

## **2002 PROPERTY TAX LEGISLATION**

Bills are effective June 13, 2002, unless otherwise stated.

### **SHB 2357 - Community renewal projects, earmarking of local taxes (Chapter 218, Laws of 2002)**

Section 11 of this bill allows the increased municipal excise taxes derived from firms within the redevelopment area to be applied toward retirement of the bonds that financed the project. The bill also provides for the establishment of local improvement districts within the community renewal area, and the imposition of special assessments on property within such districts. There is no impact on state revenues.

### **SHB 2466 - Property tax exemption for multi-unit housing facilities (Chapter 146, Laws of 2002)**

The ten-year multi-family housing exemption is now available to cities with population of at least 30,000 (reduced from 50,000) or to the largest city or town in a county that plans under GMA. Local government may limit the exemption to specific units that meet criteria established by the local government if the units are identified as separate parcels for taxation purposes. In addition, the bill specifies that at the conclusion of the ten-year exemption the increased value will be considered as new construction under Chapter 84.55 RCW.

### **HB 2467 - Property tax; distribution dates (Chapter 81, Laws of 2002)**

This bill contains a technical change to RCW 84.56.230 concerning the distribution of property tax levy receipts to local taxing districts. It specifies that on the first day of each month the county treasurer shall distribute the prior month's receipts to those taxing districts for which the county treasurer also serves as treasurer of the district. Distributions to cities and all other taxing districts shall be made by the 10th day of the month.

### **SHB 2495 - Property tax; fire districts with no full-time employees (Chapter 84, Laws of 2002)**

One of the three statutes which authorize a regular property tax levy of \$0.50 for fire districts (RCW 52.16.160) currently requires that the fire district have at least one full-time paid employee. This bill simply allows the district to contract with a city or other fire district to obtain service equivalent to one FTE in order to continue to impose the levy without a separate vote by the electorate. Also, the bill removes obsolete language regarding fire districts in counties where townships exist.

### **HB 2496 - Fire district special property tax levies (Chapter 180, Laws of 2002)**

This bill amends Chapter 84.52 RCW to allow multi-year excess levies: up to four years for maintenance and operations purposes and up to six years for new or improved fire district facilities. Any such levies would be subject to approval by voters of the fire district. The bill is contingent upon approval by the voters of a constitutional amendment - HJR 4220 - at the general election in November 2002. If the voters approve the measure, the bill will become effective on January 1, 2003.

### **SHB 2557 - Metropolitan park districts; prorationing (Chapter 88, Laws of 2002)**

This bill revises requirements for formation of metropolitan park districts. The only reference to property tax levies is in Section 7, which amends RCW 84.52.010 to revise the order of prorationing when aggregate levies exceed applicable rate limitations. It continues to provide that such district created prior to 2002 will have their first \$0.50 levy reduced last in order along with fire districts, library districts and hospital districts. However, metropolitan districts created on or after January 1, 2002 will advance to fourth place in the order of prorationing. There is no impact on state revenues resulting from this bill.

**SHB 2592 - Tax increment financing; participation by fire districts (Chapter 12, Laws of 2002)**

This bill amends a 2001 statute, Chapter 39.89 RCW, which provides for community revitalization projects through the use of local tax increment financing. Section 1 of this bill clarifies that projects located within the boundaries of a fire district must have the agreement of the fire district in order for the project to proceed. This legislation also provides for revenue bonds up to 30 years to finance the revitalization projects. This bill repeals the sunset provision previously contained in this chapter. There is no impact on state revenues.

**SHB 2765 - Current Use Programs; timber management plans (Chapter 315, Laws of 2002)**

The current use assessment program in Chapter 84.34 RCW is amended by this bill. A Timber Management Plan must be submitted within 60 days of filing an application for classification or reclassification as timberland under the Open Space Taxation Act, or upon the sale or transfer of timberland when the notice of continuance is signed. The county assessor may allow an extension of time to submit the plan.

**HJR 4220 - Fire district special property tax levies (Filed with Secretary of State)**

This proposed constitutional amendment will appear on the November 2002 ballot. If approved by the voters, it will provide for new, multiple-year special property tax levies by fire districts, as contained in the implementing legislation - HB 2496. Such levies could be imposed for up to four years for maintenance and operations purposes and up to six years for new or improved fire district facilities.

**ESSB 6464 - City transportation authority to operate monorail (Chapter 7, Laws of 2001, 1<sup>st</sup> Special Session)** A city transportation authority (CTA) may be created in cities with populations greater than 300,000. The purpose of the authority is to operate a monorail transportation system. The CTA may impose a regular property tax levy of \$1.50 per \$1,000 of assessed value when approved by voters. Such a levy will be subject to the first round of prorationing, if aggregate levies exceed statutory limits. The CTA may also impose an excess levy. There is no impact upon state revenues.

## INITIATIVES

**Initiative 747 - Property tax increases limited to 1 percent (Chapter 1, Laws of 2002)**

The voters adopted this initiative to the people in November 2001. The initiative basically limits the increase in the state levy and all local regular property tax levies to 1 percent per year. Further, the levy increase for local taxing districts with a population in excess of 10,000 and for the state levy will be limited by the rate of inflation, in instances where this rate is less than 1 percent. The initiative allows for voter approval of a higher growth rate for local levies only. There is no provision for exceeding the 1 percent limit for the state levy. It should be noted that the limitation applies to the total regular levy receipts of taxing districts, not the amount paid by individual property owners. Since the limit does not apply to voter-approved special levies or to new construction, it is possible for the taxes on particular parcels to grow at rates in excess of 1 percent.

The new property tax limits apply to levies for collection starting in Calendar Year 2002. The reduced regular levy revenues for the remaining 18 months of the 2001-03 Biennium are estimated at \$34.4 million for the state levy and \$115.2 million for all local regular levies. The impact for the full 2003-05 Biennium rises to \$118 million for the state levy and \$363 million for all local regular levies.