
HOUSE BILL 1898

State of Washington

67th Legislature

2022 Regular Session

By Representatives Orcutt, Caldier, Dufault, Jacobsen, Corry, Graham, and Young

Read first time 01/11/22. Referred to Committee on Finance.

1 AN ACT Relating to providing property tax relief by reducing both
2 parts of the state school levies based on an amount that approximates
3 the fiscal impact of extraordinary growth in property values that
4 exceeded the valuation growth assumptions of budget writers when part
5 two of the state school levy was enacted; amending RCW 84.52.065 and
6 84.55.010; and creating new sections.

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

8 NEW SECTION. **Sec. 1.** In response to the state supreme court
9 decision in *McCleary v. State*, the legislature chose to make a
10 dramatic increase in state property tax levies to generate additional
11 revenue to pay for schools. In making that decision, state budget
12 writers were operating with forecasted increases in property values
13 as estimated at the time. Since then, property values across the
14 state have continually increased at a much faster pace than
15 anticipated, resulting in an estimated property tax revenue
16 collection in tax years 2018 through 2022 that is more than
17 \$2,000,000,000 more than was intended to be collected in the McCleary
18 fix. This has resulted in an unnecessary property tax burden on
19 Washington residents. It is the intent of the legislature now to
20 reduce this burden and provide critical tax relief by reducing state
21 property tax levies. This bill provides that relief by reducing both

1 parts of the state school levies beginning in the 2023 tax year and
2 establishing a new basis for the state levies to ensure that the
3 extra revenues collected in past years is not carried forward in
4 future years' levy calculation.

5 **Sec. 2.** RCW 84.52.065 and 2019 c 411 s 1 are each amended to
6 read as follows:

7 (1) Except as otherwise provided in this section, subject to the
8 limitations in RCW 84.55.010, in each year the state must levy for
9 collection in the following year for the support of common schools of
10 the state a tax of three dollars and sixty cents per thousand dollars
11 of assessed value upon the assessed valuation of all taxable property
12 within the state adjusted to the state equalized value in accordance
13 with the indicated ratio fixed by the state department of revenue.

14 (2)(a) In addition to the tax authorized under subsection (1) of
15 this section, the state must levy an additional property tax for the
16 support of common schools of the state.

17 (i) For taxes levied for collection in calendar years 2018
18 through 2021, the rate of tax is the rate necessary to bring the
19 aggregate rate for state property tax levies levied under this
20 subsection and subsection (1) of this section to a combined rate of
21 two dollars and forty cents per thousand dollars of assessed value in
22 calendar year 2019 and two dollars and seventy cents per thousand
23 dollars of assessed value in calendar years 2018, 2020, and 2021. The
24 state property tax levy rates provided in this subsection (2)(a)(i)
25 are based upon the assessed valuation of all taxable property within
26 the state adjusted to the state equalized value in accordance with
27 the indicated ratio fixed by the state department of revenue.

28 (ii) For taxes levied for collection in calendar year 2022 and
29 thereafter, the tax authorized under this subsection (2) is subject
30 to the limitations of chapter 84.55 RCW.

31 (b)(i) Except as otherwise provided in this subsection, all taxes
32 collected under this subsection (2) must be deposited into the state
33 general fund.

34 (ii) For fiscal year 2019, taxes collected under this subsection
35 (2) must be deposited into the education legacy trust account for the
36 support of common schools.

37 (3) For taxes levied for collection in calendar years 2019
38 through 2021, the state property taxes levied under subsections (1)

1 and (2) of this section are not subject to the limitations in chapter
2 84.55 RCW.

3 (4) For taxes levied for collection in calendar year 2022 and
4 thereafter, the aggregate rate limit for state property taxes levied
5 under subsections (1) and (2) of this section is three dollars and
6 sixty cents per thousand dollars of assessed value upon the assessed
7 valuation of all taxable property within the state adjusted to the
8 state equalized value in accordance with the indicated ratio fixed by
9 the state department of revenue.

10 (5) For property taxes levied for collection in calendar years
11 2019 through 2021, the rate of tax levied under subsection (1) of
12 this section is the actual rate that was levied for collection in
13 calendar year 2018 under subsection (1) of this section.

14 (6) The amount of state taxes levied under this section for
15 collection in calendar years 2023, 2024, and 2025 are as provided in
16 this subsection.

17 (a) For calendar year 2023:

18 (i) The amount levied under subsection (1) of this section is
19 determined by reducing the part I highest lawful levy for calendar
20 year 2023 by \$1,099,000,000. For purposes of this subsection (6),
21 "part I highest lawful levy for calendar year 2023" means the sum of
22 \$2,592,900,000 plus any increase allowed under RCW 84.55.010.

23 (ii) The amount levied under subsection (2) of this section is
24 determined by reducing the part II highest lawful levy for calendar
25 year 2023 by \$920,000,000. For purposes of this subsection (6), "part
26 II highest lawful levy for calendar year 2023" means the sum of
27 \$1,222,500,000 plus any increase allowed under RCW 84.55.010.

28 (b) For calendar year 2024:

29 (i) The amount levied under subsection (1) of this section is the
30 part I highest lawful levy for calendar year 2024. For purposes of
31 this subsection (6), "part I highest lawful levy for calendar year
32 2024" means the part I highest lawful levy for calendar year 2023,
33 plus any increase allowed under RCW 84.55.010.

34 (ii) The amount levied under subsection (2) of this section is
35 the part II highest lawful levy for calendar year 2024. For purposes
36 of this subsection (6), "part II highest lawful levy for calendar
37 year 2024" means the part II highest lawful levy for calendar year
38 2023, plus any increase allowed under RCW 84.55.010.

39 (c) For calendar year 2025:

1 (i) The amount levied under subsection (1) of this section is the
2 part I highest lawful levy for calendar year 2024, plus any increase
3 allowed under RCW 84.55.010.

4 (ii) The amount levied under subsection (2) of this section is
5 the part II highest lawful levy for calendar year 2024, plus any
6 increase allowed under RCW 84.55.010.

7 (7) The amounts levied under subsections (1) and (2) of this
8 section for collection in calendar years 2026 and thereafter are
9 governed by the levy limits in chapter 84.55 RCW and the aggregate
10 rate limit in subsection (4) of this section.

11 (8) As used in this section, "the support of common schools"
12 includes the payment of the principal and interest on bonds issued
13 for capital construction projects for the common schools.

14 **Sec. 3.** RCW 84.55.010 and 2021 c 207 s 10 are each amended to
15 read as follows:

16 (1) Except as provided in this chapter, the levy for a taxing
17 district in any year must be set so that the regular property taxes
18 payable in the following year do not exceed the sum of:

19 (a) The limit factor multiplied by the amount of regular property
20 taxes lawfully levied for such district in the highest of the three
21 most recent years in which such taxes were levied for such district,
22 excluding any increase due to ~~((e))~~ (b)(v) of this subsection,
23 unless the highest levy was the statutory maximum rate amount(~~(, plus~~
24 an)); and

25 (b) An additional dollar amount calculated by multiplying the
26 regular property tax levy rate of that district for the preceding
27 year by the increase in assessed value in that district resulting
28 from:

29 ~~((a))~~ (i) New construction;

30 ~~((b))~~ (ii) Increases in assessed value due to construction of
31 wind turbine, solar, biomass, and geothermal facilities, if such
32 facilities generate electricity and the property is not included
33 elsewhere under this section for purposes of providing an additional
34 dollar amount. The property may be classified as real or personal
35 property;

36 ~~((e))~~ (iii) Improvements to property;

37 ~~((d))~~ (iv) Any increase in the assessed value of state-assessed
38 property; and

1 (~~(e)~~) (v) Any increase in the assessed value of real property,
2 as that term is defined in RCW 39.114.010, within an increment area
3 as designated by any local government in RCW 39.114.020 provided that
4 such increase is not included elsewhere under this section. This
5 subsection (1) (~~(e)~~) (b) (v) does not apply to levies by the state or
6 by port districts and public utility districts for the purpose of
7 making required payments of principal and interest on general
8 indebtedness.

9 (2) The requirements of this section do not apply to:

10 (a) State property taxes levied under RCW 84.52.065(1) for
11 collection in calendar years 2019 through 2021; and

12 (b) State property taxes levied under RCW 84.52.065(2) for
13 collection in calendar years 2018 through 2021.

14 (3) For state property taxes levied for collection in 2023
15 through 2025, the levy must be set so that the regular property taxes
16 payable in the following year equals the limit factor multiplied by
17 the applicable part I or part II highest lawful levy amount as
18 provided in RCW 84.52.065(6), plus an additional dollar amount
19 calculated as provided in subsection (1)(b) of this section.

20 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
21 collection in 2023 and thereafter.

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