

FINAL BILL REPORT

HB 1034

C 117 L 21
Synopsis as Enacted

Brief Description: Concerning park and recreation district levies.

Sponsors: Representatives Fitzgibbon, Cody, Ortiz-Self and Wylie.

House Committee on Finance
Senate Committee on Ways & Means

Background:

Property Tax Revenue Limits.

All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue other than the state levies is limited as follows:

- For jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent.
- For jurisdictions with a population of 10,000 or more, revenue growth is limited to the lesser of inflation or 1 percent plus the value of new construction.

Property Tax Rate Limits.

The state Constitution provides for a levy rate limit of \$10 per \$1,000 of assessed value, referred to as the constitutional \$10 limit (or the constitutional 1 percent limit).

Other general limitations on property tax rates include:

- The state levy rate is limited to \$3.60 per \$1,000 of assessed value.
- County general levies are limited to \$1.80 per \$1,000 of assessed value.
- County road levies are limited to \$2.25 per \$1,000 of assessed value.
- City levies are limited to \$3.60 per \$1,000 of assessed value.

For property tax purposes, the state, counties, and cities are collectively referred to as senior taxing districts. Junior taxing districts—a term that includes fire, hospital, flood control zone, and most other special purpose districts—each have specific rate limits as well.

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

The tax rates for senior and junior taxing districts, excluding the state, must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value.

Prorationing.

If the statutory \$5.90 or constitutional \$10 limits are exceeded, statute establishes the sequential order in which the levies must be proportionally reduced or eliminated (a process referred to as prorationing) to conform to the statutory and constitutional limits.

"The Gap".

Some regular property tax levies—including levies for criminal justice purposes, port districts, and emergency medical services—are subject to the \$10 constitutional limit but not the \$5.90 aggregate rate limit. These levies have protections from general prorationing requirements and exist within the 50-cent "gap" that remains after subtracting the state levy and the \$5.90 in local regular levies from the constitutional \$10 limit per \$1,000 of assessed value. A specific order of portioning is provided within the "gap."

Park and Recreation Districts.

A county is permitted to form a park and recreation district for purposes of providing leisure and recreational activities and facilities. A park and recreation district may impose a regular property tax levy of up to 60 cents per \$1,000 of assessed value. A park and recreation district's regular levy is subject to the aggregate \$5.90 limit and is considered a junior taxing district.

Summary:

If levied on an island within a county with a population of more than 2 million, regular park and recreation district property tax levies are removed from the aggregate \$5.90 limit and are instead added to the "gap" of levy limits within the constitutional \$10 limit until January 1, 2027.

Votes on Final Passage:

House	53	45	
Senate	31	18	(Senate amended)
House	54	44	(House concurred)

Effective: July 25, 2021