

SENATE BILL REPORT

ESHB 1562

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, APRIL 1, 1993

**Brief Description:** Authorizing local governments to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households.

**SPONSORS:** House Committee on Local Government (originally sponsored by Representatives Brown, Dellwo, H. Myers, Orr, Mastin and J. Kohl)

HOUSE COMMITTEE ON LOCAL GOVERNMENT

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON LABOR & COMMERCE

**Majority Report:** Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Barr, Fraser, McAuliffe, Pelz, Prince, Sutherland, and Wojahn.

**Staff:** Dave Cheal (786-7576)

**Hearing Dates:** March 31, 1993; April 1, 1993

**BACKGROUND:**

Article VII, Section 2, of the State Constitution, limits the cumulative rate of regular property taxes that may be imposed on any property in any year to an amount not exceeding 1 percent of the true and fair value of the property. Excess property tax levies may be imposed above the 1 percent limitation.

The limitation on the cumulative rate of regular property taxes is restricted even further by statute, as follows:

- (1) The state is authorized to impose regular property taxes to fund K-12 education at a rate not exceeding \$3.60 per \$1,000 of assessed valuation at the state equalized value;
- (2) The cumulative rate of regular property taxes imposed by other taxing districts, including counties, cities, road districts, and junior taxing districts, may not exceed \$5.90 per \$1,000 of assessed valuation; and
- (3) The following two regular property tax levies are not subject to these statutory cumulative rate limitations:
  - (a) Voter approved regular property taxes of up to 50 cents per \$1,000 of assessed valuation for emergency medical service purposes may be imposed by a number of

different taxing districts; and (b) regular property taxes of up to 6.25 cents per \$1,000 of assessed valuation may be imposed by counties to acquire conservation futures.

**SUMMARY:**

Voters of a county, city, or town may approve a ballot proposition authorizing the county, city, or town to impose additional regular property tax levies of up to 50 cents per \$1,000 of assessed valuation for each of up to 10 consecutive years. This tax is above statutory cumulative rate limitations but within the constitutional 1 percent limitation. The additional levies are authorized if the ballot proposition is approved by a simple majority vote.

Prior to imposing these voter approved regular property tax levies, the governing body of the county, city, or town must: (1) Declare a housing affordability emergency exists for very low-income households within its boundaries; and (2) adopt a plan to expend the tax receipts that is consistent with either the locally adopted or state adopted comprehensive housing affordability strategy required under the Cranston-Gonzalez National Housing Affordability Act.

If voters of both a county, and a city within that county, authorize this additional levy, the combined rates for the county and city may not exceed 50 cents per \$1,000 of assessed valuation.

If the combined rates of all regular property taxes exceed the 1 percent limitation, provisions are made to reduce, on a pro-rata basis, the regular levies that are above the statutory cumulative rate limitations, i.e., the EMS levy, the conservation futures levy, and the new affordable housing levy.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

This is a necessary tool that will enable local jurisdictions to more effectively meet local very low-income housing needs. It has adequate protections, including voter approval.

**TESTIMONY AGAINST:**

Property owners cannot afford any more taxes, even for a good cause.

**TESTIFIED:** PRO: Representative Brown; Dick Ducharme; Beverly Numbers; Mike Sivia; Mike Ryherd; Dan Kelleher; Cynthia Sullivan; CON: Paul W. Locke