

SENATE BILL REPORT

SB 5136

As Passed Senate, March 16, 2005

Title: An act relating to fire protection district property tax levies.

Brief Description: Modifying fire protection district property tax levies.

Sponsors: Senators Doumit, Mulliken, Zarelli and Rasmussen.

Brief History:

Committee Activity: Government Operations & Elections: 1/24/05, 2/15/05 [DP-WM].

Ways & Means: 3/1/05, 3/7/05 [DP, w/oRec].

Passed Senate: 3/16/05, 47-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Berkey, Vice Chair; Roach, Ranking Minority Member; Benton, Fairley, Haugen, Kline, Mulliken and Pridemore.

Staff: Diane Smith (786-7410)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Hewitt, Kohl-Welles, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Minority Report: That it be referred without recommendation.

Signed by Senator Pflug.

Staff: Dean Carlson (786-7305)

Background: The state Constitution limits regular property tax levies to a maximum of one percent of the property's value (\$10 per \$1,000 of assessed value). Voters within a taxing district can vote to tax themselves higher than this one percent limit with an excess levy.

In order to keep the total tax rate for regular property taxes within this constitutional limit, the Legislature has established rate maximums and aggregate rate maximums for the individual taxing districts that derive their funding from the regular property tax. The state property tax levy is limited to \$3.60 per \$1,000 of assessed value. The levies of the remaining taxing districts are generally divided into two types; senior taxing districts and junior taxing districts. Senior taxing districts are cities and counties. Junior taxing districts include library districts, fire protection districts, park districts, etc.

If the combined rates of the senior and junior taxing districts exceed \$5.90, the rates of the junior districts are reduced first and then the rates of the senior districts are reduced, according to statutorily set priorities, until the combined rate fits within the \$5.90 limit. This process is referred to as prorationing.

The following taxes are reduced first in the prorationing process. They are outside of the \$5.90 limit, but still subject to the one percent constitutional limit:

- voter-approved emergency medical services (EMS) taxes;
- taxes to acquire conservation futures;
- voter-approved taxes for affordable housing;
- voter-approved metropolitan park district taxes;
- King County ferry district taxes for passenger-only ferries; and
- voter-approved county criminal justice taxes.

Fire protection districts are authorized to impose three different levies of taxes of 50 cents per \$1,000 of assessed value, for a total of \$1.50 per \$1,000.

Summary of Bill: Effective with taxes levied for collection in 2006, a fire protection district is authorized to impose up to a total of 25 cents of its property tax levy outside the \$5.90 aggregate property tax limit, if those taxes otherwise would be subject to prorationing. If the combined rates exceed \$10 per \$1,000 of assessed value, this levy is reduced first.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Government Operations & Elections): We have all the bugs worked out and have bi-partisan support. Help us provide service that the tax payers asked and expect us to provide.

Testimony Against (Government Operations & Elections): None.

Who Testified (Government Operations & Elections) PRO: Ryan Spiller, Washington Fire Commissioners' Association.

Testimony For (Ways & Means): Property tax is our only source of revenue and this helps us to protect it. If the states levy should rise, to push a district up against the constitutional limit, our tax would be reduced first.

Testimony Against (Ways & Means): None.

Who Testified (Ways & Means) PRO: Ryan Spiller, Washington Fire Commissioners' Association.