

# FINAL BILL REPORT

## SHB 1957

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### FULL VETO

As Passed Legislature

**Brief Description:** Reducing the state property tax levy.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives B. Thomas, Carrell, Mulliken, Campbell, Foreman, Van Luven, Benton, L. Thomas, Crouse, Backlund, Elliot, McMahan, Smith, Stevens and Schoesler).

### House Committee on Finance

**Background:** The state annually levies a statewide property tax. The state property tax is limited to a rate no greater than \$3.60 per \$1,000 of market value. The state property tax is also limited by the 106 percent levy limit. The 106 percent levy limit requires reduction of property tax rates as necessary to limit the total amount of property taxes received by a taxing district. The limit for each year is the sum of (a) 106 percent of the highest amount of property taxes levied in the three most recent years, plus (b) an amount equal to last year's levy rate multiplied by the value of new construction.

**Summary:** The state property tax for collection in 1996 is reduced by 5 percent. The reduced 1996 levy is used for future state levy calculations under the 106 percent levy limit. These changes reduce the state property tax by \$92 million in the 1995-97 biennium.

### Votes on Final Passage:

House 82 13

#### First Special Session

House 94 3

#### Second Special Session

House 89 4

Senate 43 4