
Finance Committee

HB 2651

Brief Description: Authorizing a voter approved fire protection district tax levy.

Sponsors: Representatives Carrell, Cooper, Crouse, Mielke, Benson and Simpson.

Brief Summary of Bill

- Permits fire protection districts to impose an additional regular property tax of \$0.25 per \$1,000 of value for up to ten years with voter approval.

Hearing Date: 2/7/02

Staff: Rick Peterson (786-7150).

Background:

All real and personal property in this state is subject to the property tax each year based on its value unless a specific exemption is provided by law. The tax bill is determined by multiplying the assessed value by the tax rate for each taxing district in which the property is located.

The sum of property tax rates is limited by the State Constitution to a maximum of 1 percent of true and fair value, or \$10 per \$1,000 of value. The Constitution provides a procedure for voter approval for tax rates that exceed the 1 percent limit. These taxes are called "excess" levies. The most common excess levies are maintenance and operation levies for school districts and bond retirement levies. Excess levies must obtain a 60 percent majority vote plus meet a minimum voter turnout requirement.

Taxes imposed under the 1 percent limit are called "regular" taxes. The Constitution does not require voter approval of regular taxes. However, some regular taxes are required by statute to be voter approved. For example, emergency medical service taxes, park and recreation district taxes and taxes for affordable housing are regular taxes that have voter approval requirements.

A statutory system of dollar rate limits for each tax district implements the constitutional one percent limit. The state tax rate is limited to \$3.60 per \$1,000 of value, county general taxes are limited to \$1.80 per \$1,000 of value, county road taxes are limited to \$2.25 per \$1,000

of value, and city taxes are limited to \$3.375 per \$1,000 of value. These districts are known as "senior" districts. Junior districts such as fire, library, and hospital districts each have specific rate limits as well. For example, fire protection districts are allowed \$1.50 per \$1,000 of value if they have at least one full time paid employee, \$1.00 per \$1,000 of value otherwise. In addition, there is an overall rate limit of \$5.90 per \$1,000 of value for most local taxing districts.

A complex system exists that prorates district tax rates so the total rate for regular taxes does not exceed one percent of value. The state property tax has the highest priority under this system. Local junior taxing districts are the first to be reduced followed by local senior districts.

Summary of Bill:

Fire protection districts are allowed to levied an additional regular property tax. The maximum rate is \$0.25 per \$1,000 of value and the levy may be imposed for ten years. The tax must be approved by a majority of the voters. This additional levy is reduced first if it causes the total tax rate to exceed the one percent constitutional rate limit.

Appropriation: None.

Fiscal Note: Available.

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