
Finance Committee

HB 1518

Brief Description: Modifying property tax revenue limit provisions.

Sponsors: Representatives Carrell, Kirby, McIntire, Dunshee, Schindler, Sommers, Miloscia, Cooper, Fromhold, Sehlin, Simpson and Santos.

Brief Summary of Bill

- Allows voters to approve an increased growth rate for the 1 percent property tax revenue limit for up to ten years.

Hearing Date: 2/11/03

Staff: Rick Peterson (786-7150).

Background:

Property taxes are imposed by state and local governments. The county assessor determines assessed value for each property. The county assessor also calculates the tax rate necessary to raise the correct amount of property taxes for each taxing district. The assessor calculates the rate so the individual district rate limit, the district revenue limit, and the aggregate rate limits are all satisfied. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located. The assessor delivers the county tax roll to the treasurer. The county treasurer collects property taxes based on the tax roll starting February 15 each year.

The annual increase in district property taxes is restricted by the property tax revenue limit. This limit requires the district's tax rate to be reduced as necessary to limit the total amount of property taxes to the highest property tax amount in the three most recent years, plus 1 percent, plus an amount equal to last year's tax rate multiplied by the value of new construction in the district. This limit acts to reduce district rates below the maximum rate allowed for the district.

The district's revenue limit may be exceeded upon the majority vote of the people. This exception to the limit is called a "lid lift". Voters may approve a permanent lid lift, a lid lift for a period of years, limit the purpose of the lid lift, or set the rate at less than the maximum allowed. When the time period for a lid lift is completed the district's property

tax levy reverts to the amount that would have been allowed under the 1 percent revenue limit had the lid lift not been in place.

Summary of Bill:

Property taxing districts may ask voters to approve a lid lift that sets the growth rate for the property tax revenue limit calculation for up to ten years. The growth rate may be fixed, variable, or linked to an index, such as the consumer price index. Districts may use the property tax amount at the end of the lid lift period as the base for future calculations of the 1 percent revenue limit.

Appropriation: None.

Fiscal Note: Requested on February 4, 2003.

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