

2 **SB 6118** - S AMD - 004 (S4064.2)
3 By Senators Rinehart and West

4 ADOPTED AS AMENDED 1/9/96

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** A new section is added to chapter 84.55 RCW
8 to read as follows:

9 (1) As used in this section, "full levy" means the levy amount that
10 would be allowed otherwise under this chapter without regard to this
11 section or RCW 84.55.012.

12 (2) The state levy for collection in 1996 shall be reduced by five
13 percent of the full levy for that year. State levies for collection
14 after 1996 shall not exceed the amount that would be allowed otherwise
15 under this chapter if the state levy for collection in 1996 had been
16 set at ninety-five percent of the full levy for that year.

17 (3) Levies collected before 1996 shall not be used as a base for
18 calculating limits for state levies for collection after 1996.

19 (4) Levies collected before any reduction under RCW 43.135.045
20 shall not be used as a base for calculating limits for state levies for
21 collection in following years.

22 **Sec. 2.** RCW 43.135.045 and 1994 c 2 s 3 are each amended to read
23 as follows:

24 (1) The property tax reduction fund and the emergency reserve fund
25 ~~((is))~~ are established in the state treasury. During each fiscal year,
26 the state treasurer shall deposit in the ~~((emergency reserve))~~ property
27 tax reduction fund all general fund--state revenues in excess of the
28 state expenditure limit for that fiscal year. Deposits shall be made
29 at the end of each fiscal quarter based on projections of state
30 revenues and the state expenditure limit.

31 The amount transferred into the property tax reduction fund in any
32 fiscal year may not exceed the amount of tax that would otherwise be
33 levied by the state for the support of the common schools for
34 collection in the second calendar year following the end of the fiscal
35 year, as forecast by the economic and revenue forecast council. All

1 general fund--state revenues for any fiscal year in excess of the
2 amount of tax that would otherwise be levied by the state for the
3 support of the common schools for collection in the second calendar
4 year following the end of the fiscal year, as forecast by the economic
5 and revenue forecast council, shall be deposited into the emergency
6 reserve fund.

7 The budget document submitted to the legislature by the governor
8 under RCW 43.88.030 shall include a transfer to the general fund, for
9 purposes of reducing the state levy for the support of the common
10 schools, of the amounts deposited in the property tax reduction fund
11 for the previous fiscal year. Moneys deposited in the property tax
12 reduction fund during a fiscal year are subject in the next fiscal year
13 to either: (a) Transfer to the general fund for purposes of reducing
14 the state levy for the support of the common schools in the calendar
15 year following the fiscal year in which the transfer is made; or (b)
16 transfer by the legislature to the emergency reserve fund. Any moneys
17 transferred to the general fund for this purpose shall be credited
18 against the levy under RCW 84.52.065 for collection in the calendar
19 year following the fiscal year in which the transfer is made. Any
20 moneys deposited into the property tax reduction fund in any fiscal
21 year that are not transferred by the legislature in the following
22 fiscal year shall be transferred by the state treasurer to the
23 emergency reserve fund under subsection (2) of this section on
24 September 1st of the second fiscal year following the year in which the
25 moneys were deposited into the property tax reduction fund.

26 (2) The legislature may appropriate moneys from the emergency
27 reserve fund only with approval of at least two-thirds of the members
28 of each house of the legislature, and then only if the appropriation
29 does not cause total expenditures to exceed the state expenditure limit
30 under this chapter.

31 (3) The emergency reserve fund balance shall not exceed five
32 percent of biennial general fund--state revenues as projected by the
33 official state revenue forecast. Any balance in excess of five percent
34 shall be transferred on a quarterly basis by the state treasurer to the
35 education construction fund hereby created in the treasury.

36 (4)(a) Funds may be appropriated from the education construction
37 fund exclusively for common school construction or higher education
38 construction.

1 (b) Funds may be appropriated for any other purpose only if
2 approved by a two-thirds vote of each house of the legislature and if
3 approved by a vote of the people at the next general election. An
4 appropriation approved by the people under this subsection shall result
5 in an adjustment to the state expenditure limit only for the fiscal
6 period for which the appropriation is made and shall not affect any
7 subsequent fiscal period.

8 **Sec. 3.** RCW 84.48.080 and 1995 2nd sp.s. c 13 s 3 are each amended
9 to read as follows:

10 (1) Annually during the months of September and October, the
11 department of revenue shall examine and compare the returns of the
12 assessment of the property in the several counties of the state, and
13 the assessment of the property of railroad and other companies assessed
14 by the department, and proceed to equalize the same, so that each
15 county in the state shall pay its due and just proportion of the taxes
16 for state purposes for such assessment year, according to the ratio the
17 valuation of the property in each county bears to the total valuation
18 of all property in the state.

19 First. The department shall classify all property, real and
20 personal, and shall raise and lower the valuation of any class of
21 property in any county to a value that shall be equal, so far as
22 possible, to the true and fair value of such class as of January 1st of
23 the current year for the purpose of ascertaining the just amount of tax
24 due from each county for state purposes. In equalizing personal
25 property as of January 1st of the current year, the department shall
26 use the assessment level of the preceding year. Such classification
27 may be on the basis of types of property, geographical areas, or both.
28 For purposes of this section, for each county that has not provided the
29 department with an assessment return by December 1st, the department
30 shall proceed, using facts and information and in a manner it deems
31 appropriate, to estimate the value of each class of property in the
32 county.

33 Second. The department shall keep a full record of its proceedings
34 and the same shall be published annually by the department.

35 (2) The department shall levy the state taxes authorized by law.
36 The amount levied in any one year for general state purposes shall not
37 exceed the lawful dollar rate on the dollar of the assessed value of
38 the property of the entire state, which assessed value shall be one

1 hundred percent of the true and fair value of such property in money.
2 The department shall apportion the amount of tax for state purposes
3 levied by the department, among the several counties, in proportion to
4 the valuation of the taxable property of the county for the year as
5 equalized by the department: PROVIDED, That for purposes of this
6 apportionment, the department shall recompute the previous year's levy
7 and the apportionment thereof to correct for changes and errors in
8 taxable values reported to the department after October 1 of the
9 preceding year and shall adjust the apportioned amount of the current
10 year's state levy for each county by the difference between the
11 apportioned amounts established by the original and revised levy
12 computations for the previous year. For purposes of this section,
13 changes in taxable values mean a final adjustment made by a county
14 board of equalization, the state board of tax appeals, or a court of
15 competent jurisdiction and shall include additions of omitted property,
16 other additions or deletions from the assessment or tax rolls, any
17 assessment return provided by a county to the department subsequent to
18 December 1st, or a change in the indicated ratio of a county. Errors
19 in taxable values mean errors corrected by a final reviewing body.

20 In addition to computing a levy under this subsection that is
21 reduced under RCW 43.135.045 or 84.55.012, the department shall compute
22 a hypothetical levy without regard to the reduction under RCW
23 43.135.045 or 84.55.012. This hypothetical levy shall also be
24 apportioned among the several counties in proportion to the valuation
25 of the taxable property of the county for the year, as equalized by the
26 department, in the same manner as the actual levy and shall be used by
27 the county assessors for the purpose of recomputing and establishing a
28 consolidated levy under RCW 84.52.010.

29 (3) The department shall have authority to adopt rules and
30 regulations to enforce obedience to its orders in all matters in
31 relation to the returns of county assessments, the equalization of
32 values, and the apportionment of the state levy by the department.

33 (4) After the completion of the duties prescribed in this section,
34 the director of the department shall certify the record of the
35 proceedings of the department under this section, the tax levies made
36 for state purposes and the apportionment thereof among the counties,
37 and the certification shall be available for public inspection.

1 **Sec. 4.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each amended
2 to read as follows:

3 Except as is permitted under RCW 84.55.050, all taxes shall be
4 levied or voted in specific amounts.

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

16 When a county assessor finds that the aggregate rate of tax levy on
17 any property, that is subject to the limitations set forth in RCW
18 84.52.043 or 84.52.050, exceeds the limitations provided in either of
19 these sections, the assessor shall recompute and establish a
20 consolidated levy in the following manner:

21 (1) The full certified rates of tax levy for state, county, county
22 road district, and city or town purposes shall be extended on the tax
23 rolls in amounts not exceeding the limitations established by law;
24 however any state levy shall take precedence over all other levies and
25 shall not be reduced for any purpose other than that required by RCW
26 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
27 84.34.230, the portion of the levy by a metropolitan park district that
28 was protected under RCW 84.52.120, and 84.52.105, the combined rate of
29 regular property tax levies that are subject to the one percent
30 limitation exceeds one percent of the true and fair value of any
31 property, then these levies shall be reduced as follows: (a) The
32 portion of the levy by a metropolitan park district that is protected
33 under RCW 84.52.120 shall be reduced until the combined rate no longer
34 exceeds one percent of the true and fair value of any property or shall
35 be eliminated; (b) if the combined rate of regular property tax levies
36 that are subject to the one percent limitation still exceeds one
37 percent of the true and fair value of any property, then the levies
38 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
39 imposed under RCW 84.52.069 that is in excess of thirty cents per

1 thousand dollars of assessed value, shall be reduced on a pro rata
2 basis until the combined rate no longer exceeds one percent of the true
3 and fair value of any property or shall be eliminated; and (c) if the
4 combined rate of regular property tax levies that are subject to the
5 one percent limitation still exceeds one percent of the true and fair
6 value of any property, then the thirty cents per thousand dollars of
7 assessed value of tax levy imposed under RCW 84.52.069 shall be reduced
8 until the combined rate no longer exceeds one percent of the true and
9 fair value of any property or eliminated.

10 (2) The certified rates of tax levy subject to these limitations by
11 all junior taxing districts imposing taxes on such property shall be
12 reduced or eliminated as follows to bring the consolidated levy of
13 taxes on such property within the provisions of these limitations:

14 (a) First, the certified property tax levy rates of those junior
15 taxing districts authorized under RCW 36.68.525, 36.69.145, and
16 67.38.130 shall be reduced on a pro rata basis or eliminated;

17 (b) Second, if the consolidated tax levy rate still exceeds these
18 limitations, the certified property tax levy rates of flood control
19 zone districts shall be reduced on a pro rata basis or eliminated;

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

27 (d) Fourth, if the consolidated tax levy rate still exceeds these
28 limitations, the certified property tax levy rates authorized to fire
29 protection districts under RCW 52.16.140 and 52.16.160 shall be reduced
30 on a pro rata basis or eliminated; and

31 (e) Fifth, if the consolidated tax levy rate still exceeds these
32 limitations, the certified property tax levy rates authorized for fire
33 protection districts under RCW 52.16.130, library districts,
34 metropolitan park districts under their first fifty cent per thousand
35 dollars of assessed valuation levy, and public hospital districts under
36 their first fifty cent per thousand dollars of assessed valuation levy,
37 shall be reduced on a pro rata basis or eliminated.

38 In determining whether the aggregate rate of tax levy on any
39 property, that is subject to the limitations set forth in RCW

1 84.52.050, exceeds the limitations provided in that section, the
2 assessor shall use the hypothetical state levy, as apportioned to the
3 county under RCW 84.48.080, that was computed under RCW 84.48.080
4 without regard to the reduction under RCW 43.135.045 or 84.55.012.

5 **Sec. 5.** RCW 43.84.092 and 1995 c 394 s 1 and 1995 c 122 s 12 are
6 each reenacted and amended to read as follows:

7 (1) All earnings of investments of surplus balances in the state
8 treasury shall be deposited to the treasury income account, which
9 account is hereby established in the state treasury.

10 (2) The treasury income account shall be utilized to pay or receive
11 funds associated with federal programs as required by the federal cash
12 management improvement act of 1990. The treasury income account is
13 subject in all respects to chapter 43.88 RCW, but no appropriation is
14 required for refunds or allocations of interest earnings required by
15 the cash management improvement act. Refunds of interest to the
16 federal treasury required under the cash management improvement act
17 fall under RCW 43.88.180 and shall not require appropriation. The
18 office of financial management shall determine the amounts due to or
19 from the federal government pursuant to the cash management improvement
20 act. The office of financial management may direct transfers of funds
21 between accounts as deemed necessary to implement the provisions of the
22 cash management improvement act, and this subsection. Refunds or
23 allocations shall occur prior to the distributions of earnings set
24 forth in subsection (4) of this section.

25 (3) Except for the provisions of RCW 43.84.160, the treasury income
26 account may be utilized for the payment of purchased banking services
27 on behalf of treasury funds including, but not limited to, depository,
28 safekeeping, and disbursement functions for the state treasury and
29 affected state agencies. The treasury income account is subject in all
30 respects to chapter 43.88 RCW, but no appropriation is required for
31 payments to financial institutions. Payments shall occur prior to
32 distribution of earnings set forth in subsection (4) of this section.

33 (4) Monthly, the state treasurer shall distribute the earnings
34 credited to the treasury income account. The state treasurer shall
35 credit the general fund with all the earnings credited to the treasury
36 income account except:

37 (a) The following accounts and funds shall receive their
38 proportionate share of earnings based upon each account's and fund's

1 average daily balance for the period: The capitol building
2 construction account, the Cedar River channel construction and
3 operation account, the Central Washington University capital projects
4 account, the charitable, educational, penal and reformatory
5 institutions account, the common school construction fund, the county
6 criminal justice assistance account, the county sales and use tax
7 equalization account, the data processing building construction
8 account, the deferred compensation administrative account, the deferred
9 compensation principal account, the department of retirement systems
10 expense account, the Eastern Washington University capital projects
11 account, the education construction fund, the emergency reserve fund,
12 the federal forest revolving account, the health services account, the
13 public health services account, the health system capacity account, the
14 personal health services account, the industrial insurance premium
15 refund account, the judges' retirement account, the judicial retirement
16 administrative account, the judicial retirement principal account, the
17 local leasehold excise tax account, the local real estate excise tax
18 account, the local sales and use tax account, the medical aid account,
19 the mobile home park relocation fund, the municipal criminal justice
20 assistance account, the municipal sales and use tax equalization
21 account, the natural resources deposit account, the perpetual
22 surveillance and maintenance account, the property tax reduction fund,
23 the public employees' retirement system plan I account, the public
24 employees' retirement system plan II account, the Puyallup tribal
25 settlement account, the resource management cost account, the site
26 closure account, the special wildlife account, the state employees'
27 insurance account, the state employees' insurance reserve account, the
28 state investment board expense account, the state investment board
29 commingled trust fund accounts, the supplemental pension account, the
30 teachers' retirement system plan I account, the teachers' retirement
31 system plan II account, the tuition recovery trust fund, the University
32 of Washington bond retirement fund, the University of Washington
33 building account, the volunteer fire fighters' relief and pension
34 principal account, the volunteer fire fighters' relief and pension
35 administrative account, the Washington judicial retirement system
36 account, the Washington law enforcement officers' and fire fighters'
37 system plan I retirement account, the Washington law enforcement
38 officers' and fire fighters' system plan II retirement account, the
39 Washington state patrol retirement account, the Washington State

1 University building account, the Washington State University bond
2 retirement fund, the water pollution control revolving fund, and the
3 Western Washington University capital projects account. Earnings
4 derived from investing balances of the agricultural permanent fund, the
5 normal school permanent fund, the permanent common school fund, the
6 scientific permanent fund, and the state university permanent fund
7 shall be allocated to their respective beneficiary accounts. All
8 earnings to be distributed under this subsection (4)(a) shall first be
9 reduced by the allocation to the state treasurer's service fund
10 pursuant to RCW 43.08.190.

11 (b) The following accounts and funds shall receive eighty percent
12 of their proportionate share of earnings based upon each account's or
13 fund's average daily balance for the period: The aeronautics account,
14 the aircraft search and rescue account, the central Puget Sound public
15 transportation account, the city hardship assistance account, the
16 county arterial preservation account, the department of licensing
17 services account, the economic development account, the essential rail
18 assistance account, the essential rail banking account, the ferry bond
19 retirement fund, the gasohol exemption holding account, the grade
20 crossing protective fund, the high capacity transportation account, the
21 highway bond retirement fund, the highway construction stabilization
22 account, the highway safety account, the marine operating fund, the
23 motor vehicle fund, the motorcycle safety education account, the
24 pilotage account, the public transportation systems account, the Puget
25 Sound capital construction account, the Puget Sound ferry operations
26 account, the recreational vehicle account, the rural arterial trust
27 account, the safety and education account, the small city account, the
28 special category C account, the state patrol highway account, the
29 transfer relief account, the transportation capital facilities account,
30 the transportation equipment fund, the transportation fund, the
31 transportation improvement account, the transportation revolving loan
32 account, and the urban arterial trust account.

33 (5) In conformance with Article II, section 37 of the state
34 Constitution, no treasury accounts or funds shall be allocated earnings
35 without the specific affirmative directive of this section.

36 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
37 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect immediately."

3 **SB 6118** - S AMD - 004 (S4064.2)
4 By Senators Rinehart and West

5 ADOPTED AS AMENDED 1/9/96

6 On page 1, line 3 of the title, after "limit;" strike the remainder
7 of the title and insert "amending RCW 43.135.045, 84.48.080, and
8 84.52.010; reenacting and amending RCW 43.84.092; adding a new section
9 to chapter 84.55 RCW; and declaring an emergency."

--- END ---