

SENATE BILL REPORT

SB 5062

As Reported by Senate Committee On:
Local Government, January 24, 2017

Title: An act relating to extending the period for which a bond levy may be increased.

Brief Description: Extending the period for which a bond levy may be increased.

Sponsors: Senators Hunt and Dansel.

Brief History:

Committee Activity: Local Government: 1/17/17, 1/24/17 [DP].

Brief Summary of Bill

- Increases the maximum period for an increased property tax levy with a limited purpose that includes making redemption payments on bonds from nine years to thirty years.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Angel, Vice Chair; Palumbo and Sheldon.

Staff: Bonnie Kim (786-7316)

Background: Property Tax. Property taxes are imposed by state and local governments. Unless a specific exemption applies, all real and personal property in the state is subject to property tax each year based on its value. The county assessor determines assessed value for each property and calculates property taxes. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located.

Generally, the aggregate of all tax levies upon real and personal property by the state and all taxing districts may not exceed one percent of the true and fair value of the property. Also, in general, the aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed \$5.90 per \$1,000 of assessed valuation.

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.

Exceeding Regular Property Tax Levy Rates. A taxing district may levy property taxes at a rate higher than provided in statute if such a levy is authorized by a proposition approved by a majority of the voters of the taxing district. The ballot of the proposition must state either the dollar rate proposed or the limit factor or index to be used for determining a limit factor, by which the regular tax levy for the district may be increased in each of the subsequent consecutive years. A ballot proposition may authorize annual levy increases for up to six consecutive years.

After a levy is authorized, the dollar amount of such levy may not be used for the purpose of computing the limitations for subsequent levies unless the ballot proposition expressly stated the levy would be used for that purpose. If expressly stated, a proposition may:

- use the dollar amount of the levy to compute the limitations for subsequent levies;
- limit the period for which the increased levy is made using the dollar amount of a levy to compute the limitations for subsequent levies;
- limit the purpose for which the increased levy is made using the dollar amount of a levy to compute the limitations for subsequent levies--but if the limited purpose includes making redemption payments on bonds, the increased levy period may not exceed nine years;
- set the levy or levies at a rate less than the maximum rate allowed for the district; or
- any combination of the above conditions.

Summary of Bill: Beginning in 2018, the maximum period for an increased levy with a limited purpose that includes making redemption payments on bonds is increased from nine years to thirty years.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: Thurston County is exploring a project to build a new court house and the bond levy period limit is a major road block to that project. This will help all local governments conduct construction projects without raising additional fees.

Persons Testifying: PRO: Senator Sam Hunt, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: No one.