

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1940

Chapter 170, Laws of 2015

(partial veto)

64th Legislature
2015 Regular Session

PROPERTY TAXES--FLOOD CONTROL ZONE DISTRICTS--LEVY EXEMPTIONS

EFFECTIVE DATE: 1/1/2018

Passed by the House April 20, 2015
Yeas 82 Nays 13

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 14, 2015
Yeas 43 Nays 4

BRAD OWEN

President of the Senate

Approved May 6, 2015 2:36 PM, with the
exception of Section 7, which is
vetoed.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of
the House of Representatives of the
State of Washington, do hereby
certify that the attached is **HOUSE
BILL 1940** as passed by House of
Representatives and the Senate on
the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

May 6, 2015

**Secretary of State
State of Washington**

HOUSE BILL 1940

AS AMENDED BY THE SENATE

Passed Legislature - 2015 Regular Session

State of Washington

64th Legislature

2015 Regular Session

By Representatives Stokesbary, Fitzgibbon, Ryu, Magendanz, Kochmar, Hargrove, Rodne, Bergquist, Hurst, Gregerson, Orwall, and Jinkins

Read first time 02/03/15. Referred to Committee on Finance.

1 AN ACT Relating to exempting levies imposed by qualifying flood
2 control zone districts from certain limitations upon regular property
3 tax levies; amending RCW 84.52.010 and 84.52.043; adding a new
4 section to chapter 84.52 RCW; creating new sections; providing an
5 effective date; and providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature finds that flooding is a
8 critical problem in Washington. The legislature further finds that
9 flooding can result in loss of human life, damage to property,
10 destruction of infrastructure, and bring economic activity to a
11 standstill. The legislature further finds that flood control zone
12 districts offer critical services that protect our state by
13 mitigating the devastating impacts of flooding. It is the
14 legislature's public policy objective to maximize available financing
15 tools to flood control zone districts to continue their important
16 work. Therefore, it is the legislature's intent to exempt levies
17 imposed by a qualifying flood control zone district from certain
18 limitations upon regular property tax levies.

19 **Sec. 2.** RCW 84.52.010 and 2009 c 551 s 7 are each amended to
20 read as follows:

1 (1) Except as is permitted under RCW 84.55.050, all taxes
2 (~~shall~~) must be levied or voted in specific amounts.

3 (2) The rate percent of all taxes for state and county purposes,
4 and purposes of taxing districts coextensive with the county,
5 (~~shall~~) must be determined, calculated and fixed by the county
6 assessors of the respective counties, within the limitations provided
7 by law, upon the assessed valuation of the property of the county, as
8 shown by the completed tax rolls of the county, and the rate percent
9 of all taxes levied for purposes of taxing districts within any
10 county (~~shall~~) must be determined, calculated and fixed by the
11 county assessors of the respective counties, within the limitations
12 provided by law, upon the assessed valuation of the property of the
13 taxing districts respectively.

14 (3) When a county assessor finds that the aggregate rate of tax
15 levy on any property, that is subject to the limitations set forth in
16 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in
17 either of these sections, the assessor (~~shall~~) must recompute and
18 establish a consolidated levy in the following manner:

19 (~~(1)~~) (a) The full certified rates of tax levy for state,
20 county, county road district, and city or town purposes (~~shall~~)
21 must be extended on the tax rolls in amounts not exceeding the
22 limitations established by law; however any state levy (~~shall~~)
23 takes precedence over all other levies and (~~shall~~) may not be
24 reduced for any purpose other than that required by RCW 84.55.010.
25 If, as a result of the levies imposed under RCW 36.54.130, 84.34.230,
26 84.52.069, 84.52.105, the portion of the levy by a metropolitan park
27 district that was protected under RCW 84.52.120, 84.52.125,
28 84.52.135, and 84.52.140, and the portion of the levy by a flood
29 control zone district that was protected under section 3 of this act,
30 the combined rate of regular property tax levies that are subject to
31 the one percent limitation exceeds one percent of the true and fair
32 value of any property, then these levies (~~shall~~) must be reduced as
33 follows:

34 (~~(a)~~) (i) The portion of the levy by a flood control zone
35 district that was protected under section 3 of this act must be
36 reduced until the combined rate no longer exceeds one percent of the
37 true and fair value of any property or must be eliminated;

38 (ii) If the combined rate of regular property tax levies that are
39 subject to the one percent limitation still exceeds one percent of
40 the true and fair value of any property, the levy imposed by a county

1 under RCW 84.52.140 (~~shall~~) must be reduced until the combined rate
2 no longer exceeds one percent of the true and fair value of any
3 property or (~~shall~~) must be eliminated;

4 (~~(b)~~) (iii) If the combined rate of regular property tax levies
5 that are subject to the one percent limitation still exceeds one
6 percent of the true and fair value of any property, the portion of
7 the levy by a fire protection district that is protected under RCW
8 84.52.125 (~~shall~~) must be reduced until the combined rate no longer
9 exceeds one percent of the true and fair value of any property or
10 (~~shall~~) must be eliminated;

11 (~~(c)~~) (iv) If the combined rate of regular property tax levies
12 that are subject to the one percent limitation still exceeds one
13 percent of the true and fair value of any property, the levy imposed
14 by a county under RCW 84.52.135 must be reduced until the combined
15 rate no longer exceeds one percent of the true and fair value of any
16 property or must be eliminated;

17 (~~(d)~~) (v) If the combined rate of regular property tax levies
18 that are subject to the one percent limitation still exceeds one
19 percent of the true and fair value of any property, the levy imposed
20 by a ferry district under RCW 36.54.130 must be reduced until the
21 combined rate no longer exceeds one percent of the true and fair
22 value of any property or must be eliminated;

23 (~~(e)~~) (vi) If the combined rate of regular property tax levies
24 that are subject to the one percent limitation still exceeds one
25 percent of the true and fair value of any property, the portion of
26 the levy by a metropolitan park district that is protected under RCW
27 84.52.120 (~~shall~~) must be reduced until the combined rate no longer
28 exceeds one percent of the true and fair value of any property or
29 (~~shall~~) must be eliminated;

30 (~~(f)~~) (vii) If the combined rate of regular property tax levies
31 that are subject to the one percent limitation still exceeds one
32 percent of the true and fair value of any property, then the levies
33 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
34 imposed under RCW 84.52.069 that is in excess of thirty cents per
35 thousand dollars of assessed value, (~~shall~~) must be reduced on a
36 pro rata basis until the combined rate no longer exceeds one percent
37 of the true and fair value of any property or (~~shall~~) must be
38 eliminated; and

39 (~~(g)~~) (viii) If the combined rate of regular property tax
40 levies that are subject to the one percent limitation still exceeds

1 one percent of the true and fair value of any property, then the
2 thirty cents per thousand dollars of assessed value of tax levy
3 imposed under RCW 84.52.069 (~~shall~~) must be reduced until the
4 combined rate no longer exceeds one percent of the true and fair
5 value of any property or eliminated.

6 (~~(2)~~) (b) The certified rates of tax levy subject to these
7 limitations by all junior taxing districts imposing taxes on such
8 property (~~shall~~) must be reduced or eliminated as follows to bring
9 the consolidated levy of taxes on such property within the provisions
10 of these limitations:

11 (~~(a)~~) (i) First, the certified property tax levy rates of those
12 junior taxing districts authorized under RCW 36.68.525, 36.69.145,
13 35.95A.100, and 67.38.130 (~~shall~~) must be reduced on a pro rata
14 basis or eliminated;

15 (~~(b)~~) (ii) Second, if the consolidated tax levy rate still
16 exceeds these limitations, the certified property tax levy rates of
17 flood control zone districts (~~shall~~) other than the portion of a
18 levy protected under section 3 of this act must be reduced on a pro
19 rata basis or eliminated;

20 (~~(c)~~) (iii) Third, if the consolidated tax levy rate still
21 exceeds these limitations, the certified property tax levy rates of
22 all other junior taxing districts, other than fire protection
23 districts, regional fire protection service authorities, library
24 districts, the first fifty cent per thousand dollars of assessed
25 valuation levies for metropolitan park districts, and the first fifty
26 cent per thousand dollars of assessed valuation levies for public
27 hospital districts, (~~shall~~) must be reduced on a pro rata basis or
28 eliminated;

29 (~~(d)~~) (iv) Fourth, if the consolidated tax levy rate still
30 exceeds these limitations, the first fifty cent per thousand dollars
31 of assessed valuation levies for metropolitan park districts created
32 on or after January 1, 2002, (~~shall~~) must be reduced on a pro rata
33 basis or eliminated;

34 (~~(e)~~) (v) Fifth, if the consolidated tax levy rate still
35 exceeds these limitations, the certified property tax levy rates
36 authorized to fire protection districts under RCW 52.16.140 and
37 52.16.160 and regional fire protection service authorities under RCW
38 52.26.140(1) (b) and (c) (~~shall~~) must be reduced on a pro rata
39 basis or eliminated; and

1 (~~(f)~~) (vi) Sixth, if the consolidated tax levy rate still
2 exceeds these limitations, the certified property tax levy rates
3 authorized for fire protection districts under RCW 52.16.130,
4 regional fire protection service authorities under RCW
5 52.26.140(1)(a), library districts, metropolitan park districts
6 created before January 1, 2002, under their first fifty cent per
7 thousand dollars of assessed valuation levy, and public hospital
8 districts under their first fifty cent per thousand dollars of
9 assessed valuation levy, (~~shall~~) must be reduced on a pro rata
10 basis or eliminated.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.52
12 RCW to read as follows:

13 A flood control zone district in a county with a population of
14 seven hundred seventy-five thousand or more, or a county within the
15 Chehalis river basin, that is coextensive with a county may protect
16 the levy under RCW 86.15.160 from prorationing under RCW
17 84.52.010(3)(b)(ii) by imposing up to a total of twenty-five cents
18 per thousand dollars of assessed value of the tax levy authorized
19 under RCW 86.15.160 outside of the five dollars and ninety cents per
20 thousand dollars of assessed value limitation under RCW 84.52.043(2),
21 if those taxes otherwise would be prorated under RCW
22 84.52.010(3)(b)(ii).

23 **Sec. 4.** RCW 84.52.043 and 2009 c 551 s 6 are each amended to
24 read as follows:

25 Within and subject to the limitations imposed by RCW 84.52.050 as
26 amended, the regular ad valorem tax levies upon real and personal
27 property by the taxing districts hereafter named (~~shall-be~~) are as
28 follows:

29 (1) Levies of the senior taxing districts (~~shall-be~~) are as
30 follows: (a) The levy by the state (~~shall~~) may not exceed three
31 dollars and sixty cents per thousand dollars of assessed value
32 adjusted to the state equalized value in accordance with the
33 indicated ratio fixed by the state department of revenue to be used
34 exclusively for the support of the common schools; (b) the levy by
35 any county (~~shall~~) may not exceed one dollar and eighty cents per
36 thousand dollars of assessed value; (c) the levy by any road district
37 (~~shall~~) may not exceed two dollars and twenty-five cents per
38 thousand dollars of assessed value; and (d) the levy by any city or

1 town (~~shall~~) may not exceed three dollars and thirty-seven and one-
2 half cents per thousand dollars of assessed value. However any county
3 is hereby authorized to increase its levy from one dollar and eighty
4 cents to a rate not to exceed two dollars and forty-seven and one-
5 half cents per thousand dollars of assessed value for general county
6 purposes if the total levies for both the county and any road
7 district within the county do not exceed four dollars and five cents
8 per thousand dollars of assessed value, and no other taxing district
9 has its levy reduced as a result of the increased county levy.

10 (2) The aggregate levies of junior taxing districts and senior
11 taxing districts, other than the state, (~~shall~~) may not exceed five
12 dollars and ninety cents per thousand dollars of assessed valuation.
13 The term "junior taxing districts" includes all taxing districts
14 other than the state, counties, road districts, cities, towns, port
15 districts, and public utility districts. The limitations provided in
16 this subsection (~~shall~~) do not apply to: (a) Levies at the rates
17 provided by existing law by or for any port or public utility
18 district; (b) excess property tax levies authorized in Article VII,
19 section 2 of the state Constitution; (c) levies for acquiring
20 conservation futures as authorized under RCW 84.34.230; (d) levies
21 for emergency medical care or emergency medical services imposed
22 under RCW 84.52.069; (e) levies to finance affordable housing for
23 very low-income housing imposed under RCW 84.52.105; (f) the portions
24 of levies by metropolitan park districts that are protected under RCW
25 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130;
26 (h) levies for criminal justice purposes under RCW 84.52.135; (i) the
27 portions of levies by fire protection districts that are protected
28 under RCW 84.52.125; (~~and~~) (j) levies by counties for transit-
29 related purposes under RCW 84.52.140; and (k) the portion of the levy
30 by flood control zone districts that are protected under section 3 of
31 this act.

32 NEW SECTION. **Sec. 5.** This act applies to taxes levied for
33 collection in 2018 and thereafter.

34 NEW SECTION. **Sec. 6.** This act takes effect January 1, 2018.

35 ****NEW SECTION. Sec. 7. This act expires January 1, 2023.***

****Sec. 7 was vetoed. See message at end of chapter.***

Passed by the House April 20, 2015.
Passed by the Senate April 14, 2015.
Approved by the Governor May 6, 2015, with the exception of
certain items that were vetoed.
Filed in Office of Secretary of State May 6, 2015.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 7,
House Bill No. 1940 entitled:

"AN ACT Relating to exempting levies imposed by qualifying flood
control zone districts from certain limitations upon regular property
tax levies."

Section 7 of House Bill No. 1940 expires the protection of flood
control zone district levies from prorationing on January 1, 2023.
This expiration date is problematic and restricts the flexibility of
flood control zone districts to select and appropriately finance
flood control projects. With the expiration date, any bonds will very
likely be more expensive for flood control zone districts. There is
also greater risk of insufficient revenues for flood control projects
regardless of financing method in the event the levy is prorationed.
To allow for maximum flexibility in financing flood control projects
to protect the citizens of Washington state from flooding, I am
vetoing section 7 of this bill.

For these reasons I have vetoed Section 7 of House Bill No. 1940.
With the exception of Section 7, House Bill No. 1940 is approved.

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