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## Finance Committee

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### HB 1829

**Brief Description:** Concerning veterans' assistance levies.

**Sponsors:** Representatives Chapman, Goehner and Reeves.

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| <p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Permits counties to collect the veterans' assistance levy as a separate levy, outside of the county's general levy rate.</li></ul> |
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**Hearing Date:** 2/21/19

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

**Background:**

Property Tax.

All real property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue other than the state levies is limited as follows:

- For jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent.
- For jurisdictions with a population of 10,000 or more, revenue growth is limited to the lesser of inflation or 1 percent plus the value of new construction.

The Washington Constitution limits regular levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value, constitutional 1 percent levy limit). There are individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example:

- The state levy rate is limited to \$3.60 per \$1,000 of assessed value.
- County general levies are limited to \$1.80 per \$1,000 of assessed value.
- County road levies are limited to \$2.25 per \$1,000 of assessed value.
- City levies are limited to \$3.375 per \$1,000 of assessed value.

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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.*

For property tax purposes, the state, counties, and cities, with respect to the levies listed above, are collectively referred to as senior taxing districts. Junior taxing districts—a term that includes fire, hospital, flood control zone, and most other special purpose districts—each have specific rate limits as well.

The tax rates for senior and junior taxing districts, excluding the state, must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value. If the statutory \$5.90 or constitutional \$10 limit are exceeded, statute establishes the sequential order in which the levies must be proportionally reduced or eliminated (a process referred to as prorationing) to conform to the statutory and constitutional limits.

#### Veterans' Relief Fund Levy.

County legislative authorities are required to collect a levy dedicated to a veterans' assistance fund. The veterans' assistance fund may only be used for:

- the veterans' assistance programs for indigent veterans and families;
- the burial or cremation of deceased indignant veteran or deceased family members of indigent veterans; and
- the direct and indirect costs incurred in the administration of the fund.

The rate is within the county's maximum general levy rate of \$1.80/\$1,000 of assessed value. The minimum levy rate is \$0.01125/\$1,000 of assessed value, although the county legislative authority may levy a lesser amount if there are sufficient funds residing in the veteran's assistance fund. The maximum levy rate is \$0.27/\$1,000 of assessed value. The county legislative authority has the option of changing the veterans' assistance levy amount based on the change of the county general levy as compared to the prior year rather than the minimum levy rate of \$0.01125/\$1,000 of assessed value.

As part of the county general levy, the levy is subject to both the \$5.90 and constitutional 1 percent levy limit. The county general levy limit factor depends on the county's population. The revenue may not grow more than 101 percent per year, unless the voters approve a levy lid lift.

#### **Summary of Bill:**

County legislative authorities are permitted to continue collecting the veterans' assistance levy as they do under current law or they may collect the veterans' assistance levy as a separate levy, outside of the county's general levy rate. If collected as a separate levy, the levy is not subject to the \$5.90 limitations but is subject to the constitutional 1 percent levy limit. The separate levy continues to have the same statutory maximum and minimum levy rate (\$0.27 - \$0.01125). The limit factor for the separate levy is the greater of 101 percent, or 100 percent plus inflation.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.