

HOUSE BILL REPORT

EHB 3137

As Passed House:
February 19, 2008

Title: An act relating to property tax relief for property damaged in the 2007 floods.

Brief Description: Providing property tax relief for property damaged in the 2007 floods.

Sponsors: By Representatives DeBolt, Kessler, Orcutt, Alexander, Hunt, Blake, Williams, Rolfes, Loomis, Sullivan, VanDeWege, Haler, Kelley, Dunn, Kretz, Ross, Bailey, McCune, Skinner, Herrera and Ormsby.

Brief History:

Committee Activity:

Finance: 2/12/08 [DP].

Floor Activity:

Passed House: 2/19/08, 95-0.

<p style="text-align: center;">Brief Summary of Engrossed Bill</p> <ul style="list-style-type: none">• Provides three-year property tax exemption for farm and agricultural land damaged by the December 2007 storms.
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HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Don Taylor (786-7388).

Background:

The property tax is the oldest tax in Washington, predating statehood. The property tax is by far the largest source of revenue for local governments and the state levy produces a major share of state tax revenue; the combined total for 2007 was \$7.7 billion. The tax applies to real and personal property, unless specifically exempted. The average combined levy rate for taxes due in 2007 was \$10.48 per \$1,000 of assessed value. Thus, the owner of property

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valued at \$300,000 could expect to pay annual property taxes of \$3,144, based on the statewide average rate.

The State Constitution requires that regular property tax levies (those imposed without a vote of the people) cannot exceed 1.0 percent of the fair market value of the property. A statutory limit, adopted by the voters in 2001, restricts the rate of increase in regular levy revenues for all taxing districts to 1.0 percent or the rate of inflation, whichever is lower, unless a higher growth rate is specifically authorized by the voters. Note: this limit does not apply to the taxes paid by owners of individual parcels, nor does it include voter-approved special levies.

Farm, open space and timber lands may be valued for tax purposes according to the current use, not the highest and best use value. The value for farm lands in the current use assessment program is based on the net cash rental value of similar agricultural lands.

Many counties in the state experienced severe flooding during the storms of early December 2007. The damage was particularly heavy in Lewis County, but property in other Western Washington counties also sustained major damage. The Federal Emergency Management Agency designated 10 counties as being eligible for disaster assistance: Clallam, Grays Harbor, King, Kitsap, Lewis, Mason, Pacific, Snohomish, Thurston and Wahkiakum.

Summary of Engrossed Bill:

Exemption from both state and local property tax levies is established for farm lands which are enrolled in the current use assessment program. The exemption is for three years: taxes due in calendar years 2008, 2009 and 2010. Any property taxes already paid in 2008 on qualified lands are eligible for a refund. The exemption is allowed only for qualified farm lands located in a county that was declared as a disaster area by the President as a result of the storms and floods which occurred in December 2007. To qualify, at least one-quarter of the property must have been rendered unsuitable for the production of livestock or agricultural products for the next growing season. Eligible owners must file for the exemption with the county assessor by December 31, 2008.

The bill is effective upon signature by the Governor.

Appropriation: None.

Fiscal Note: Requested on February 11, 2008.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) Officials from Lewis County testified on the severity of damage resulting from the December storms. The property tax exemption will help homeowners to get back on their

feet, and the financial assistance from the reduction in the state levy will help them make the repairs necessary to restore their residences.

(Opposed) None.

Persons Testifying: Representative DeBolt, prime sponsor; Chip Elliott, Lewis County Fire Department 16; and Deanne Dorey, Lewis County Assessor.

Persons Signed In To Testify But Not Testifying: None.