

INITIATIVE 722

to the People

Chapter 2, Laws of 2001

TAX REPEAL/LIMITS

EFFECTIVE DATE: 12/7/00

Approved by the
People of the State of Washington
in the General Election on
November 7, 2000

ORIGINALLY FILED

January 31, 2000

**Secretary of State
State of Washington**

1 AN ACT Relating to limiting taxes; amending RCW 84.55.0101;
2 reenacting and amending RCW 84.55.005; adding a new section to chapter
3 84.55; adding new sections to chapter 84.36 RCW; creating a new
4 section; and repealing RCW 84.55.092.

5 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

6 **LIMITING TAXES BY INVALIDATING 1999 TAX INCREASES IMPOSED WITHOUT VOTER**
7 **APPROVAL**

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

10 (1) Any tax increase adopted by the state from July 2, 1999,
11 through December 31, 1999, is null and void and of no effect. All
12 taxes collected as a result of such tax increases shall be refunded to
13 the taxpayer.

14 (2) For the purposes of this section, "tax" includes, but is not
15 necessarily limited to, sales and use taxes; property taxes; business
16 and occupation taxes; fuel taxes; impact fees; license fees; permit
17 fees; water, sewer, and other utility charges, including taxes, rates,

1 and hook-up fees; and any other excise tax, fee, or monetary charge
2 imposed by the state.

3 (3) For the purposes of this section, "tax" does not include:

4 (a) Higher education tuition;

5 (b) Civil and criminal fines and other charges collected in cases
6 of restitution or violation of law or contract; and

7 (c) The price of goods offered for sale by the state.

8 (4) For the purposes of this section, "tax increase" includes, but
9 is not necessarily limited to, a new tax, a monetary increase in an
10 existing tax, a tax rate increase, an expansion in the legal definition
11 of a tax base, and an extension of an expiring tax.

12 (5) For the purposes of this section, "tax increase" does not
13 include taxes approved by a vote of the people.

14 (6) For the purposes of this section, "state" includes, but is not
15 necessarily limited to, the state itself and all its departments and
16 agencies, any city, county, special district, and other political
17 subdivision or governmental instrumentality of or within the state.

18 **LIMITING TAXES BY EXEMPTING VEHICLES FROM PROPERTY TAXES**

19 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
20 to read as follows:

21 (1) Vehicles are exempted from property taxes as long as the retail
22 sales tax of chapter 82.08 RCW applies to vehicles.

23 (2) For purposes of this section, "vehicles" include all vehicles
24 licensed under chapter 46.16 RCW including, but not necessarily limited
25 to, personal and business owned cars, trucks, sport utility vehicles,
26 motorcycles, motor homes, campers, travel trailers, and mobile homes
27 held as inventory.

28 (3) The purpose of this section is to exempt from property taxes
29 all vehicles previously exempted from property taxes prior to the
30 adoption by the people of Initiative Measure No. 695, the \$30 License
31 Tab Initiative.

32 **LIMITING TAXES BY EXEMPTING INCREASES IN PROPERTY TAX VALUATIONS ABOVE** 33 **2% PER YEAR**

34 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.36 RCW
35 to read as follows:

1 (1) As long as the sale of property is subject to the real estate
2 excise tax in chapter 82.46 RCW and unless otherwise exempt from
3 property taxes, a person shall be exempt from any legal obligation to
4 pay the portion of property taxes attributable to any increase in value
5 of property (other than for new construction or manufacture) over its
6 1999 valuation level, plus the lesser of 2% per year or inflation.

7 (2) As long as construction materials are subject to the retail
8 sales tax of chapter 82.08 RCW, a person shall be exempt from any legal
9 obligation to pay the portion of property taxes on newly constructed or
10 manufactured property after 1999 over the property tax imposed on the
11 owner of a comparable property constructed as of 1999, plus the lesser
12 of 2% per year or inflation.

13 (3) For purposes of this section:

14 (a) "Property" means real and personal property;

15 (b) "1999 valuation level" means the correct valuation shown on the
16 property tax statement in effect on January 1, 1999;

17 (c) "Inflation" means the percentage change in the implicit price
18 deflator for personal consumption expenditures for the United States as
19 published for the most recent twelve-month period by the bureau of
20 economic analysis of the federal department of commerce in September of
21 the year before the taxes are payable;

22 (d) "New construction or manufacture" does not include
23 reconstruction after fire or other natural disaster and does not
24 include maintenance or replacement of existing components, such as
25 roofs, siding, windows, doors, and parts of equipment; and

26 (e) "Person" means any person or entity which pays property taxes.

27 (4) This tax exemption is based on:

28 (a) The need to promote neighborhood preservation, continuity, and
29 stability by limiting the tax burden;

30 (b) The fact that many property owners have sold their property, or
31 are considering the sale of property, because of the increased tax
32 burden caused by rapid increases in property valuations; and

33 (c) All property owners are entitled to know that property taxes
34 will be predictable and uniform for every present and future property
35 owner.

36 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.36 RCW
37 to read as follows:

1 (1) Increases in property tax attributable to maintenance
2 improvements made after January 1, 1999, shall be exempt from property
3 taxes. This exemption promotes neighborhood preservation, continuity,
4 and stability.

5 (2) This section applies as long as the retail sales tax of chapter
6 82.08 RCW remains in effect.

7 (3) For purposes of this section, "maintenance improvements"
8 includes:

9 (a) reconstruction after fire and natural disaster; and

10 (b) replacement of existing components such as roofs, siding,
11 windows, doors, and painting.

12 **LIMITING TAXES BY LIMITING GROWTH OF PROPERTY TAXES TO 2% PER YEAR**

13 **Sec. 5.** RCW 84.55.005 and 1997 c 393 s 20 and 1997 c 3 s 201 are
14 each reenacted and amended to read as follows:

15 As used in this chapter:

16 (1) "Inflation" means the percentage change in the implicit price
17 deflator for personal consumption expenditures for the United States as
18 published for the most recent twelve-month period by the bureau of
19 economic analysis of the federal department of commerce in September of
20 the year before the taxes are payable;

21 (2) "Limit factor" means:

22 (a) For taxing districts with a population of less than ten
23 thousand in the calendar year prior to the assessment year, one hundred
24 (~~six~~) two percent;

25 (b) For taxing districts for which a limit factor is authorized
26 under RCW 84.55.0101, the lesser of the limit factor under that section
27 or one hundred (~~six~~) two percent;

28 (c) For all other districts, the lesser of one hundred (~~six~~) two
29 percent or one hundred percent plus inflation; and

30 (3) "Regular property taxes" has the meaning given it in RCW
31 84.04.140.

32 **Sec. 6.** RCW 84.55.0101 and 1997 c 3 s 204 are each amended to read
33 as follows:

34 Upon a finding of substantial need, the legislative authority of a
35 taxing district other than the state may provide for the use of a limit
36 factor under this chapter of one hundred (~~six~~) two percent or less.

1 In districts with legislative authorities of four members or less, two-
2 thirds of the members must approve an ordinance or resolution under
3 this section. In districts with more than four members, a majority
4 plus one vote must approve an ordinance or resolution under this
5 section. The new limit factor shall be effective for taxes collected
6 in the following year only.

7 **LIMITING TAXES BY REPEALING LAW WHICH ALLOWS "STOCKPILING" OF FUTURE**
8 **PROPERTY TAX INCREASES**

9 NEW SECTION. **Sec. 7.** RCW 84.55.092 (Protection of future levy
10 capacity) and 1998 c 16 s 3, 1988 c 274 s 4, & 1986 c 107 s 3 are each
11 repealed.

12 **CONSTRUCTION CLAUSE**

13 NEW SECTION. **Sec. 8.** The provisions of this act are to be
14 liberally construed to effectuate the policies and purposes of this
15 act.

16 **SEVERABILITY CLAUSE**

17 NEW SECTION. **Sec. 9.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

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