

# SENATE BILL REPORT

## SJR 8215

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As of February 4, 1998

**Brief Description:** Amending the state Constitution to allow school districts to impose levies equal to taxes refunded due to valuation appeals.

**Sponsors:** Senators West, Brown, Morton, Spanel, Hochstatter, Winsley and Oke.

**Brief History:**

**Committee Activity:** Ways & Means: 2/3/98.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Terry Wilson (786-7433)

**Background:** The state 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 value, or \$10 per \$1,000 of value. Taxes imposed under the 1 percent limit are termed "regular" levies.

The 1 percent limit may be exceeded if approved by the voters. Voter-approved property taxes are termed 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.

School districts are authorized to impose excess levies. These levies are voted on in specific amounts. The assessor sets the tax rate necessary to collect the amount approved by the voters based on the assessed value in the district. If a tax refund is made because of a successful appeal of an assessed value, the school district receives less revenue than was approved by the voters. This problem also occurs for regular levies.

A county tax refund levy is authorized to compensate for refunds made. The refund levy includes refunds from both regular and excess levies. These refund levies are subject to the district's statutory rate limit and the 1 percent limit. Therefore, they can only be made to the extent the district is below its maximum rate and only to the extent that the total rate in the district is less than 1 percent. For school districts, the levy can only be made to the extent that all regular levies are below the 1 percent limit.

**Summary of Bill:** A school district may impose a regular levy in any year which is outside the 1 percent limit equal to the amount of school district taxes that were refunded in the previous year due to valuation appeals.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Thirty days after the election at which it is approved.

**Testimony For:** Refunds make it impossible to collect the full amount of the levy because the tax appeal process takes place after the rate calculation is made. This would allow collection of the levies that the voters have already approved.

**Testimony Against:** None.

**Testified:** PRO: Walt Ruffles, Spokane School District; Dwayne Slate, State School Directors Assn.