

HOUSE BILL REPORT

HB 3137

As Reported by House Committee On:
Finance

Title: An act relating to property tax relief for property damaged in the 2007 floods.

Brief Description: Providing property tax relief for property damaged in the 2007 floods.

Sponsors: Representatives DeBolt, Kessler, Orcutt, Alexander, Hunt, Blake, Williams, Rolfes, Loomis, Sullivan, VanDeWege, Haler, Kelley, Dunn, Kretz, Ross, Bailey, McCune, Skinner, Herrera and Ormsby.

Brief History:

Committee Activity:

Finance: 2/12/08 [DP].

Brief Summary of Bill

- Provides three-year exemption from state property tax levy for real and personal property damaged by the December 2007 storms.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Don Taylor (786-7388).

Background:

The property tax is the oldest tax in Washington, predating statehood. The property tax is by far the largest source of revenue for local governments and the state levy produces a major share of state tax revenue; the combined total for 2007 was \$7.7 billion. The tax applies to real and personal property, unless specifically exempted. The average combined levy rate for taxes due in 2007 was \$10.48 per \$1,000 of assessed value. Thus, the owner of property valued at \$300,000 could expect to pay annual property taxes of \$3,144, based on the statewide average rate.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The State Constitution requires that regular property tax levies (those imposed without a vote of the people) cannot exceed 1 percent of the fair market value of the property. A statutory limit, adopted by the voters in 2001, restricts the rate of increase in regular levy revenues for all taxing districts to 1 percent or the rate of inflation, whichever is lower, unless a higher growth rate is specifically authorized by the voters. However, this limit does not apply to the taxes paid by owners of individual parcels, nor does it include voter-approved special levies.

Many counties in the state experienced severe flooding during the storms of early December 2007. The damage was particularly heavy in Lewis County, but property in other western Washington counties also sustained major damage. The Federal Emergency Management Agency designated 10 counties as being eligible for disaster assistance: Clallam, Grays Harbor, King, Kitsap, Lewis, Mason, Pacific, Snohomish, Thurston and Wahkiakum.

Summary of Bill:

A new exemption from the state property tax levy is established for property whose assessed value was reduced by 10 percent or more as a result of a natural disaster occurring in December 2007. To qualify, the county in which the property is located must have been declared a disaster area by the President. The exemption from the state levy applies to the remaining assessed value and lasts for three years. Taxes already paid in the year the property first qualifies for the exemption are eligible for refund.

Appropriation: None.

Fiscal Note: Requested on February 11, 2008.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) Officials from Lewis County testified on the severity of damage resulting from the December storms. The property tax exemption will help homeowners to get back on their feet, and the financial assistance from the reduction in the state levy will help them make the repairs necessary to restore their residences.

(Opposed) None.

Persons Testifying: Representative DeBolt, prime sponsor; Chip Elliott, Lewis County Fire Department 16; and Deanne Dorey, Lewis County Assessor.

Persons Signed In To Testify But Not Testifying: None.