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**SENATE BILL 6382**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Senators Carlyle, Chase, and Hunt

AN ACT Relating to creating a task force on state and local property tax reform; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The legislature finds that state and local property taxes are: Regressive through their disproportionate impact on low-income households; administratively complicated; poorly understood by taxpayers; artificially capped for many jurisdictions thereby preventing tax revenues from growing at the same rate as the general economy; and subject to certain constitutional constraints that hinder legislative flexibility in establishing a property tax system that is more equitable. The legislature further finds that the enactment of Engrossed House Bill No. 2242 in 2017 made systemic changes to the state property tax and local school levies creating geographically disproportionate impacts. Therefore, it is the legislature's intent to undergo a detailed and comprehensive evaluation of our state's property tax system and to make recommendations on improvements to this system by the beginning of the 2020 legislative session.

(2) A legislative task force on state and local property tax reform is established consisting of the following members:

(a) Two members from the house of representatives from each of the two largest caucuses appointed by the speaker of the house of representatives;

(b) Two members from the senate from each of the two largest caucuses appointed by the president of the senate;

(c) The governor or the governor's designee;

(d) The director of the department of revenue or the department's designee, who shall act as a nonvoting member;

(e) Two county assessors appointed by the governor with one assessor from a county east of the crest of the Cascades and one assessor from a county west of the crest of the Cascades, if approved by a majority of the legislative members appointed to the task force;

(f) Two county treasurers appointed by the governor with one treasurer from a county east of the crest of the Cascades and one treasurer from a county west of the crest of the Cascades, if approved by a majority of the legislative members appointed to the task force;

(g) Two members of the academic community appointed by the governor, if approved by a majority of the legislative members appointed to the task force. The members must have expertise in economics, taxation, public policy, or other relevant expertise; and

(h) Two members from the business community appointed by the governor, if approved by a majority of the legislative members appointed to the task force.

(3)(a) The task force must conduct a study of Washington's state and local property tax system and make recommendations to the legislature to improve the state's property tax system.

(b) More specifically, the task force must examine and provide recommendations on improving the equity, adequacy, reliability, transparency, and simplicity of Washington's property tax system with regard to the following issues:

(i) Property taxes as a state and local government revenue source;

(ii) The fiscal impacts and efficacy of current exclusions to the state and local government property tax base in meeting public policy objectives and potential modifications to the inclusion or exclusion of properties in the property tax base based on such factors as the residential or commercial character of the property and any other factors the task force considers relevant in meeting the goals of improved equity, adequacy, reliability, transparency, and simplicity;

(iii) Property tax assessment and collection procedures and methods;

(iv) The tax burden and regressive nature of property taxes. This includes an analysis of:

(A) The tax burden on homeowners contrasted with other types of property owners;

(B) The regressive nature of property taxes in comparison with other existing and potential state and local revenue sources; and

(C) Regional differences in the property tax burden across the state; and

(v) Potential amendments to the state Constitution to provide more legislative flexibility in designing a property tax system that is more equitable, adequate, reliable, transparent, and simple.

(4) A majority of the voting members of the legislative task force constitutes a quorum for the transaction of business.

(5) Official action by the task force requires the approval of a majority of the voting members of the legislative task force.

(6) The legislative task force must elect one of its members to serve as chair of the task force.

(7) If there is a vacancy for any cause, the appointing authority must make an appointment to become immediately effective.

(8) The task force must meet at times and places specified by the call of the chair or of a majority of the members of the legislative task force.

(9) The legislative task force may adopt rules necessary for the operation of the legislative task force.

(10) Legislative members of the legislative task force are entitled to reimbursement for travel expenses in accordance with RCW 44.04.120. Nonlegislative members of the task force are entitled to reimbursement for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(11) The expenses of the legislative task force must be paid jointly by the senate and the house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(12) Staff support for the legislative task force must be provided by the department of revenue, house of representatives office of program research, and senate committee services. County assessors and treasurers must provide any data or information requested by the task force or the department in order for the task force to perform its study of Washington's state and local property tax system under this section.

(13) The task force must submit its findings, in compliance with RCW 43.01.036, to the house finance committee and senate ways and means committee of the legislature no later than January 14, 2020. A minority report may be submitted along with the task force's report if requested by any member of the task force.

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