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**HOUSE BILL 1483**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Representatives Orcutt and Jacobsen

Read first time 01/20/23. 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 2023 that is \$2,600,000,000 more  
17 than was intended to be collected with the *McCleary* fix. This has  
18 resulted in an unnecessary property tax burden on Washington  
19 residents. It is the intent of the legislature to reduce this burden  
20 and provide critical tax relief by reducing state property tax  
21 levies. This act provides that relief by reducing both parts of the

1 state school levies beginning in the 2024 tax year and establishing a  
2 new basis for the state levies to ensure that the extra revenues  
3 collected in past years is not carried forward in future years' levy  
4 calculation.

5 **Sec. 2.** RCW 84.52.065 and 2022 c 56 s 13 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~~) \$3.60 per  
11 (~~thousand dollars~~) \$1,000 of assessed value upon the assessed  
12 valuation of all taxable property within the state adjusted to the  
13 state equalized value in accordance with the indicated ratio fixed by  
14 the state department of revenue.

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

18 (i) For taxes levied for collection in calendar years 2018  
19 through 2021, the rate of tax is the rate necessary to bring the  
20 aggregate rate for state property tax levies levied under this  
21 subsection and subsection (1) of this section to a combined rate of  
22 (~~two dollars and forty cents~~) \$2.40 per (~~thousand dollars~~) \$1,000  
23 of assessed value in calendar year 2019 and (~~two dollars and seventy~~  
24 ~~cents~~) \$2.70 per (~~thousand dollars~~) \$1,000 of assessed value in  
25 calendar years 2018, 2020, and 2021. The state property tax levy  
26 rates provided in this subsection (2)(a)(i) are based upon the  
27 assessed valuation of all taxable property within the state adjusted  
28 to the state equalized value in accordance with the indicated ratio  
29 fixed by the state department of revenue.

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

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

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

1 (3) For taxes levied for collection in calendar years 2019  
2 through 2021, the state property taxes levied under subsections (1)  
3 and (2) of this section are not subject to the limitations in chapter  
4 84.55 RCW.

5 (4) (a) For taxes levied for collection in calendar year 2022 and  
6 thereafter, the aggregate rate limit for state property taxes levied  
7 under subsections (1) and (2) of this section is (~~three dollars and~~  
8 ~~sixty cents~~) \$3.60 per (~~thousand dollars~~) \$1,000 of assessed value  
9 upon the assessed valuation of all taxable property within the state  
10 adjusted to the state equalized value in accordance with the  
11 indicated ratio fixed by the state department of revenue.

12 (b) If the aggregate rate of state property taxes levied under  
13 subsections (1) and (2) of this section for collection in any  
14 calendar year after 2021 exceeds \$3.60 per \$1,000 of assessed value,  
15 each rate must be reduced on a pro rata basis until the aggregate  
16 rate no longer exceeds \$3.60 per \$1,000 of assessed value.

17 (5) For property taxes levied for collection in calendar years  
18 2019 through 2021, the rate of tax levied under subsection (1) of  
19 this section is the actual rate that was levied for collection in  
20 calendar year 2018 under subsection (1) of this section.

21 (6) The amount of state taxes levied under this section for  
22 collection in calendar years 2024, 2025, and 2026 are as provided in  
23 this subsection.

24 (a) For calendar year 2024:

25 (i) The amount levied under subsection (1) of this section is  
26 determined by reducing the part I highest lawful levy for calendar  
27 year 2024 by \$1,431,000,000. For purposes of this subsection (6),  
28 "part I highest lawful levy for calendar year 2024" means the sum of  
29 \$2,658,400,000 plus any increase allowed under RCW 84.55.010.

30 (ii) The amount levied under subsection (2) of this section is  
31 determined by reducing the part II highest lawful levy for calendar  
32 year 2024 by \$1,261,000,000. For purposes of this subsection (6),  
33 "part II highest lawful levy for calendar year 2024" means the sum of  
34 \$1,253,400,000 plus any increase allowed under RCW 84.55.010.

35 (b) For calendar year 2025:

36 (i) The amount levied under subsection (1) of this section is the  
37 part I highest lawful levy for calendar year 2025. For purposes of  
38 this subsection (6), "part I highest lawful levy for calendar year  
39 2025" means the part I highest lawful levy for calendar year 2024,  
40 plus any increase allowed under RCW 84.55.010.

1 (ii) The amount levied under subsection (2) of this section is  
2 the part II highest lawful levy for calendar year 2025. For purposes  
3 of this subsection (6), "part II highest lawful levy for calendar  
4 year 2025" means the part II highest lawful levy for calendar year  
5 2024, plus any increase allowed under RCW 84.55.010.

6 (c) For calendar year 2026:

7 (i) The amount levied under subsection (1) of this section is the  
8 part I highest lawful levy for calendar year 2025, plus any increase  
9 allowed under RCW 84.55.010.

10 (ii) The amount levied under subsection (2) of this section is  
11 the part II highest lawful levy for calendar year 2025, plus any  
12 increase allowed under RCW 84.55.010.

13 (7) The amounts levied under subsections (1) and (2) of this  
14 section for collection in calendar years 2027 and thereafter are  
15 governed by the levy limits in chapter 84.55 RCW and the aggregate  
16 rate limit in subsection (4) of this section.

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

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

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

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

31 (b) An additional dollar amount calculated by multiplying the  
32 regular property tax levy rate of that district for the preceding  
33 year by the increase in assessed value in that district resulting  
34 from:

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

36 ~~((b))~~ (ii) Increases in assessed value due to construction of  
37 wind turbine, solar, biomass, and geothermal facilities, if such  
38 facilities generate electricity and the property is not included  
39 elsewhere under this section for purposes of providing an additional

1 dollar amount. The property may be classified as real or personal  
2 property;

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

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

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

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

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

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

19 (3) For state property taxes levied for collection in 2024  
20 through 2026, the levy must be set so that the regular property taxes  
21 payable in the following year equals the limit factor multiplied by  
22 the applicable part I or part II highest lawful levy amount as  
23 provided in RCW 84.52.065(6), plus an additional dollar amount  
24 calculated as provided in subsection (1)(b) of this section.

25 NEW SECTION. **Sec. 4.** This act applies to taxes levied for  
26 collection in 2024 and thereafter.

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