

HOUSE BILL REPORT

HB 1578

As Reported by House Committee On:
Finance

Title: An act relating to multiyear excess property tax levies.

Brief Description: Authorizing additional taxing districts to seek voter approval for multiyear excess property tax levies.

Sponsors: Representatives McIntire, Ahern, Simpson, Santos, Schindler, Eickmeyer and Lantz.

Brief History:

Committee Activity:

Finance: 2/8/05, 3/7/05 [DP].

Brief Summary of Bill

- Allows all taxing districts to ask their voters to approve multiyear levies in excess of the constitutional 1 percent property tax rate limit.
- Limits the number of excess levy elections to two a year.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 7 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Ahern, Conway, Hasegawa and Santos.

Minority Report: Do not pass. Signed by 2 members: Representatives Roach, Assistant Ranking Minority Member; and Ericksen.

Staff: Rick Peterson (786-7150).

Background:

The Washington Constitution (Constitution) caps the total property tax rate at 1 percent (\$10 per \$1,000 of value). With at least a 60 percent majority vote of the people a district can impose taxes above the 1 percent cap. Levies above the 1 percent cap are called "excess" levies. The elections must occur not more than 12 months before the tax levy is to be made. A proposition may be submitted twice in a 12-month period.

Generally, districts may only impose excess levies for one year at a time. However, school districts and fire districts may ask voters to approve excess levies for up to four years for operations and up to six years for construction, modernization, or remodeling of facilities.

Summary of Bill:

All property taxing districts are allowed to ask their voters to approve excess levies for up to four years for operating purposes and up to six years for the construction, modernization, or remodeling of facilities. The election must be held within 12 months of the time the first levy in the series is made. No more than two propositions may be presented to the voters within a year. Once a two through four-year excess levy is approved for maintenance and operation purposes, then additional maintenance and operation levies may not be imposed for the same time period.

The bill implements HJR 4206 and is contingent on the adoption of HJR 4206 at the November 2005 general election. The HJR 4206 amends the Constitution to allow multiyear excess property tax levies for all taxing districts.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect January 1, 2006, if a constitutional amendment authorizing multiyear excess property tax levies is approved in the next general election. The bill is void if the amendment is not approved.

Testimony For: This allows for an efficient way to plan for major initiatives on a longer term basis. The 60 percent vote requirement provides substantial oversight. Some expenditures, for example street resurfacing or library remodels are capital expenditures, but local jurisdictions may not want to issue debt. This is a way for voters to provide flexibility for longer term projects that don't require the issuance of debt.

Testimony Against: The tax burden on business is too high in this state. Excess levies will impose additional taxes on businesses. This will make it difficult to attract businesses when these taxes are increased. Property taxes are protected in the Constitution. This measure would deteriorate these protections.

Persons Testifying: (In support) Representative McIntire, prime sponsor; Stan Finkelstein, Association of Washington Cities.

(Opposed) Tom McBride, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.