
SENATE BILL 6118

State of Washington

54th Legislature

1996 Regular Session

By Senators Sheldon, Loveland, Snyder, Rinehart, Spanel, Rasmussen, Thibaudeau, Hale, Long, Morton, West, Finkbeiner, Sellar, Winsley, Haugen, Goings, Heavey, Bauer, Drew, Quigley, McAuliffe, Newhouse and Oke

Read first time 01/08/96. Referred to Committee on Ways & Means.

1 AN ACT Relating to reducing the state property tax levy for 1996 by
2 five percent and providing for future reductions with revenues in
3 excess of the state spending limit; amending RCW 43.135.045, 84.48.080,
4 and 84.52.010; reenacting and amending RCW 43.84.092; adding a new
5 section to chapter 84.55 RCW; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.55 RCW
8 to read as follows:

9 (1) As used in this section, "full levy" means the levy amount that
10 would be allowed otherwise under this chapter without regard to this
11 section.

12 (2) The state levy for collection in 1996 shall be reduced by five
13 percent of the full levy for that year. State levies for collection
14 after 1996 shall not exceed the amount that would be allowed otherwise
15 under this chapter if the state levy for collection in 1996 had been
16 set at ninety-five percent of the full levy for that year.

17 (3) Levies collected before 1996 shall not be used as a base for
18 calculating limits for state levies for collection after 1996.

1 (4) Levies collected before any reduction under RCW 43.135.045
2 shall not be used as a base for calculating limits for state levies for
3 collection in following years.

4 **Sec. 2.** RCW 43.135.045 and 1994 c 2 s 3 are each amended to read
5 as follows:

6 (1) The property tax reduction fund and the emergency reserve fund
7 ((is)) are established in the state treasury. During each fiscal year,
8 the state treasurer shall deposit in the ((emergency reserve)) property
9 tax reduction fund all general fund--state revenues in excess of the
10 state expenditure limit for that fiscal year. Deposits shall be made
11 at the end of each fiscal quarter based on projections of state
12 revenues and the state expenditure limit.

13 The amount transferred into the property tax reduction fund for any
14 four-quarter period ending September 30th may not exceed the amount of
15 tax that would otherwise be levied by the state for the support of the
16 common schools for collection the following calendar year, as forecast
17 by the economic and revenue forecast council. All general fund--state
18 revenues for any four-quarter period ending September 30th in excess of
19 the amount of tax that would otherwise be levied by the state for the
20 support of the common schools for collection the following calendar
21 year, as forecast by the economic and revenue forecast council, shall
22 be deposited into the emergency reserve fund.

23 The budget document submitted to the legislature by the governor
24 under RCW 43.88.030 shall include a transfer of the amounts in the
25 property tax reduction fund to the general fund for purposes of
26 reducing the state levy for the support of the common schools. Moneys
27 in the property tax reduction fund are subject to either appropriation
28 by the legislature for general purposes or transfer to the general fund
29 for purposes of reducing the state levy for the support of the common
30 schools. Any moneys transferred to the general fund for this purpose
31 shall be credited against the levy under RCW 84.52.065 for collection
32 the following calendar year. Any moneys remaining in the property tax
33 reduction fund on the first day of November shall be transferred by the
34 state treasurer to the emergency reserve fund under subsection (2) of
35 this section.

36 (2) The legislature may appropriate moneys from the emergency
37 reserve fund only with approval of at least two-thirds of the members
38 of each house of the legislature, and then only if the appropriation

1 does not cause total expenditures to exceed the state expenditure limit
2 under this chapter.

3 (3) The emergency reserve fund balance shall not exceed five
4 percent of biennial general fund--state revenues as projected by the
5 official state revenue forecast. Any balance in excess of five percent
6 shall be transferred on a quarterly basis by the state treasurer to the
7 education construction fund hereby created in the treasury.

8 (4)(a) Funds may be appropriated from the education construction
9 fund exclusively for common school construction or higher education
10 construction.

11 (b) Funds may be appropriated for any other purpose only if
12 approved by a two-thirds vote of each house of the legislature and if
13 approved by a vote of the people at the next general election. An
14 appropriation approved by the people under this subsection shall result
15 in an adjustment to the state expenditure limit only for the fiscal
16 period for which the appropriation is made and shall not affect any
17 subsequent fiscal period.

18 **Sec. 3.** RCW 84.48.080 and 1995 2nd sp.s. c 13 s 3 are each amended
19 to read as follows:

20 (1) Annually during the months of September and October, the
21 department of revenue shall examine and compare the returns of the
22 assessment of the property in the several counties of the state, and
23 the assessment of the property of railroad and other companies assessed
24 by the department, and proceed to equalize the same, so that each
25 county in the state shall pay its due and just proportion of the taxes
26 for state purposes for such assessment year, according to the ratio the
27 valuation of the property in each county bears to the total valuation
28 of all property in the state.

29 First. The department shall classify all property, real and
30 personal, and shall raise and lower the valuation of any class of
31 property in any county to a value that shall be equal, so far as
32 possible, to the true and fair value of such class as of January 1st of
33 the current year for the purpose of ascertaining the just amount of tax
34 due from each county for state purposes. In equalizing personal
35 property as of January 1st of the current year, the department shall
36 use the assessment level of the preceding year. Such classification
37 may be on the basis of types of property, geographical areas, or both.
38 For purposes of this section, for each county that has not provided the

1 department with an assessment return by December 1st, the department
2 shall proceed, using facts and information and in a manner it deems
3 appropriate, to estimate the value of each class of property in the
4 county.

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

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

30 In addition to computing a levy under this subsection that is
31 reduced under RCW 43.135.045 or 84.55.012, the department shall compute
32 a hypothetical levy without regard to the reduction under RCW
33 43.135.045 or 84.55.012. This hypothetical levy shall also be
34 apportioned among the several counties in proportion to the valuation
35 of the taxable property of the county for the year, as equalized by the
36 department, in the same manner as the actual levy and shall be used by
37 the county assessors for the purpose of recomputing and establishing a
38 consolidated levy under RCW 84.52.010.

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

5 (4) After the completion of the duties prescribed in this section,
6 the director of the department shall certify the record of the
7 proceedings of the department under this section, the tax levies made
8 for state purposes and the apportionment thereof among the counties,
9 and the certification shall be available for public inspection.

10 **Sec. 4.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each amended
11 to read as follows:

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

14 The rate percent of all taxes for state and county purposes, and
15 purposes of taxing districts coextensive with the county, shall be
16 determined, calculated and fixed by the county assessors of the
17 respective counties, within the limitations provided by law, upon the
18 assessed valuation of the property of the county, as shown by the
19 completed tax rolls of the county, and the rate percent of all taxes
20 levied for purposes of taxing districts within any county shall be
21 determined, calculated and fixed by the county assessors of the
22 respective counties, within the limitations provided by law, upon the
23 assessed valuation of the property of the taxing districts
24 respectively.

25 When a county assessor finds that the aggregate rate of tax levy on
26 any property, that is subject to the limitations set forth in RCW
27 84.52.043 or 84.52.050, exceeds the limitations provided in either of
28 these sections, the assessor shall recompute and establish a
29 consolidated levy in the following manner:

30 (1) The full certified rates of tax levy for state, county, county
31 road district, and city or town purposes shall be extended on the tax
32 rolls in amounts not exceeding the limitations established by law;
33 however any state levy shall take precedence over all other levies and
34 shall not be reduced for any purpose other than that required by RCW
35 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
36 84.34.230, the portion of the levy by a metropolitan park district that
37 was protected under RCW 84.52.120, and 84.52.105, the combined rate of
38 regular property tax levies that are subject to the one percent

1 limitation exceeds one percent of the true and fair value of any
2 property, then these levies shall be reduced as follows: (a) The
3 portion of the levy by a metropolitan park district that is protected
4 under RCW 84.52.120 shall be reduced until the combined rate no longer
5 exceeds one percent of the true and fair value of any property or shall
6 be eliminated; (b) if the combined rate of regular property tax levies
7 that are subject to the one percent limitation still exceeds one
8 percent of the true and fair value of any property, then the levies
9 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
10 imposed under RCW 84.52.069 that is in excess of thirty cents per
11 thousand dollars of assessed value, shall be reduced on a pro rata
12 basis until the combined rate no longer exceeds one percent of the true
13 and fair value of any property or shall be eliminated; and (c) if the
14 combined rate of regular property tax levies that are subject to the
15 one percent limitation still exceeds one percent of the true and fair
16 value of any property, then the thirty cents per thousand dollars of
17 assessed value of tax levy imposed under RCW 84.52.069 shall be reduced
18 until the combined rate no longer exceeds one percent of the true and
19 fair value of any property or eliminated.

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

24 (a) First, the certified property tax levy rates of those junior
25 taxing districts authorized under RCW 36.68.525, 36.69.145, and
26 67.38.130 shall be reduced on a pro rata basis or eliminated;

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

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

37 (d) Fourth, if the consolidated tax levy rate still exceeds these
38 limitations, the certified property tax levy rates authorized to fire

1 protection districts under RCW 52.16.140 and 52.16.160 shall be reduced
2 on a pro rata basis or eliminated; and

3 (e) Fifth, if the consolidated tax levy rate still exceeds these
4 limitations, the certified property tax levy rates authorized for fire
5 protection districts under RCW 52.16.130, library districts,
6 metropolitan park districts under their first fifty cent per thousand
7 dollars of assessed valuation levy, and public hospital districts under
8 their first fifty cent per thousand dollars of assessed valuation levy,
9 shall be reduced on a pro rata basis or eliminated.

10 In determining whether the aggregate rate of tax levy on any
11 property, that is subject to the limitations set forth in RCW
12 84.52.050, exceeds the limitations provided in that section, the
13 assessor shall use the hypothetical state levy, as apportioned to the
14 county under RCW 84.48.080, that was computed under RCW 84.48.080
15 without regard to the reduction under RCW 43.135.045 or 84.55.012.

16 **Sec. 5.** RCW 43.84.092 and 1995 c 394 s 1 and 1995 c 122 s 12 are
17 each reenacted and amended to read as follows:

18 (1) All earnings of investments of surplus balances in the state
19 treasury shall be deposited to the treasury income account, which
20 account is hereby established in the state treasury.

21 (2) The treasury income account shall be utilized to pay or receive
22 funds associated with federal programs as required by the federal cash
23 management improvement act of 1990. The treasury income account is
24 subject in all respects to chapter 43.88 RCW, but no appropriation is
25 required for refunds or allocations of interest earnings required by
26 the cash management improvement act. Refunds of interest to the
27 federal treasury required under the cash management improvement act
28 fall under RCW 43.88.180 and shall not require appropriation. The
29 office of financial management shall determine the amounts due to or
30 from the federal government pursuant to the cash management improvement
31 act. The office of financial management may direct transfers of funds
32 between accounts as deemed necessary to implement the provisions of the
33 cash management improvement act, and this subsection. Refunds or
34 allocations shall occur prior to the distributions of earnings set
35 forth in subsection (4) of this section.

36 (3) Except for the provisions of RCW 43.84.160, the treasury income
37 account may be utilized for the payment of purchased banking services
38 on behalf of treasury funds including, but not limited to, depository,

1 safekeeping, and disbursement functions for the state treasury and
2 affected state agencies. The treasury income account is subject in all
3 respects to chapter 43.88 RCW, but no appropriation is required for
4 payments to financial institutions. Payments shall occur prior to
5 distribution of earnings set forth in subsection (4) of this section.

6 (4) Monthly, the state treasurer shall distribute the earnings
7 credited to the treasury income account. The state treasurer shall
8 credit the general fund with all the earnings credited to the treasury
9 income account except:

10 (a) The following accounts and funds shall receive their
11 proportionate share of earnings based upon each account's and fund's
12 average daily balance for the period: The capitol building
13 construction account, the Cedar River channel construction and
14 operation account, the Central Washington University capital projects
15 account, the charitable, educational, penal and reformatory
16 institutions account, the common school construction fund, the county
17 criminal justice assistance account, the county sales and use tax
18 equalization account, the data processing building construction
19 account, the deferred compensation administrative account, the deferred
20 compensation principal account, the department of retirement systems
21 expense account, the Eastern Washington University capital projects
22 account, the education construction fund, the emergency reserve fund,
23 the federal forest revolving account, the health services account, the
24 public health services account, the health system capacity account, the
25 personal health services account, the industrial insurance premium
26 refund account, the judges' retirement account, the judicial retirement
27 administrative account, the judicial retirement principal account, the
28 local leasehold excise tax account, the local real estate excise tax
29 account, the local sales and use tax account, the medical aid account,
30 the mobile home park relocation fund, the municipal criminal justice
31 assistance account, the municipal sales and use tax equalization
32 account, the natural resources deposit account, the perpetual
33 surveillance and maintenance account, the property tax reduction fund,
34 the public employees' retirement system plan I account, the public
35 employees' retirement system plan II account, the Puyallup tribal
36 settlement account, the resource management cost account, the site
37 closure account, the special wildlife account, the state employees'
38 insurance account, the state employees' insurance reserve account, the
39 state investment board expense account, the state investment board

1 commingled trust fund accounts, the supplemental pension account, the
2 teachers' retirement system plan I account, the teachers' retirement
3 system plan II account, the tuition recovery trust fund, the University
4 of Washington bond retirement fund, the University of Washington
5 building account, the volunteer fire fighters' relief and pension
6 principal account, the volunteer fire fighters' relief and pension
7 administrative account, the Washington judicial retirement system
8 account, the Washington law enforcement officers' and fire fighters'
9 system plan I retirement account, the Washington law enforcement
10 officers' and fire fighters' system plan II retirement account, the
11 Washington state patrol retirement account, the Washington State
12 University building account, the Washington State University bond
13 retirement fund, the water pollution control revolving fund, and the
14 Western Washington University capital projects account. Earnings
15 derived from investing balances of the agricultural permanent fund, the
16 normal school permanent fund, the permanent common school fund, the
17 scientific permanent fund, and the state university permanent fund
18 shall be allocated to their respective beneficiary accounts. All
19 earnings to be distributed under this subsection (4)(a) shall first be
20 reduced by the allocation to the state treasurer's service fund
21 pursuant to RCW 43.08.190.

22 (b) The following accounts and funds shall receive eighty percent
23 of their proportionate share of earnings based upon each account's or
24 fund's average daily balance for the period: The aeronautics account,
25 the aircraft search and rescue account, the central Puget Sound public
26 transportation account, the city hardship assistance account, the
27 county arterial preservation account, the department of licensing
28 services account, the economic development account, the essential rail
29 assistance account, the essential rail banking account, the ferry bond
30 retirement fund, the gasohol exemption holding account, the grade
31 crossing protective fund, the high capacity transportation account, the
32 highway bond retirement fund, the highway construction stabilization
33 account, the highway safety account, the marine operating fund, the
34 motor vehicle fund, the motorcycle safety education account, the
35 pilotage account, the public transportation systems account, the Puget
36 Sound capital construction account, the Puget Sound ferry operations
37 account, the recreational vehicle account, the rural arterial trust
38 account, the safety and education account, the small city account, the
39 special category C account, the state patrol highway account, the

1 transfer relief account, the transportation capital facilities account,
2 the transportation equipment fund, the transportation fund, the
3 transportation improvement account, the transportation revolving loan
4 account, and the urban arterial trust account.

5 (5) In conformance with Article II, section 37 of the state
6 Constitution, no treasury accounts or funds shall be allocated earnings
7 without the specific affirmative directive of this section.

8 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
9 preservation of the public peace, health, or safety, or support of the
10 state government and its existing public institutions, and shall take
11 effect immediately.

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