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**Finance Committee**

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**HB 2115**

**Brief Description:** Exempting a portion of the valuation of residential property from property taxation.

**Sponsors:** Representatives Stanford, Ormsby and Tharinger.

**Brief Summary of Bill**

- Provides a state property tax homestead exemption on the first \$50,000 of the value of a residence on a parcel consisting of less than three dwelling units or individual residential units in a multiunit residential dwelling given each unit is owned and taxed separately.
- Requires the passage of a constitutional amendment to be validly enacted.

**Hearing Date:** 3/14/17

**Staff:** Richelle Geiger (786-7139).

**Background:**

All property is subject to a tax each year based on 100 percent of its true and fair market value, unless a specific exemption is provided by law.

Article VII, Section 1 of the Washington Constitution (Constitution) requires all taxes on real estate to be uniform within a taxing district. Additionally, the Legislature is permitted to exempt property in its entirety from property tax with the adoption of general law. However, constitutional authority is required to exempt a portion of property value from property tax.

Constitutional amendments require a 60 percent majority approval by the Legislature to be placed on the ballot before seeking a simple majority approval from the voters.

**Summary of Bill:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The first \$50,000 of value of a residence is exempt from state property tax if the residence is on a parcel consisting of less than three dwelling units, or is a unit in a multiunit residential dwelling given each unit is owned and taxed individually. Residence is defined to include single family dwelling units on United States, tribal, or state-owned land, and mobile homes that are fixed on land owned or leased by the owner and placed on a foundation with a fixed pipe connection with sewer, water, or other utilities.

If the county assessor finds the residence does not qualify for the homestead exemption, the exemption must be denied. Taxpayers are permitted to appeal the denial decision to the County Board of Equalization.

The Department of Revenue is directed to adopt rules and regulations, and prescribe forms necessary to implement and administer the exemption.

The bill requires the passage of a constitutional amendment, providing for a homestead exemption to be approved by a super majority from the Legislature, and a simple majority approval by the voters at the next general election. The act takes effect on the effective date of the constitutional amendment.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** This bill takes effect on the date the constitutional amendment in House Joint Resolution 4208, providing for a homestead exemption, is ratified by the voters and becomes effective.