess of the (~~one percent~~) limitation in RCW 84.52.050, upon the
26 property within the district for a one-year period whenever authorized
27 by the voters of the district pursuant to RCW 84.52.052 and Article
28 VII, section 2(a) of the state Constitution.

29 (2) A service district may provide for the retirement of voter
30 approved general obligation bonds, issued for capital purposes only, by
31 levying bond retirement ad valorem property tax levies, in excess of
32 the one percent limitation, whenever authorized by the voters of the
33 district pursuant to Article VII, section 2(b) of the state
34 Constitution and RCW 84.52.056.

35 **Sec. 9.** RCW 36.100.050 and 1988 ex.s. c 1 s 15 are each amended to
36 read as follows:

1 (1) A public facilities district may levy an ad valorem property
2 tax, in excess of the (~~one percent~~) limitation in RCW 84.52.050, upon
3 the property within the district for a one-year period to be used for
4 operating or capital purposes whenever authorized by the voters of the
5 district pursuant to RCW 84.52.052 and Article VII, section 2(a) of the
6 state Constitution.

7 (2) A public facilities district may provide for the retirement of
8 voter-approved general obligation bonds, issued for capital purposes
9 only, by levying bond retirement ad valorem property tax levies, in
10 excess of the one percent limitation, whenever authorized by the voters
11 of the district pursuant to Article VII, section 2(b) of the state
12 Constitution and RCW 84.52.056.

13 **Sec. 10.** RCW 67.38.130 and 1984 c 131 s 4 are each amended to read
14 as follows:

15 The governing body of a cultural arts, stadium and convention
16 district may levy or cause to levy the following ad valorem taxes:

17 (1) Regular ad valorem property tax levies in an amount equal to
18 twenty-five cents or less per thousand dollars of the assessed value of
19 property in the district in each year for six consecutive years when
20 specifically authorized so to do by a majority of at least three-fifths
21 of the electors thereof approving a proposition authorizing the levies
22 submitted at a general or special election, at which election the
23 number of persons voting "yes" on the proposition shall constitute
24 three-fifths of a number equal to forty percentum of the total votes
25 cast in such taxing district at the last preceding general election; or
26 by a majority of at least three-fifths of the electors thereof voting
27 on the proposition when the number of electors voting yes on the
28 proposition exceeds forty percentum of the total votes cast in such
29 taxing district in the last preceding general election. Ballot
30 propositions shall conform with RCW 29.30.111.

31 In the event a cultural arts, stadium and convention district is
32 levying property taxes, which in combination with property taxes levied
33 by other taxing districts subject to the (~~one percent~~) limitation
34 provided for in (~~Article VII, section 2, of our state Constitution~~)
35 RCW 84.52.050 result in taxes in excess of the limitation provided for
36 in RCW 84.52.043, the cultural arts, stadium and convention district
37 property tax levy shall be reduced or eliminated before the property
38 tax levies of other taxing districts are reduced: PROVIDED, That no

1 cultural arts, stadium, and convention district may pledge anticipated
2 revenues derived from the property tax herein authorized as security
3 for payments of bonds issued pursuant to subsection (1) of this
4 section: PROVIDED, FURTHER, That such limitation shall not apply to
5 property taxes approved pursuant to subsections (2) and (3) of this
6 section.

7 The limitation in RCW 84.55.010 shall apply to levies after the
8 first levy authorized under this section following the approval of such
9 levy by voters pursuant to this section.

10 (2) An annual excess ad valorem property tax for general district
11 purposes when authorized by the district voters in the manner
12 prescribed by (~~section 27~~) Article VII, section 2 of the state
13 Constitution and by RCW 84.52.052.

14 (3) Multi-year excess ad valorem property tax levies used to retire
15 general obligation bond issues when authorized by the district voters
16 in the manner prescribed by (~~section 27~~) Article VII, section 2 of
17 the state Constitution and by RCW 84.52.056.

18 The district shall include in its regular property tax levy for
19 each year a sum sufficient to pay the interest and principal on all
20 outstanding general obligation bonds issued without voter approval
21 pursuant to RCW 67.38.110 and may include a sum sufficient to create a
22 sinking fund for the redemption of all outstanding bonds.

23 **Sec. 11.** RCW 84.52.010 and 1995 c 99 s 2 are each amended to read
24 as follows:

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

27 The rate percent of all taxes for state and county purposes, and
28 purposes of taxing districts coextensive with the county, shall be
29 determined, calculated and fixed by the county assessors of the
30 respective counties, within the limitations provided by law, upon the
31 assessed valuation of the property of the county, as shown by the
32 completed tax rolls of the county, and the rate percent of all taxes
33 levied for purposes of taxing districts within any county shall be
34 determined, calculated and fixed by the county assessors of the
35 respective counties, within the limitations provided by law, upon the
36 assessed valuation of the property of the taxing districts
37 respectively.

1 When a county assessor finds that the aggregate rate of tax levy on
2 any property, that is subject to the limitations set forth in RCW
3 84.52.043 or 84.52.050, as now or hereafter amended, exceeds the
4 limitations provided in either of these sections, the assessor shall
5 recompute and establish a consolidated levy in the following manner:

6 (1) The full certified rates of tax levy for state, county, county
7 road district, and city or town purposes shall be extended on the tax
8 rolls in amounts not exceeding the limitations established by law;
9 however any state levy shall take precedence over all other levies and
10 shall not be reduced for any purpose other than that required by RCW
11 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
12 84.34.230, the portion of the levy by a metropolitan park district that
13 was protected under RCW 84.52.--- (section 1, chapter 99, Laws of
14 1995), and 84.52.105, the combined rate of regular property tax levies
15 that are subject to the ~~((one percent))~~ limitation under RCW 84.52.050
16 ~~exceeds ((one percent of the true and fair value of any property))~~ the
17 limitation under RCW 84.52.050, then these levies shall be reduced as
18 follows: (a) The portion of the levy by a metropolitan park district
19 that is protected under RCW 84.52.--- (section 1, chapter 99, Laws of
20 1995) shall be reduced until the combined rate no longer exceeds ~~((one~~
21 ~~percent of the true and fair value of any property))~~ the limitation
22 under RCW 84.52.050 or shall be eliminated; (b) if the combined rate of
23 regular property tax levies that are subject to the one percent
24 limitation still exceeds ~~((one percent of the true and fair value of~~
25 ~~any property))~~ the limitation under RCW 84.52.050, then the levies
26 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
27 imposed under RCW 84.52.069 that is in excess of thirty cents per
28 thousand dollars of assessed value, shall be reduced on a pro rata
29 basis until the combined rate no longer exceeds ~~((one percent of the~~
30 ~~true and fair value of any property))~~ the limitation under RCW
31 84.52.050 or shall be eliminated; and (c) if the combined rate of
32 regular property tax levies that are subject to the one percent
33 limitation still exceeds ~~((one percent of the true and fair value of~~
34 ~~any property))~~ the limitation under RCW 84.52.050, then the thirty
35 cents per thousand dollars of assessed value of tax levy imposed under
36 RCW 84.52.069 shall be reduced until the combined rate no longer
37 exceeds ~~((one percent of the true and fair value of any property or~~
38 ~~eliminated))~~ the limitation under RCW 84.52.050.

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

5 (a) First, the certified property tax levy rates of those junior
6 taxing districts authorized under RCW 36.68.525, 36.69.145, and
7 67.38.130 shall be reduced on a pro rata basis or eliminated;

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

11 (c) Third, if the consolidated tax levy rate still exceeds these
12 limitations, the certified property tax levy rates of all other junior
13 taxing districts, other than fire protection districts, library
14 districts, the first fifty cent per thousand dollars of assessed
15 valuation levies for metropolitan park districts, and the first fifty
16 cent per thousand dollars of assessed valuation levies for public
17 hospital districts, shall be reduced on a pro rata basis or eliminated;

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

22 (e) Fifth, if the consolidated tax levy rate still exceeds these
23 limitations, the certified property tax levy rates authorized for fire
24 protection districts under RCW 52.16.130, library districts,
25 metropolitan park districts under their first fifty cent per thousand
26 dollars of assessed valuation levy, and public hospital districts under
27 their first fifty cent per thousand dollars of assessed valuation levy,
28 shall be reduced on a pro rata basis or eliminated.

29 **Sec. 12.** RCW 84.69.020 and 1994 c 301 s 55 are each amended to
30 read as follows:

31 On the order of the county treasurer, ad valorem taxes paid before
32 or after delinquency shall be refunded if they were:

33 (1) Paid more than once; or

34 (2) Paid as a result of manifest error in description; or

35 (3) Paid as a result of a clerical error in extending the tax
36 rolls; or

37 (4) Paid as a result of other clerical errors in listing property;

38 or

1 (5) Paid with respect to improvements which did not exist on
2 assessment date; or

3 (6) Paid under levies or statutes adjudicated to be illegal or
4 unconstitutional; or

5 (7) Paid as a result of mistake, inadvertence, or lack of knowledge
6 by any person exempted from paying real property taxes or a portion
7 thereof pursuant to RCW 84.36.381 through 84.36.389, as now or
8 hereafter amended; or

9 (8) Paid as a result of mistake, inadvertence, or lack of knowledge
10 by either a public official or employee or by any person with respect
11 to real property in which the person paying the same has no legal
12 interest; or

13 (9) Paid on the basis of an assessed valuation which was appealed
14 to the county board of equalization and ordered reduced by the board;
15 or

16 (10) Paid on the basis of an assessed valuation which was appealed
17 to the state board of tax appeals and ordered reduced by the board:
18 PROVIDED, That the amount refunded under subsections (9) and (10) of
19 this section shall only be for the difference between the tax paid on
20 the basis of the appealed valuation and the tax payable on the
21 valuation adjusted in accordance with the board's order; or

22 (11) Paid as a state property tax levied upon property, the
23 assessed value of which has been established by the state board of tax
24 appeals for the year of such levy: PROVIDED, HOWEVER, That the amount
25 refunded shall only be for the difference between the state property
26 tax paid and the amount of state property tax which would, when added
27 to all other property taxes within the ((one percent)) limitation of
28 Article VII, section 2 of the state Constitution equal ((one percent))
29 the percentage under RCW 84.52.050 of the assessed value established by
30 the board;

31 (12) Paid on the basis of an assessed valuation which was
32 adjudicated to be unlawful or excessive: PROVIDED, That the amount
33 refunded shall be for the difference between the amount of tax which
34 was paid on the basis of the valuation adjudged unlawful or excessive
35 and the amount of tax payable on the basis of the assessed valuation
36 determined as a result of the proceeding; or

37 (13) Paid on property acquired under RCW 84.60.050, and canceled
38 under RCW 84.60.050(2).

1 No refunds under the provisions of this section shall be made
2 because of any error in determining the valuation of property, except
3 as authorized in subsections (9), (10), (11), and (12) of this section
4 nor may any refunds be made if a bona fide purchaser has acquired
5 rights that would preclude the assessment and collection of the
6 refunded tax from the property that should properly have been charged
7 with the tax. Any refunds made on delinquent taxes shall include the
8 proportionate amount of interest and penalties paid. The county
9 treasurer may deduct from moneys collected for the benefit of the
10 state's levy, refunds of the state levy including interest on the levy
11 as provided by this section and chapter 84.68 RCW.

12 The county treasurer of each county shall make all refunds
13 determined to be authorized by this section, and by the first Monday in
14 January of each year, report to the county legislative authority a list
15 of all refunds made under this section during the previous year. The
16 list is to include the name of the person receiving the refund, the
17 amount of the refund, and the reason for the refund.

18 PART II

19 LIMIT ON RESIDENTIAL PROPERTY TAX INCREASES

20 NEW SECTION. **Sec. 13.** This chapter provides a limitation on the
21 rate of increase of the taxes assessed on residential real property in
22 order to spread rising property taxes over a period of years.

23 NEW SECTION. **Sec. 14.** Unless the context clearly requires
24 otherwise, the definitions in this section apply throughout this
25 chapter.

26 (1)(a) "Change of ownership" means a transfer of a present interest
27 in real property and includes:

28 (i) A transfer of the beneficial use of real property and includes
29 the contracting to convey the title to or ownership of real property
30 upon the fulfillment of one or more stated conditions where the right
31 to possession of the property is transferred currently;

32 (ii) The creation, transfer, or termination of a joint tenancy
33 interest;

34 (iii) The creation, transfer, or termination of a tenancy-in-common
35 interest;

1 (iv) The vesting of a right of possession or enjoyment of a
2 remainder or reversionary interest that occurs upon the termination of
3 a life estate or other similar precedent property interest;

4 (v) An interest that vests in persons other than the trustor where
5 a revocable trust becomes irrevocable; and

6 (vi) The transfer of stock of a cooperative housing corporation,
7 vested with legal title to real property, that conveys to the
8 transferee the exclusive right to occupancy and possession of such
9 property, or a portion of the property.

10 (b) "Change of ownership" does not include:

11 (i) A transfer between co-owners that results in a change in the
12 method of holding title to the real property transferred without
13 changing the proportional interests of the co-owners in the real
14 property, such as a partition of a tenancy-in-common;

15 (ii) A transfer for the purpose of merely perfecting title to the
16 real property;

17 (iii) The creation, assignment, termination, or reconveyance of a
18 security interest in real property; or the substitution of a trustee
19 under a security instrument;

20 (iv) A transfer of real property by the trustor, or by the
21 trustor's spouse, or by both, into a trust for so long as the
22 transferor is the sole present beneficiary of the trust, or the trust
23 is revocable; or any transfer of real property by a trustee of such
24 trust back to the trustor;

25 (v) A transfer of real property by an instrument whose terms
26 reserve to the transferor an estate for years or an estate for life.
27 However, the termination of such an estate for years or life estate
28 shall constitute a change of ownership;

29 (vi) A transfer of real property between or among the same parties
30 for the purpose of correcting or reforming a deed to express the true
31 intention of the parties, if the original relationship between the
32 grantor and grantee is not changed; and

33 (vii) An interspousal transfer of real property, including, but not
34 limited to:

35 (A) Transfers to a trustee for the beneficial use of a spouse, or
36 the surviving spouse of a deceased transferor, or by a trustee of such
37 trust to the spouse of the trustor;

38 (B) Transfers that take effect upon the death of a spouse;

1 (C) Transfers to a spouse or former spouse in connection with a
2 property settlement agreement or decree of dissolution of marriage or
3 legal separation; and

4 (D) The creation, transfer, or termination, solely between spouses,
5 of any co-owner's interest.

6 (2) "Residential property" means a single-family dwelling unit,
7 regardless of whether such unit shares a common wall with one or more
8 other units, including the land upon which such dwelling stands, and
9 that is owned in its entirety either by a natural person or persons, a
10 housing cooperative, or a trust.

11 "Residential property" also includes a mobile home that has
12 substantially lost its identity as a mobile unit by virtue of its being
13 fixed in location upon land owned or leased by the owner of the mobile
14 home and placed upon a foundation (posts or blocks) with fixed pipe,
15 connections with sewer, water, or other utilities.

16 "Residential property" does not include a dwelling unit primarily
17 used in the conduct of a commercial enterprise or a dwelling unit
18 located upon real property that is primarily used in the conduct of a
19 commercial enterprise. Property is considered primarily used in the
20 conduct of a commercial enterprise if more than one-half of the total
21 square footage of the property is devoted to commercial use.

22 NEW SECTION. **Sec. 15.** (1) The aggregate of all regular property
23 tax levies upon residential real property by the state and all taxing
24 districts shall not increase by more than six percent per year,
25 compounded annually, except upon a change of ownership of the property.
26 In applying this limitation for any year, the taxes due in the previous
27 year shall be the amount of taxes that could have been levied on the
28 property if the assessed value of the property for taxes due in 1997
29 were equal to its true and fair value.

30 (2) The limit under this section does not apply to the first levy
31 on increases in value resulting from improvements made to property in
32 the previous year, but the limit shall apply to the extent the
33 improvements restore the property to its previous condition and value
34 after substantial damage due to fire, storm, or other catastrophic
35 event.

36 (3) This section does not apply to taxes that have been approved by
37 the voters pursuant to Article VII, section 2 of the state
38 Constitution.

1 NEW SECTION. **Sec. 20.** Part headings as used in this act do not
2 constitute any part of the law.

--- **END** ---