CERTIFICATION OF ENROLLMENT

**HOUSE BILL 1303**

68th Legislature

2023 Regular Session

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| Passed by the House March 8, 2023  Yeas 95 Nays 0  **Speaker of the House of Representatives**  Passed by the Senate March 22, 2023  Yeas 49 Nays 0  **President of the Senate** | CERTIFICATE  I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1303** as passed by the House of Representatives and the Senate on the dates hereon set forth.  Chief Clerk |
| Approved |  |
| **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**HOUSE BILL 1303**

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Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** Representatives Street, Ramel, and Reed; by request of Department of Revenue

AN ACT Relating to the administration of property taxes; amending RCW 82.03.140, 84.40.370, 84.52.010, 84.52.010, 84.52.043, 84.52.043, 84.52.085, 84.55.015, and 84.55.020; creating new sections; providing an effective date; and providing an expiration date.

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

**Sec.**  RCW 82.03.140 and 2018 c 174 s 13 are each amended to read as follows:

(1) A party filing an appeal with the board must elect either a formal or an informal proceeding, according to rules of practice and procedure adopted by the board. If no such election is made, the appeal must be treated as an election for an informal proceeding: PROVIDED, That nothing prevents the assessor or taxpayer, as a party to an appeal pursuant to RCW 84.08.130, within ((~~twenty~~)) 20 days from the date of the receipt of the notice of appeal, from filing with the clerk of the board notice of intention that the hearing be a formal one: PROVIDED, HOWEVER, That nothing herein may be construed to modify the provisions of RCW 82.03.190: AND PROVIDED FURTHER, That upon an appeal under RCW 82.03.130(1) (c), (d), (e), (h), (i), or (j), the director of revenue may, within ((~~ten~~)) 10 days from the date of its receipt of the notice of appeal, file with the clerk of the board notice of its intention that the hearing be held pursuant to chapter 34.05 RCW.

(2) A responding party may file a cross appeal. In the event that appeals are taken by different parties from the same decision, order, or determination, and only one party elects a formal proceeding, the appeal must be conducted as a formal proceeding.

**Sec.**  RCW 84.40.370 and 2013 c 23 s 364 are each amended to read as follows:

((~~The~~)) (1) Except as provided in subsection (2) of this section, the assessor shall list the property and assess it with reference to its value on the date the property lost its exempt status unless such property has been previously listed and assessed. ((~~He or she~~))

(2) For publicly owned property that loses its exempt status and becomes taxable, the assessor shall value and list such property as of the January 1st assessment date for the year of the status change in accordance with RCW 84.40.175.

(3) The assessor shall extend the taxes on the tax roll using the rate of percent applicable as if the property had been assessed in the previous year.

**Sec.**  RCW 84.52.010 and 2021 c 117 s 2 are each amended to read as follows:

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

(2) The rate percent of all taxes for state and county purposes, and purposes of taxing districts coextensive with the county, must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the county, as shown by the completed tax rolls of the county, and the rate percent of all taxes levied for purposes of taxing districts within any county must be determined, calculated, and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the taxing districts respectively.

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

(a) The full certified rates of tax levy for state, county, county road district, regional transit authority, and city or town purposes must be extended on the tax rolls in amounts not exceeding the limitations established by law; however, any state levy takes precedence over all other levies and may not be reduced for any purpose other than that required by RCW 84.55.010. If, as a result of the levies imposed under RCW 36.54.130, 36.69.145 by a park and recreation district described under (a)((~~(vii)~~)) (viii) of this subsection (3), 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a metropolitan park district that was protected under RCW 84.52.120, 84.52.125, 84.52.135, and 84.52.140, ((~~and~~)) the portion of the levy by a flood control zone district that was protected under RCW 84.52.816, and any portion of a levy resulting from the correction of a levy error under RCW 84.52.085(3), the combined rate of regular property tax levies that are subject to the one percent limitation exceeds one percent of the true and fair value of any property, then these levies must be reduced as follows:

(i) ((~~The~~)) The portion of any levy resulting from the correction of a levy error under RCW 84.52.085(3) must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated.

(ii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a flood control zone district that was protected under RCW 84.52.816 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

((~~(ii)~~)) (iii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.140 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

((~~(iii)~~)) (iv) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a fire protection district or regional fire protection service authority that is protected under RCW 84.52.125 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

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

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

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

((~~(vii)~~)) (viii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the levies imposed under RCW 36.69.145 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated. This subsection (3)(a)((~~(vii)~~)) (viii) only applies to a park and recreation district located on an island and within a county with a population exceeding 2,000,000;

((~~(viii)~~)) (ix) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the levies imposed under RCW 84.34.230, 84.52.105, and any portion of the levy imposed under RCW 84.52.069 that is in excess of 30 cents per $1,000 of assessed value, must be reduced on a pro rata basis until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated; and

((~~(ix)~~)) (x) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the 30 cents per $1,000 of assessed value of tax levy imposed under RCW 84.52.069 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or eliminated.

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

(i) First, the certified property tax levy authorized under RCW 84.52.821 must be reduced on a pro rata basis or eliminated;

(ii) Second, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of those junior taxing districts authorized under RCW 36.68.525, 36.69.145 except a park and recreation district described under (a)((~~(vii)~~)) (viii) of this subsection, 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or eliminated;

(iii) Third, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of flood control zone districts other than the portion of a levy protected under RCW 84.52.816 must be reduced on a pro rata basis or eliminated;

(iv) Fourth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of all other junior taxing districts, other than fire protection districts, regional fire protection service authorities, library districts, the first 50 ((~~cent[s]~~)) cents per $1,000 of assessed valuation levies for metropolitan park districts, and the first 50 ((~~cent[s]~~)) cents per $1,000 of assessed valuation levies for public hospital districts, must be reduced on a pro rata basis or eliminated;

(v) Fifth, if the consolidated tax levy rate still exceeds these limitations, the first 50 ((~~cent[s]~~)) cents per $1,000 of assessed valuation levies for metropolitan park districts created on or after January 1, 2002, must be reduced on a pro rata basis or eliminated;

(vi) Sixth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized to fire protection districts under RCW 52.16.140 and 52.16.160 and regional fire protection service authorities under RCW 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or eliminated; and

(vii) Seventh, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140(1)(a), library districts, metropolitan park districts created before January 1, 2002, under their first 50 ((~~cent[s]~~)) cents per $1,000 of assessed valuation levy, and public hospital districts under their first 50 ((~~cent[s]~~)) cents per $1,000 of assessed valuation levy, must be reduced on a pro rata basis or eliminated.

**Sec.**  RCW 84.52.010 and 2017 c 196 s 10 are each amended to read as follows:

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

(2) The rate percent of all taxes for state and county purposes, and purposes of taxing districts coextensive with the county, must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the county, as shown by the completed tax rolls of the county, and the rate percent of all taxes levied for purposes of taxing districts within any county must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the taxing districts respectively.

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

(a) The full certified rates of tax levy for state, county, county road district, regional transit authority, and city or town purposes must be extended on the tax rolls in amounts not exceeding the limitations established by law; however any state levy takes precedence over all other levies and may not be reduced for any purpose other than that required by RCW 84.55.010. If, as a result of the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a metropolitan park district that was protected under RCW 84.52.120, 84.52.125, 84.52.135, and 84.52.140, ((~~and~~)) the portion of the levy by a flood control zone district that was protected under RCW 84.52.816, and the portion of any levy resulting from the correction of a levy error under RCW 84.52.085(3), the combined rate of regular property tax levies that are subject to the one percent limitation exceeds one percent of the true and fair value of any property, then these levies must be reduced as follows:

(i) ((~~The~~)) The portion of any levy resulting from the correction of a levy error under RCW 84.52.085(3) must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(ii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a flood control zone district that was protected under RCW 84.52.816 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

((~~(ii)~~)) (iii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.140 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

((~~(iii)~~)) (iv) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a fire protection district or regional fire protection service authority that is protected under RCW 84.52.125 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

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

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

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

((~~(vii)~~)) (viii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the levies imposed under RCW 84.34.230, 84.52.105, and any portion of the levy imposed under RCW 84.52.069 that is in excess of ((~~thirty~~)) 30 cents per ((~~thousand dollars~~)) $1,000 of assessed value, must be reduced on a pro rata basis until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated; and

((~~(viii)~~)) (ix) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the ((~~thirty~~)) 30 cents per ((~~thousand dollars~~)) $1,000 of assessed value of tax levy imposed under RCW 84.52.069 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or eliminated.

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

(i) First, the certified property tax levy authorized under RCW 84.52.821 must be reduced on a pro rata basis or eliminated;

(ii) Second, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of those junior taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or eliminated;

(iii) Third, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of flood control zone districts other than the portion of a levy protected under RCW 84.52.816 must be reduced on a pro rata basis or eliminated;

(iv) Fourth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of all other junior taxing districts, other than fire protection districts, regional fire protection service authorities, library districts, the first ((~~fifty cent[s]~~)) 50 cents per ((~~thousand dollars~~)) $1,000 of assessed valuation levies for metropolitan park districts, and the first ((~~fifty cent[s]~~)) 50 cents per ((~~thousand dollars~~)) $1,000 of assessed valuation levies for public hospital districts, must be reduced on a pro rata basis or eliminated;

(v) Fifth, if the consolidated tax levy rate still exceeds these limitations, the first ((~~fifty cent[s]~~)) 50 cents per ((~~thousand dollars~~)) $1,000 of assessed valuation levies for metropolitan park districts created on or after January 1, 2002, must be reduced on a pro rata basis or eliminated;

(vi) Sixth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized to fire protection districts under RCW 52.16.140 and 52.16.160 and regional fire protection service authorities under RCW 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or eliminated; and

(vii) Seventh, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140(1)(a), library districts, metropolitan park districts created before January 1, 2002, under their first ((~~fifty cent[s]~~)) 50 cents per ((~~thousand dollars~~)) $1,000 of assessed valuation levy, and public hospital districts under their first ((~~fifty cent[s]~~)) 50 cents per ((~~thousand dollars~~)) $1,000 of assessed valuation levy, must be reduced on a pro rata basis or eliminated.

**Sec.**  RCW 84.52.043 and 2021 c 117 s 3 are each amended to read as follows:

Within and subject to the limitations imposed by RCW 84.52.050 as amended, the regular ad valorem tax levies upon real and personal property by the taxing districts hereafter named are as follows:

(1) Levies of the senior taxing districts are as follows: (a) The levies by the state may not exceed the applicable aggregate rate limit specified in RCW 84.52.065 (2) or (4) adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue to be used exclusively for the support of the common schools; (b) the levy by any county may not exceed ((~~one dollar and 80 cents~~)) $1.80 per $1,000 of assessed value; (c) the levy by any road district may not exceed ((~~two dollars and 25 cents~~)) $2.25 per $1,000 of assessed value; and (d) the levy by any city or town may not exceed ((~~three dollars and 37.5 cents~~)) $3.375 per $1,000 of assessed value. However, any county is hereby authorized to increase its levy from ((~~one dollar and 80 cents~~)) $1.80 to a rate not to exceed ((~~two dollars and 47.5 cents~~)) $2.475 per $1,000 of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed ((~~four dollars and five cents~~)) $4.05 per $1,000 of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed ((~~five dollars and 90 cents~~)) $5.90 per $1,000 of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this subsection do not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing imposed under RCW 84.52.105; (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies for criminal justice purposes under RCW 84.52.135; (i) the portions of levies by fire protection districts and regional fire protection service authorities that are protected under RCW 84.52.125; (j) levies by counties for transit-related purposes under RCW 84.52.140; (k) the portion of the levy by flood control zone districts that are protected under RCW 84.52.816; (l) levies imposed by a regional transit authority under RCW 81.104.175; ((~~and~~)) (m) levies imposed by any park and recreation district described under RCW 84.52.010(3)(a)((~~(vii)~~)) (viii); and (n) the portion of any levy resulting from the correction of a levy error under RCW 84.52.085(3).

**Sec.**  RCW 84.52.043 and 2020 c 253 s 3 are each amended to read as follows:

Within and subject to the limitations imposed by RCW 84.52.050 as amended, the regular ad valorem tax levies upon real and personal property by the taxing districts hereafter named are as follows:

(1) Levies of the senior taxing districts are as follows: (a) The levies by the state may not exceed the applicable aggregate rate limit specified in RCW 84.52.065 (2) or (4) adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue to be used exclusively for the support of the common schools; (b) the levy by any county may not exceed ((~~one dollar and eighty cents~~)) $1.80 per ((~~thousand dollars~~)) $1,000 of assessed value; (c) the levy by any road district may not exceed ((~~two dollars and twenty-five cents~~)) $2.25 per ((~~thousand dollars~~)) $1,000 of assessed value; and (d) the levy by any city or town may not exceed ((~~three dollars and thirty-seven and one-half cents~~)) $3.375 per ((~~thousand dollars~~)) $1,000 of assessed value. However any county is hereby authorized to increase its levy from ((~~one dollar and eighty cents~~)) $1.80 to a rate not to exceed ((~~two dollars and forty-seven and one-half cents~~)) $2.475 per ((~~thousand dollars~~)) $1,000 of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed ((~~four dollars and five cents~~)) $4.05 per ((~~thousand dollars~~)) $1,000 of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed ((~~five dollars and ninety cents~~)) $5.90 per ((~~thousand dollars~~)) $1,000 of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this subsection do not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing imposed under RCW 84.52.105; (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies for criminal justice purposes under RCW 84.52.135; (i) the portions of levies by fire protection districts and regional fire protection service authorities that are protected under RCW 84.52.125; (j) levies by counties for transit-related purposes under RCW 84.52.140; (k) the portion of the levy by flood control zone districts that are protected under RCW 84.52.816; ((~~and~~)) (l) levies imposed by a regional transit authority under RCW 81.104.175; and (m) the portion of any levy resulting from the correction of a levy error under RCW 84.52.085(3).

**Sec.**  RCW 84.52.085 and 2001 c 185 s 14 are each amended to read as follows:

(1) If an error has occurred in the levy of property taxes that has caused all taxpayers within a taxing district, other than the state, to pay an incorrect amount of property tax, the assessor shall correct the error by making an appropriate adjustment to the levy for that taxing district in the succeeding year. The adjustment shall be made without including any interest. If the governing authority of the taxing district determines that the amount of the adjustment in the succeeding year is so large as to cause a hardship for the taxing district or the taxpayers within the district, the adjustment may be made on a proportional basis over a period of not more than three consecutive years.

(a) A correction of an error in the levying of property taxes shall not be made for any period more than three years preceding the year in which the error is discovered.

(b) When calculating the levy limitation under chapter 84.55 RCW for levies made following the discovery of an error, the assessor shall determine and use the correct levy amount for the year or years being corrected as though the error had not occurred. The amount of the adjustment determined under this subsection (1) shall not be considered when calculating the levy limitation.

(c) If the taxing district in which a levy error has occurred does not levy property taxes in the year the error is discovered, or for a period of more than three years subsequent to the year the error was discovered, an adjustment shall not be made.

(2) If an error has occurred in the distribution of property taxes so that property tax collected has been incorrectly distributed to a taxing district or taxing districts wholly or partially within a county, the treasurer of the county in which the error occurred shall correct the error by making an appropriate adjustment to the amount distributed to that taxing district or districts in the succeeding year. The adjustment shall be made without including any interest. If the treasurer, in consultation with the governing authority of the taxing district or districts affected, determines that the amount of the adjustment in the succeeding year is so large as to cause a hardship for the taxing district or districts, the adjustment may be made on a proportional basis over a period of not more than three consecutive years. A correction of an error in the distribution of property taxes shall not be made for any period more than three years preceding the year in which the error is discovered.

(3) If the county assessor finds, prior to any recomputations made under RCW 84.52.010(3), that the adjustment to correct a levy error that occurred at no fault of the taxing district would cause the tax rate of that levy to exceed its maximum tax rate allowed in statute, then the correction of that levy error must be made in equal proportions over a period of three years immediately succeeding the year in which the error is discovered. The resulting adjustments to a levy to correct the type of levy error specified under this subsection (3) may be made even though the resulting tax rates for the three years may each exceed the statutory maximum rate for the levy. This subsection (3) applies only to levy errors that are at no fault of the taxing district that occur for taxes levied for collection in 2024 and thereafter.

**Sec.**  RCW 84.55.015 and 2014 c 4 s 2 are each amended to read as follows:

(1) If a taxing district has not levied ((~~since 1985~~)) for the last seven calendar years and elects to restore a regular property tax levy ((~~subject to applicable statutory limitations~~)), then ((~~such~~)) the amount of the first restored levy must ((~~be set so that the regular property tax payable does~~)) result in a tax rate that does not exceed ((~~the amount which was last levied, plus an additional dollar amount calculated by multiplying the property tax rate which is proposed to be restored, or the maximum amount which could be lawfully levied in the year such a restored levy is proposed, by the increase in assessed value in the district since the last levy resulting from:~~

~~(1) New construction;~~

~~(2) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;~~

~~(3) Improvements to property; and~~

~~(4) Any increase in the assessed value of state-assessed property~~)) the statutory rate limit applicable to the taxing district's regular property tax levy.

(2) If a taxing district has not levied for the last six or fewer calendar years and elects to restore a regular property tax levy, then the first restored levy must not exceed the maximum levy amount allowed by the levy limit that would have been imposed had the taxing district continuously levied.

**Sec.**  RCW 84.55.020 and 2014 c 4 s 3 are each amended to read as follows:

Notwithstanding the limitation set forth in RCW 84.55.010, the first levy for a taxing district created from consolidation of similar taxing districts must be set so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the sum of the amount of regular property taxes ((~~lawfully levied for~~)) each component taxing district ((~~in the highest of the three most recent years in which such taxes were levied for such district~~)) could have levied under RCW 84.55.092 plus the additional dollar amount calculated by multiplying the regular property tax rate of each component district for the preceding year by the increase in assessed value in each component district resulting from:

(1) New construction;

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

(3) Improvements to property; ((~~and~~))

(4) Any increase in the assessed value of state-assessed property; and

(5) Any increase in the assessed value of real property, as defined in RCW 39.114.010, within an increment area as designated by any local government under RCW 39.114.020 if the increase is not included elsewhere under this section. This subsection (5) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

NEW SECTION. **Sec.**  Sections 3 and 5 of this act expire January 1, 2027.

NEW SECTION. **Sec.**  Sections 4 and 6 of this act take effect January 1, 2027.

NEW SECTION. **Sec.**  Sections 2 and 7 through 9 of this act apply to taxes levied for collection in 2024 and thereafter.

NEW SECTION. **Sec.**  Sections 3 and 5 of this act apply to taxes levied for collection in 2024 through 2026.

NEW SECTION. **Sec.**  Sections 4 and 6 of this act apply to taxes levied for collection in 2027 and thereafter.

**--- END ---**