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**Community Development, Housing &  
Tribal Affairs Committee**

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**HB 2688**

**Brief Description:** Authorizing cities to impose a temporary property tax increase to fund historic building rehabilitation.

**Sponsors:** Representatives Pettigrew and Santos.

**Brief Summary of Bill**

- Allows cities to impose a tax levy increase above the one percent revenue growth limit to fund the rehabilitation of historic buildings.

**Hearing Date:** 1/25/16

**Staff:** Sean Flynn (786-7124).

**Background:**

All real and personal property in the state is subject to property tax, unless specifically exempted under law. The state Constitution requires all taxes to be applied uniformly on property within each taxing district. Property taxes are based on the assessed fair market value of the property.

Regular property tax levies are constitutionally limited to a maximum of 1 percent of a property's assessed value. This applies collectively to the total taxes levied by the state and local governments. The Legislature has established individual and aggregate limits for the various tax districts.

State law also limits annual property tax revenue growth to 1 percent for the state and each local tax district. A local tax district may authorize a levy above the 1 percent growth limit by a majority vote of the district residents. A levy increase above the 1 percent limit generally can last for up to six years.

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*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.*

**Summary of Bill:**

A city may impose a regular property tax above the 1 percent revenue growth limit for the rehabilitation of historic buildings. To be eligible for funding, the city must find that a designated building poses a significant risk to the public safety in the event of an earthquake. The maximum amount of additional revenue collected may not exceed the estimated rehabilitation costs.

The levy authority does not require voter approval and may last up to 10 years. During the increased levy period, the annual increase may only increase at the regular 1 percent rate. After the increased levy period expires, the tax levy must reduce to the regular authorized rate as if the levy increase had not been assessed.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/20/2016.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.