

VETO MESSAGE ON SB 5212-S

February 19, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval, Engrossed Substitute Senate Bill No. 5212 entitled:

"AN ACT Relating to limiting property taxes by reducing the one hundred six percent limit calculation and allowing for valuation increases to be spread over time;"

Engrossed Substitute Senate Bill No. 5212 provides a "smoothing" mechanism that averages over time the value of property that is rapidly appreciating. In addition, the bill reduces the 6 percent growth limit to the rate of inflation for the state property tax levy and, under specific circumstances, for local regular taxing districts.

I personally favor some mechanism for smoothing large spikes in property valuation. This proposal, however, contains several fatal flaws. First, county assessors have pointed out numerous technical and implementation problems with the bill as passed. More significantly, the smoothing mechanism divides property into classes and treats the classes differently. This would violate the state Constitution.

The cost and benefits of this legislation must also be considered. This legislation would substantially reduce state revenues - by almost \$100 million in the 1997-99 biennium, nearly \$300 million in the next biennium, and by more than \$460 million in the 2001-03 biennium - with minimal relief to homeowners. Homeowners should be the targeted beneficiaries of property tax relief as part of a comprehensive tax cut package that includes reductions in business taxes. ESSB 5212 does not further these goals.

The people of the state deserve a comprehensive approach to property tax reform rather than the short-sighted, piecemeal approach taken by the legislature so far. Washington's citizens deserve reasonable, fair and sustainable tax reform that does not jeopardize future investments in education and public safety and the maintenance of a healthy economy for future generations. I believe we can and should work together to achieve real reform for our citizens.

For these reasons, I have vetoed Engrossed Substitute Senate Bill No. 5212 in its entirety.

Respectfully submitted,
Gary Locke
Governor