

PROPERTY TAX FAIRNESS INITIATIVE

AN ACT Relating to limiting property taxes; amending RCW 84.55.005, 84.55.0101, and 84.55.092; adding new sections to chapter 84.55 RCW; and creating new sections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

INTENT

NEW SECTION. **Sec. 1.** The Property Tax Fairness Initiative is intended to protect taxpayers from our state's obscene and unsustainable property tax burden by reducing and controlling property taxes. It is long overdue. This measure reduces regular property tax levies 25% beginning in 2017 and caps property tax increases at 0.5% per year unless an increase greater than this limit is approved by the voters at an election.

If politicians want more of the people's money, they have to ask our permission first (in addition to the 0.5% increase, state and local governments will continue to receive property tax revenue from new construction, improvements, annexations, real-estate excise taxes, property-valuation increases and voter-approved levies. When added together, property taxes to government will consistently rise faster than inflation).

During these tough economic times, struggling working families and senior citizens desperately need and deserve meaningful property tax relief. Property taxes have skyrocketed for decades and politicians have done nothing to address this very real problem. This measure also provides a much-needed economic stimulus to our state's economy by ensuring tax relief to all businesses and individuals. This helps everyone, both employers and employees. So, this measure ensures meaningful tax relief, a big boost to our state's economy, and long-overdue reform of government. It's a smart, balanced, reasonable solution to our state's property tax problem.

**FAIRNESS WHEN GOVERNMENT TAXES PRIVATE PROPERTY BY
REDUCING REGULAR PROPERTY TAX LEVIES BY 25% BEGINNING IN 2017
(VOTER-APPROVED LEVIES, INCLUDING LOCAL SCHOOL LEVIES, ARE NOT AFFECTED)**

NEW SECTION. **Sec. 2.** A new section is added to chapter 84.55 RCW to read as follows:

(1) The regular property tax levy for each taxing district must be reduced by twenty-five percent of the levy amount that would otherwise be allowed under this chapter without regard to this section beginning with taxes levied for collection in 2017 and every year thereafter.

(2) Before applying the reduction in the property tax levy required by this section, levies must be set every year at the amount that would otherwise be allowed under this chapter without regard to the prior years' reductions provided for in this section. The yearly levy reductions required by this section are not cumulative.

(3) This section does not affect voter-approved levies, including:

(a) The portion of any levy approved by the voters under RCW 84.55.050, commonly called a "levy lid lift." The passage of a "levy lid lift" does not exempt the nonvoter approved portion of the levy from the reduction required by this section;

(b) Any levy approved by the voters that is not exempt from this section under (a) of this subsection; and

(c) Any excess levy, such as a local school district levy.

**FAIRNESS WHEN GOVERNMENT WANTS TO INCREASE TAXES ON PRIVATE PROPERTY
BY LIMITING PROPERTY TAX INCREASES TO 0.5% PER YEAR UNLESS VOTERS APPROVE
A GREATER INCREASE AT AN ELECTION**

NEW SECTION. **Sec. 3.** A new section is added to chapter 84.55 RCW to read as follows:

The limit on the growth of the regular property tax levy for each taxing district must not exceed 0.5% percent per year unless an increase greater than this limit is approved by a majority of the voters of the taxing district voting on the proposition at an election held within the district.

Sec. 4. RCW 84.55.005 and 2014 c 97 s 316 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce by September 25th of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred (~~one~~) 0.5 percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor authorized under that section or one hundred (~~one~~) 0.5 percent;

(c) For all other districts, the lesser of one hundred (~~one~~) 0.5 percent or one hundred percent plus inflation; and

(3) "Regular property taxes" has the meaning given it in RCW 84.04.140.

Sec. 5. RCW 84.55.0101 and 2007 sp.s. c 1 s 2 are each amended to read as follows:

Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a limit factor under this chapter of one hundred (~~one~~) 0.5 percent or less. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

Sec. 6. RCW 84.55.092 and 1998 c 16 s 3 are each amended to read as follows:

(1) The regular property tax levy for each taxing district other than the state may be set at the amount which would be allowed otherwise under this chapter if the regular property tax levy for the district for taxes due in prior years beginning with 1986 had been set at the full amount allowed under this chapter including any levy authorized under RCW 52.16.160 that would have been imposed but for

the limitation in RCW 52.18.065, applicable upon imposition of the benefit charge under chapter 52.18 RCW, and only if the taxing district receives a majority vote of the people voting at an election to use excess capacity to increase property taxes above the 0.5 percent levy limit established by section 2 of this act and required by RCW 84.55.005 and 84.55.0101.

(2) The purpose of this section is to remove the incentive for a taxing district to maintain its tax levy at the maximum level permitted under this chapter, and to protect the future levy capacity of a taxing district that reduces its tax levy below the level that it otherwise could impose under this chapter, by removing the adverse consequences to future levy capacities resulting from such levy reductions.

MISCELLANEOUS

NEW SECTION. **Sec. 7.** The provisions of this act are to be liberally construed to effectuate the policies, purposes, and intent of this act.

NEW SECTION. **Sec. 8.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 9.** This act is known and may be cited as the "Property Tax Fairness Initiative."

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