

SENATE BILL REPORT

SJR 8204

AS OF FEBRUARY 21, 1991

Brief Description: Limiting residential real property to assessed valuation increases of five percent.

SPONSORS: Senators Moore and Sutherland.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates:

BACKGROUND:

Article VII, section 1 of the state Constitution provides that all taxes shall be uniform on the same class of property within the territorial limits of the jurisdiction levying the tax and states that real estate constitutes one class. In addition, Article VII, section 2 limits the aggregate tax on property to 1 percent of its true and fair value. For property tax purposes, real property is valued at its highest and best use which is true and fair value. Article VII, section 11 allows the Legislature to provide that the true and fair value of farm and agricultural land, standing timber and timberlands, and open space lands be based on their current use rather than their highest and best use.

Property taxes are imposed on the assessed value of property. Current law requires the assessment to equal 100 percent of the fair market value of the property.

SUMMARY:

The increase in the assessed value of residential real property is limited to 5 percent per year, but the assessment cannot exceed fair market value. This limitation would only apply during periods in which there is no change in ownership. The Legislature is authorized to impose additional conditions and restrictions on the limitation.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: The resolution takes effect if approved at the November 1991 general election.