
Finance Committee

HB 2044

Brief Description: Standardizing limitations on voter-approved property tax levies.

Sponsors: Representatives Duerr, Senn, Fitzgibbon, Alvarado, Ryu, Taylor, Callan, Berry, Gregerson, Reed, Macri, Chopp, Bergquist, Goodman, Pollet, Kloba and Davis.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Removes the restriction on levy lid lift funds supplanting existing funds.
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Hearing Date: 1/18/24

Staff: Rachelle Harris (786-7137).

Background:

Property Tax—Regular Levies.

Revenue Growth Limit

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 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.

The state collects two regular property tax levies for common schools. The revenue growth limit applies to both levies.

Constitutional \$10 Limit

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 Washington Constitution limits regular levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value). There are individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example:

- 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 \$3.375 per \$1,000 of assessed value.

Levy Lid Lift.

Voters may approve regular property tax increases above the revenue growth limit. This voter-approved increase is referred to as a levy lid lift. A levy lid lift may be authorized for a single year or for multiple years, not to exceed six years. A multi-year lid lift must be for a specific and limited purpose. Taxing districts in counties with a population of less than 1.5 million can use levy lid lift funds to supplant (replace) existing funds used for the lid lift's specific purpose. Taxing districts in counties with a population of 1.5 million or more cannot use property tax levy lid lift funds to supplant existing funds used for the lid lift's specific purpose.

Levy lid lifts may generate revenue for any purpose, but the amount of the increase is still limited by statutory maximum rates.

Summary of Bill:

Taxing districts in all counties can use funds raised by a levy lid lift may be used to supplant existing funds for the lid lift's specified purpose.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.