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SUBSTITUTE HOUSE BILL 2739

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**State of Washington**                      **65th Legislature**                      **2018 Regular Session**

**By** House Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Chapman, Reeves, and Tharinger)

READ FIRST TIME 02/01/18.

1            AN ACT Relating to veterans' assistance levies; amending RCW  
2 73.08.080, 84.52.043, 84.52.010, and 84.55.005; adding a new section  
3 to chapter 73.08 RCW; adding a new section to chapter 43.60A RCW; and  
4 creating a new section.

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

6            **Sec. 1.** RCW 73.08.080 and 2013 c 123 s 2 are each amended to  
7 read as follows:

8            (1)(a) The legislative authority in each county must levy(~~(, in~~  
9 ~~addition to the taxes now levied by law,)~~) a tax in a sum equal to  
10 the amount which would be raised by not less than one and one-eighth  
11 cents per thousand dollars of assessed value, and not greater than  
12 twenty-seven cents per thousand dollars of assessed value against the  
13 taxable property of their respective counties, to be levied and  
14 collected as now prescribed by law for the assessment and collection  
15 of taxes, for the purpose of creating a veterans' assistance fund.

16            (b) The levy required under (a) of this subsection must be:

17            (i) Imposed by the legislative authority of the county as a  
18 separate levy, independent of the regular property tax levy  
19 authorized in RCW 84.52.043(1)(b); or

20            (ii) Imposed by the legislative authority of the county as part  
21 of its levy authorized in RCW 84.52.043(1)(b).

1       (c) Expenditures from the veterans' assistance fund, and interest  
2 earned on balances from the fund, may be used only for:

3       (~~(a)~~) (i) The veterans' assistance programs authorized by RCW  
4 73.08.010;

5       (~~(b)~~) (ii) The burial or cremation of a deceased indigent  
6 veteran or deceased family member of an indigent veteran as  
7 authorized by RCW 73.08.070; and

8       (~~(c)~~) (iii) The direct and indirect costs incurred in the  
9 administration of the fund as authorized by subsection (2) of this  
10 section.

11       (2) If the funds on deposit in the veterans' assistance fund,  
12 less outstanding warrants, on the first Tuesday in September exceed  
13 the lesser of the expected yield of one and one-eighth cents per  
14 thousand dollars of assessed value against the taxable property of  
15 the county or the expected yield of a levy determined as set forth in  
16 subsection (5) of this section, the county legislative authority may  
17 levy a lesser amount than would otherwise be required under  
18 subsection (1) or (5) of this section.

19       (3) The direct and indirect costs incurred in the administration  
20 of the veterans' assistance fund must be computed by the county  
21 auditor, or the chief financial officer in a county operating under a  
22 charter, not less than annually. Following the computation of these  
23 direct and indirect costs, an amount equal to these costs may then be  
24 transferred from the veterans' assistance fund to the county current  
25 expense fund.

26       (4) The amount of a levy allocated to the purposes specified in  
27 this section may be reduced in the same proportion as the regular  
28 property tax levy of the county is reduced by chapter 84.55 RCW.

29       (5)(a) If the levy is administered with the method provided in  
30 subsection (1)(b)(ii) of this section, the amount of a levy allocated  
31 to the purposes specified in this section may be modified from the  
32 amount required by subsection (1) of this section as follows:

33       (i) If the certified levy is reduced from the preceding year's  
34 certified levy, the amount of the levy allocated to the purposes  
35 specified in this section may be reduced by no more than the same  
36 percentage as the certified levy is reduced from the preceding year's  
37 certified levy;

38       (ii) If the certified levy is increased from the preceding year's  
39 certified levy, the amount of the levy allocated to the purposes  
40 specified in this section may not be less than the base allocation

1 increased by the same percentage as the certified levy is increased  
2 from the preceding year's certified levy. However, the amount of the  
3 levy allocated to the purposes specified in this section does not  
4 have to be increased under this subsection (5)(a)(ii) for the portion  
5 of a certified levy increase resulting from a voter-approved increase  
6 under RCW 84.55.050 that is dedicated to a specific purpose; or

7 (iii) If the certified levy is unchanged from the preceding  
8 year's certified levy, the amount of the levy allocated to the  
9 purposes specified in this section must be equal to or greater than  
10 the base allocation.

11 (b) For purposes of this subsection, the following definitions  
12 apply:

13 (i) "Base allocation" means the most recent allocation that was  
14 not reduced under subsection (2) of this section.

15 (ii) "Certified levy" means the property tax levy for general  
16 county purposes certified to the county assessor as required by RCW  
17 84.52.070, excluding any amounts certified under chapters 84.69 and  
18 84.68 RCW.

19 (6) Subsections (2), (4), and (5) of this section do not preclude  
20 a county from increasing the levy amount in subsection (1) of this  
21 section to an amount that is greater than the change in the regular  
22 county levy.

23 **Sec. 2.** RCW 84.52.043 and 2017 3rd sp.s. c 13 s 304 are each  
24 amended to read as follows:

25 CONFORMING AMENDMENT. Within and subject to the limitations  
26 imposed by RCW 84.52.050 as amended, the regular ad valorem tax  
27 levies upon real and personal property by the taxing districts  
28 hereafter named are as follows:

29 (1) Levies of the senior taxing districts are as follows: (a) The  
30 levies by the state may not exceed the applicable aggregate rate  
31 limit specified in RCW 84.52.065 (2) or (4) adjusted to the state  
32 equalized value in accordance with the indicated ratio fixed by the  
33 state department of revenue to be used exclusively for the support of  
34 the common schools; (b) the levy by any county may not exceed one  
35 dollar and eighty cents per thousand dollars of assessed value; (c)  
36 the levy by any county pursuant to RCW 73.08.080(1)(b)(i) may not  
37 exceed twenty-seven cents per thousand dollars of assessed value or  
38 be less than one and one-eighth cents per thousand dollars of  
39 assessed value; (d) the levy by any road district may not exceed two

1 dollars and twenty-five cents per thousand dollars of assessed value;  
2 and (~~(d)~~) (e) the levy by any city or town may not exceed three  
3 dollars and thirty-seven and one-half cents per thousand dollars of  
4 assessed value. However any county is hereby authorized to increase  
5 its levy from one dollar and eighty cents to a rate not to exceed two  
6 dollars and forty-seven and one-half cents per thousand dollars of  
7 assessed value for general county purposes if the total levies for  
8 both the county and any road district within the county do not exceed  
9 four dollars and five cents per thousand dollars of assessed value,  
10 and no other taxing district has its levy reduced as a result of the  
11 increased county levy.

12 (2) The aggregate levies of junior taxing districts and senior  
13 taxing districts, other than the state, may not exceed five dollars  
14 and ninety cents per thousand dollars of assessed valuation. The term  
15 "junior taxing districts" includes all taxing districts other than  
16 the state, counties, road districts, cities, towns, port districts,  
17 and public utility districts. The limitations provided in this  
18 subsection do not apply to: (a) Levies at the rates provided by  
19 existing law by or for any port or public utility district; (b)  
20 excess property tax levies authorized in Article VII, section 2 of  
21 the state Constitution; (c) levies for acquiring conservation futures  
22 as authorized under RCW 84.34.230; (d) levies for emergency medical  
23 care or emergency medical services imposed under RCW 84.52.069; (e)  
24 levies to finance affordable housing for very low-income housing  
25 imposed under RCW 84.52.105; (f) the portions of levies by  
26 metropolitan park districts that are protected under RCW 84.52.120;  
27 (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies  
28 for criminal justice purposes under RCW 84.52.135; (i) the portions  
29 of levies by fire protection districts and regional fire protection  
30 service authorities that are protected under RCW 84.52.125; (j)  
31 levies by counties for transit-related purposes under RCW 84.52.140;  
32 (k) the portion of the levy by flood control zone districts that are  
33 protected under RCW 84.52.816; (~~and~~) (l) levies imposed by a  
34 regional transit authority under RCW 81.104.175; and (m) levies for  
35 veterans' assistance under RCW 73.08.080(1)(b)(i).

36 **Sec. 3.** RCW 84.52.010 and 2017 c 196 s 10 are each amended to  
37 read as follows:

38 (1) Except as is permitted under RCW 84.55.050, all taxes must be  
39 levied or voted in specific amounts.

1 (2) The rate percent of all taxes for state and county purposes,  
2 and purposes of taxing districts coextensive with the county, must be  
3 determined, calculated and fixed by the county assessors of the  
4 respective counties, within the limitations provided by law, upon the  
5 assessed valuation of the property of the county, as shown by the  
6 completed tax rolls of the county, and the rate percent of all taxes  
7 levied for purposes of taxing districts within any county must be  
8 determined, calculated and fixed by the county assessors of the  
9 respective counties, within the limitations provided by law, upon the  
10 assessed valuation of the property of the taxing districts  
11 respectively.

12 (3) When a county assessor finds that the aggregate rate of tax  
13 levy on any property, that is subject to the limitations set forth in  
14 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in  
15 either of these sections, the assessor must recompute and establish a  
16 consolidated levy in the following manner:

17 (a) The full certified rates of tax levy for state, county,  
18 county road district, regional transit authority, and city or town  
19 purposes must be extended on the tax rolls in amounts not exceeding  
20 the limitations established by law; however any state levy takes  
21 precedence over all other levies and may not be reduced for any  
22 purpose other than that required by RCW 84.55.010. If, as a result of  
23 the levies imposed under RCW 36.54.130, 73.08.080(1)(b)(i),  
24 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a  
25 metropolitan park district that was protected under RCW 84.52.120,  
26 84.52.125, 84.52.135, and 84.52.140, and the portion of the levy by a  
27 flood control zone district that was protected under RCW 84.52.816,  
28 the combined rate of regular property tax levies that are subject to  
29 the one percent limitation exceeds one percent of the true and fair  
30 value of any property, then these levies must be reduced as follows:

31 (i) The portion of the levy by a flood control zone district that  
32 was protected under RCW 84.52.816 must be reduced until the combined  
33 rate no longer exceeds one percent of the true and fair value of any  
34 property or must be eliminated;

35 (ii) If the combined rate of regular property tax levies that are  
36 subject to the one percent limitation still exceeds one percent of  
37 the true and fair value of any property, the levy imposed by a county  
38 under RCW 84.52.140 must be reduced until the combined rate no longer  
39 exceeds one percent of the true and fair value of any property or  
40 must be eliminated;

1 (iii) If the combined rate of regular property tax levies that  
2 are subject to the one percent limitation still exceeds one percent  
3 of the true and fair value of any property, the portion of the levy  
4 by a fire protection district or regional fire protection service  
5 authority that is protected under RCW 84.52.125 must be reduced until  
6 the combined rate no longer exceeds one percent of the true and fair  
7 value of any property or must be eliminated;

8 (iv) If the combined rate of regular property tax levies that are  
9 subject to the one percent limitation still exceeds one percent of  
10 the true and fair value of any property, the levy imposed by a county  
11 under RCW 84.52.135 must be reduced until the combined rate no longer  
12 exceeds one percent of the true and fair value of any property or  
13 must be eliminated;

14 (v) If the combined rate of regular property tax levies that are  
15 subject to the one percent limitation still exceeds one percent of  
16 the true and fair value of any property, the levy imposed by a ferry  
17 district under RCW 36.54.130 must be reduced until the combined rate  
18 no longer exceeds one percent of the true and fair value of any  
19 property or must be eliminated;

20 (vi) If the combined rate of regular property tax levies that are  
21 subject to the one percent limitation still exceeds one percent of  
22 the true and fair value of any property, the portion of the levy by a  
23 metropolitan park district that is protected under RCW 84.52.120 must  
24 be reduced until the combined rate no longer exceeds one percent of  
25 the true and fair value of any property or must be eliminated;

26 (vii) If the combined rate of regular property tax levies that  
27 are subject to the one percent limitation still exceeds one percent  
28 of the true and fair value of any property, then the levies imposed  
29 under RCW 84.34.230, 84.52.105, and any portion of the levy imposed  
30 under RCW 84.52.069 that is in excess of thirty cents per thousand  
31 dollars of assessed value, must be reduced on a pro rata basis until  
32 the combined rate no longer exceeds one percent of the true and fair  
33 value of any property or must be eliminated; and

34 (viii) If the combined rate of regular property tax levies that  
35 are subject to the one percent limitation still exceeds one percent  
36 of the true and fair value of any property, then the thirty cents per  
37 thousand dollars of assessed value of tax levy imposed under RCW  
38 84.52.069 must be reduced until the combined rate no longer exceeds  
39 one percent of the true and fair value of any property or eliminated.

1 (b) The certified rates of tax levy subject to these limitations  
2 by all junior taxing districts imposing taxes on such property must  
3 be reduced or eliminated as follows to bring the consolidated levy of  
4 taxes on such property within the provisions of these limitations:

5 (i) First, the certified property tax levy authorized under RCW  
6 84.52.821 must be reduced on a pro rata basis or eliminated;

7 (ii) Second, if the consolidated tax levy rate still exceeds  
8 these limitations, the certified property tax levy rates of those  
9 junior taxing districts authorized under RCW 36.68.525, 36.69.145,  
10 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or  
11 eliminated;

12 (iii) Third, if the consolidated tax levy rate still exceeds  
13 these limitations, the certified property tax levy rates of flood  
14 control zone districts other than the portion of a levy protected  
15 under RCW 84.52.816 must be reduced on a pro rata basis or  
16 eliminated;

17 (iv) Fourth, if the consolidated tax levy rate still exceeds  
18 these limitations, the certified property tax levy rates of all other  
19 junior taxing districts, other than fire protection districts,  
20 regional fire protection service authorities, library districts, the  
21 first fifty cent per thousand dollars of assessed valuation levies  
22 for metropolitan park districts, and the first fifty cent per  
23 thousand dollars of assessed valuation levies for public hospital  
24 districts, must be reduced on a pro rata basis or eliminated;

25 (v) Fifth, if the consolidated tax levy rate still exceeds these  
26 limitations, the first fifty cent per thousand dollars of assessed  
27 valuation levies for metropolitan park districts created on or after  
28 January 1, 2002, must be reduced on a pro rata basis or eliminated;

29 (vi) Sixth, if the consolidated tax levy rate still exceeds these  
30 limitations, the certified property tax levy rates authorized to fire  
31 protection districts under RCW 52.16.140 and 52.16.160 and regional  
32 fire protection service authorities under RCW 52.26.140(1) (b) and  
33 (c) must be reduced on a pro rata basis or eliminated; (~~and~~)

34 (vii) Seventh, if the consolidated tax levy rate still exceeds  
35 these limitations, the certified property tax levy rates authorized  
36 for fire protection districts under RCW 52.16.130, regional fire  
37 protection service authorities under RCW 52.26.140(1)(a), library  
38 districts, metropolitan park districts created before January 1,  
39 2002, under their first fifty cent per thousand dollars of assessed  
40 valuation levy, and public hospital districts under their first fifty

1 cent per thousand dollars of assessed valuation levy, must be reduced  
2 on a pro rata basis or eliminated; and  
3 (viii) Eighth, if the consolidated tax levy rate still exceeds  
4 these limitations, the certified property tax levy rates authorized  
5 for veterans' assistance under RCW 73.08.080(1)(b)(i) must be reduced  
6 on a pro rata basis or eliminated.

7 **Sec. 4.** RCW 84.55.005 and 2014 c 97 s 316 are each amended to  
8 read as follows:

9 The definitions in this section apply throughout this chapter  
10 unless the context clearly requires otherwise.

11 (1) "Inflation" means the percentage change in the implicit price  
12 deflator for personal consumption expenditures for the United States  
13 as published for the most recent twelve-month period by the bureau of  
14 economic analysis of the federal department of commerce by September  
15 25th of the year before the taxes are payable(~~(+)~~).

16 (2) "Limit factor" means:

17 (a) For taxing districts with a population of less than ten  
18 thousand in the calendar year prior to the assessment year, one  
19 hundred one percent;

20 (b) For taxing districts for which a limit factor is authorized  
21 under RCW 84.55.0101, the lesser of the limit factor authorized under  
22 that section or one hundred one percent;

23 (c) For the veterans' assistance levy under RCW  
24 73.08.080(1)(b)(i), the greater of one hundred one percent or one  
25 hundred percent plus inflation; and

26 (d) For all other districts, the lesser of one hundred one  
27 percent or one hundred percent plus inflation(~~(+and)~~).

28 (3) "Regular property taxes" has the meaning given it in RCW  
29 84.04.140.

30 NEW SECTION. **Sec. 5.** This act applies to taxes levied for  
31 collection in 2019 and thereafter.

32 NEW SECTION. **Sec. 6.** A new section is added to chapter 73.08  
33 RCW to read as follows:

34 By December 1, 2020, the department of veterans affairs shall  
35 collect certain data from each county and submit an accountability  
36 report to the legislature that provides the following information  
37 from each county:

1 (1) The method, either under RCW 73.08.080(1)(b) (i) or (ii),  
2 through which each county's levy is imposed, as required under RCW  
3 73.08.080(1);

4 (2) The total amount raised through each county's levy, as  
5 required under RCW 73.08.080(1), beginning on January 1, 2019;

6 (3) The amount of expenditures paid out from each county's  
7 veterans' assistance fund beginning on January 1, 2019, that are  
8 attributable to direct costs, as defined by RCW 73.08.005, and  
9 specifically identifying the amount of direct costs that represents  
10 assistance given directly to veterans and/or their families;

11 (4) The amount of expenditures paid out from each county's  
12 veterans' assistance fund beginning on January 1, 2019, that are  
13 attributable to indirect costs, as defined by RCW 73.08.005, and  
14 specifically identifying the amount of indirect costs that represents  
15 administrative costs to maintain the veterans' assistance fund or the  
16 county's veterans' assistance program; and

17 (5) Any additional findings or recommendations for improvement to  
18 the levy process required under RCW 73.08.080.

19 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.60A  
20 RCW to read as follows:

21 By December 1, 2020, the department shall submit an  
22 accountability report to the legislature on each county's levy  
23 imposed under RCW 73.08.080. The report will contain the information  
24 described in section 6 of this act.

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