

SENATE BILL REPORT

SB 5418

As Reported by Senate Committee On:
Governmental Operations, February 21, 2013
Ways & Means, March 1, 2013

Title: An act relating to county property tax levies.

Brief Description: Concerning county property tax levies.

Sponsors: Senators Bailey, McAuliffe, Shin, Chase and Harper.

Brief History:

Committee Activity: Governmental Operations: 2/11/13, 2/21/13 [DPS-WM].
Ways & Means: 2/27/13, 3/01/13 [DPS(GOV)].

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: That Substitute Senate Bill No. 5418 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Roach, Chair; Benton, Vice Chair; Hasegawa, Ranking Member; Braun, Conway, Fraser and Rivers.

Staff: Sam Thompson (786-7413)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5418 as recommended by Committee on Governmental Operations be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Bailey, Becker, Braun, Conway, Dammeier, Fraser, Hatfield, Hewitt, Keiser, Kohl-Welles, Padden, Parlette, Ranker, Rivers, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

Background: Counties must annually allocate portions of their general property tax levy to fund county mental health, developmental disability, and veterans' assistance programs.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

If the county general property tax levy is reduced to conform to a 1 percent limit on annual increases, the portions of the levy allocated to fund the programs may be proportionately reduced. Differing interpretations have arisen regarding county authority to adjust funding for the programs if a county opts to forego increasing its general property tax levy up to the 1 percent limit on annual increases.

Summary of Bill (Recommended Substitute): County authority to annually adjust funding for county mental health, developmental disability, and veterans' assistance programs is clarified.

If the general county property tax levy:

- is reduced from the preceding year's levy, funding for the programs may be reduced by no more than the same percentage as the general county property tax levy was reduced from the preceding year's levy;
- is increased from the preceding year's levy, funding for the programs must be increased by at least the same percentage as the general county property tax levy was increased from the preceding year's levy; however, funding does not have to be increased for the portion of a voter-approved levy increase that is dedicated to a specific purpose; or
- is unchanged from the preceding year's levy, funding for the programs must equal or exceed the previous year's funding.

For purposes of this bill, refund levies are not included within the general county property tax levy.

EFFECT OF CHANGES MADE BY GOVERNMENTAL OPERATIONS COMMITTEE (Recommended Substitute): The recommended substitute clarifies that: refund levies are not included in the definition of certified levy (the general county property tax levy); if the certified levy is reduced, funding for the programs may be reduced by no more than same percentage as the certified levy is reduced.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Governmental Operations): PRO: This legislation, Snohomish County's top priority this session, clarifies current law to resolve differing interpretations of county authority to adjust program funding when a county does not increase its annual levy up to the 1 percent limit. If this bill is not enacted, Snohomish County will have to cut \$1.3 million in funding for law enforcement and other priorities to augment funding for these programs. The bill seeks to maintain current practice, and provides necessary equity. Counties that have not annually raised taxes up to the permissible limit should not be penalized.

Persons Testifying (Governmental Operations): PRO: Senator Bailey, prime sponsor; Briahna Taylor, Dave Gossett, Snohomish County.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill is Snohomish County's top priority this session. We have been hurt because we chose to not increase property taxes and the Department of Revenue audit says that we have to pay more for these funds. We have reduced them proportionally over time. If this bill is not passed, we will have to cut \$1.3 million in funding. This will cut law enforcement as they are 70 percent of our budget. The bill must pass or we must raise taxes. Counties that have not annually raised taxes up to the permissible limit should not be penalized.

Persons Testifying (Ways & Means): PRO: Briahna Taylor, Roger Neumaier, Snohomish County.