

# FINAL BILL REPORT

## ESHB 1562

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C 337 L 93  
Synopsis as Enacted

**Brief Description:** Authorizing local governments to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households.

By House Committee on Local Government (originally sponsored by Representatives Brown, Dellwo, H. Myers, Orr, Mastin and J. Kohl).

House Committee on Local Government  
House Committee on Revenue  
Senate Committee on Labor & Commerce

**Background:** Article VII, Section 2, of the state constitution limits the cumulative rate of regular property taxes that may be imposed on any property in any year to an amount not exceeding 1 percent of the true and fair value of the property. Excess property tax levies may be imposed above the 1 percent limitation.

The limitation on the cumulative rate of regular property taxes is restricted even further by statute:

- (1) The state is authorized to impose regular property taxes to fund K-12 education at a rate not exceeding \$3.60 per \$1,000 of assessed valuation at the state equalized value; and
- (2) The cumulative rate of regular property taxes imposed by other taxing districts, including counties, cities, road districts, and junior taxing districts, may not exceed \$5.90 per \$1,000 of assessed valuation.

The following two regular property tax levies are subject to the constitutional 1 percent limitation, but are not subject to these statutory cumulative rate limitations: (1) Voter approved regular property taxes of up to 50 cents per \$1,000 of assessed valuation for emergency medical service (EMS) purposes may be imposed by a number of different taxing districts; and (2) regular property taxes of up to 6.25 cents per \$1,000 of assessed valuation may be imposed by counties to acquire conservation futures.

**Summary:** Voters of a county, city, or town may approve a ballot proposition authorizing the county, city, or town to impose additional regular property tax levies of up to 50 cents per \$1,000 of assessed valuation for each of up to 10 consecutive years. This tax is above statutory cumulative rate limitations but within the constitutional 1 percent limitation. The additional levies are authorized if the ballot proposition is approved by a simple majority vote.

Prior to imposing these voter approved regular property tax levies, the governing body of the county, city, or town must: (1) declare that a housing affordability emergency exists for very low-income households within its boundaries; and (2) adopt a plan to expend the tax receipts that is consistent with either the locally adopted or state adopted comprehensive housing affordability strategy required under the Cranston-Gonzalez National Housing Affordability Act.

If voters of both a county, and a city or town within that county, authorize this additional levy, the combined rates for the county and city may not exceed 50 cents per \$1,000 of assessed valuation.

If the combined rates of all regular property taxes exceed the 1 percent limitation, provisions are made to reduce, on a pro-rata basis, the conservation futures levy, the new affordable housing levy, and any portion of the EMS levy that is in excess of 30 cents per \$1000 of assessed valuation.

**Votes on Final Passage:**

House	57	41	
Senate	34	6	(Senate amended)
House			(House refused to concur)

Conference Committee

Senate	27	20
House	50	47

**Effective:** July 25, 1993