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## Finance Committee

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### HB 1870

**Brief Description:** Concerning county property tax levies for public health clinic purposes.

**Sponsors:** Representatives Zahn, Thai, Salahuddin, Macri, Street, Parshley, Reed, Ramel, Fitzgibbon, Pollet and Duerr.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Allows counties to levy a property tax of up to 5 cents per \$1,000 of assessed value for public health clinics.</li></ul>
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**Hearing Date:** 2/24/25

**Staff:** Rachele Harris (786-7137).

**Background:**

Property Tax—Regular Levies.

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.

An additional amount is added, based on the increase in assessed value in a district from:

- new construction;
- construction of wind turbine, solar, biomass, and geothermal facilities;
- improvements to property;

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- state-assessed property; and
- real property within a local tax increment finance area designated by a local government, excluding the state school levies, or ports and public utility district bond levies.

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

The Washington Constitution also limits regular levies to a maximum of 1 percent of the property's value or \$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:

- 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.

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 zones, and most other special purpose districts—each have specific rate limits as well.

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. If the statutory \$5.90 or constitutional \$10 limit 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.

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 "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.

### **Summary of Bill:**

A county can levy a regular property tax not-to-exceed 5 cents per \$1,000 of assessed value. The revenues may be used only for the operation, maintenance, and capital expenses of public health clinics. A public health clinic means a fixed or mobile publicly operated site that provides low-barrier public health and other related services.

The tax is exempt from the revenue growth limit for the first year it is imposed. It is exempt from the \$5.90 aggregate levy limit on regular levies and is subject to prorationing.

**Appropriation:** None.

**Fiscal Note:** Requested on February 10, 2025.

**Effective Date:** The bill contains multiple effective dates. Please see the bill.