

Initiative Measure No. 786

filed October 19, 2015

THE RIGHT TO VOTE ON PROPERTY TAXES INITIATIVE

AN ACT Relating to limiting property taxes; amending RCW 84.55.092, 84.55.010, 84.55.050, 53.36.020, and 81.104.---; reenacting and amending RCW 84.55.005 and 84.55.0101; adding a new section to chapter 84.55 RCW; adding a new section to chapter 36.01 RCW; adding a new section to chapter 35.01 RCW; adding a new section to chapter 84.52 RCW; adding a new chapter to Title 35A RCW; creating new sections; and repealing RCW 84.52.065.

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

INTENT

NEW SECTION. **Sec. 1.** (1) The Right to Vote on Property Taxes Initiative is intended to protect taxpayers from our state's obscene and unsustainable property tax burden by controlling the growth of property taxes. It is long overdue. This measure limits annual property tax increases to 1% unless a higher increase is approved by voters at a general election and terminates levies imposed in 2016 above the 1% limit.

(2) In addition to each year's 1% increase, state and local governments will continue to receive property tax revenue from new construction, improvements, annexations, real-estate excise taxes, and property-valuation increases and voter-approved levies. When added together, property taxes to government will consistently rise faster than inflation.

(3) During these tough economic times, struggling working families and senior citizens desperately need and deserve meaningful protection. Property taxes have skyrocketed for decades and politicians have done nothing to address this very real problem. This measure also keeps Washington affordable by protecting taxpayers from out-of-control property tax increases. This helps everyone. So, this

measure ensures meaningful protection and long-overdue reform of government. It's a smart, balanced, reasonable solution to our state's property tax problem.

**LIMITING ANNUAL PROPERTY TAX GROWTH TO 1% UNLESS A
HIGHER INCREASE IS APPROVED BY VOTERS AT A GENERAL ELECTION**

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

The limit on annual regular property tax levies may not exceed 1% unless a higher increase is approved by voters at a general election.

Sec. 3. RCW 84.55.005 and 2014 c 97 s 316 are each reenacted and 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 percent~~) 1%;

(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 percent~~) 1%;

(c) For all other districts, the lesser of one hundred (~~one percent~~) 1% or one hundred percent plus inflation; and

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

Sec. 4. RCW 84.55.0101 and 2007 sp.s. c 1 s 2 are each reenacted and 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 percent~~) 1% 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. 5. 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 voters approve at a general election increasing property taxes above the 1% levy limit reenacted by section 2 of this act and reenacted 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.

Sec. 6. RCW 84.55.050 and 2009 c 551 s 3 are each amended to read as follows:

(1) Subject to any otherwise applicable statutory dollar rate limitations, regular property taxes may be levied by or for a taxing district in an amount exceeding the limitations provided for in this chapter if such levy is authorized by a proposition approved by a majority of the voters of the taxing district voting on the proposition only at a general election held within the district (~~or at a special election within the taxing district called by the~~

~~district~~) for the purpose of submitting such proposition to the voters. Any election held pursuant to this section shall be held not more than twelve months prior to the date on which the proposed levy is to be made, except as provided in subsection (2) of this section. The ballot of the proposition shall state the dollar rate proposed and shall clearly state the conditions, if any, which are applicable under subsection (4) of this section.

(2)(a) Subject to statutory dollar limitations, a proposition placed before the voters under this section may authorize annual increases in levies for multiple consecutive years, up to six consecutive years, during which period each year's authorized maximum legal levy shall be used as the base upon which an increased levy limit for the succeeding year is computed, but the ballot proposition must state the dollar rate proposed only for the first year of the consecutive years and must state the limit factor, or a specified index to be used for determining a limit factor, such as the consumer price index, which need not be the same for all years, by which the regular tax levy for the district may be increased in each of the subsequent consecutive years. Elections for this purpose (~~must~~) may only be held at a (~~primary or~~) general election. The title of each ballot measure must state the limited purposes for which the proposed annual increases during the specified period of up to six consecutive years shall be used.

(b)(i) Except as otherwise provided in this subsection (2)(b), funds raised by a levy under this subsection may not supplant existing funds used for the limited purpose specified in the ballot title. For purposes of this subsection, existing funds means the actual operating expenditures for the calendar year in which the ballot measure is approved by voters. Actual operating expenditures excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the taxing district receiving the services, and major nonrecurring capital expenditures.

(ii) The supplanting limitations in (b)(i) of this subsection do not apply to levies approved by the voters in calendar years 2009, 2010, and 2011, in any county with a population of one million five hundred thousand or more. This subsection (2)(b)(ii) only applies to levies approved by the voters after July 26, 2009.

(iii) The supplanting limitations in (b)(i) of this subsection do

not apply to levies approved by the voters in calendar year 2009 and thereafter in any county with a population less than one million five hundred thousand. This subsection (2)(b)(iii) only applies to levies approved by the voters after July 26, 2009.

(3) After a levy authorized pursuant to this section is made, the dollar amount of such levy may not be used for the purpose of computing the limitations for subsequent levies provided for in this chapter, unless the ballot proposition expressly states that the levy made under this section will be used for this purpose.

(4) If expressly stated, a proposition placed before the voters under subsection (1) or (2) of this section may:

(a) Use the dollar amount of a levy under subsection (1) of this section, or the dollar amount of the final levy under subsection (2) of this section, for the purpose of computing the limitations for subsequent levies provided for in this chapter;

(b) Limit the period for which the increased levy is to be made under (a) of this subsection;

(c) Limit the purpose for which the increased levy is to be made under (a) of this subsection, but if the limited purpose includes making redemption payments on bonds, the period for which the increased levies are made shall not exceed nine years;

(d) Set the levy or levies at a rate less than the maximum rate allowed for the district; or

(e) Include any combination of the conditions in this subsection.

(5) Except as otherwise expressly stated in an approved ballot measure under this section, subsequent levies shall be computed as if:

(a) The proposition under this section had not been approved; and

(b) The taxing district had made levies at the maximum rates which would otherwise have been allowed under this chapter during the years levies were made under the proposition.

TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT

Sec. 7. RCW 84.55.010 and 2014 c 4 s 1 are each amended to read as follows:

(1) Except as provided in this chapter, the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year (~~(does not)~~) do not exceed the limit

factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from:

~~((1))~~ (a) New construction;

~~((2))~~ (b) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;

~~((3))~~ (c) Improvements to property; and

~~((4))~~ (d) Any increase in the assessed value of state-assessed property.

TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT: (2) After January 1, 2016, and before December 31st, 2016, any property tax levy above the 1% limit required by this section and RCW 84.55.005, 84.55.0101, 84.55.092, and 84.55.050 expires on the effective date of this act.

NEW SECTION. **Sec. 8.** A new section is added to chapter 36.01 RCW to read as follows:

TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT: (2) After January 1, 2016, and before December 31st, 2016, any property tax levy above the 1% limit required by this section and RCW 84.55.005, 84.55.0101, 84.55.092, and 84.55.050 enacted into law by any county expires on the effective date of this act.

Sec. 9. RCW 53.36.020 and 1973 1st ex.s. c 195 s 56 are each amended to read as follows:

(1) A district may raise revenue by levy of an annual tax not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port

district for general port purposes, including the establishment of a capital improvement fund for future capital improvements, except that any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the forty-five cents per thousand dollars of assessed value limitation. The levy (~~shall~~) must be made and taxes collected in the manner provided for the levy and collection of taxes in school districts of the first class.

TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT: (2) After January 1, 2016, and before December 31st, 2016, any property tax levy above the 1% limit required by this section and RCW 84.55.005, 84.55.0101, 84.55.092, and 84.55.050 enacted into law by any port district expires on the effective date of this act.

NEW SECTION. Sec. 10. A new section is added to chapter 35.01 RCW to read as follows:

TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT: (2) After January 1, 2016, and before December 31st, 2016, any property tax levy above the 1% limit required by this section and RCW 84.55.005, 84.55.0101, 84.55.092, and 84.55.050 enacted into law by any city or town expires on the effective date of this act.

NEW SECTION. Sec. 11. TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT: (2) After January 1, 2016, and before December 31st, 2016, any property tax levy above the 1% limit required by this section and RCW 84.55.005, 84.55.0101, 84.55.092, and 84.55.050 enacted into law by any city expires on the effective date of this act.

Sec. 12. RCW 81.104.--- and 2015 3rd sp.s. c 44 s 321 (section 321, chapter 44, Laws of 2015 3rd sp. sess.) are each amended to read as follows:

(1) A regional transit authority that includes a county with a population of more than one million five hundred thousand may impose

a regular property tax levy in an amount not to exceed twenty-five cents per thousand dollars of the assessed value of property in the regional transit authority district in accordance with the terms of this section.

(2) Any tax imposed under this section must be used for the purpose of providing high capacity transportation service, as set forth in a proposition that is approved by a majority of the registered voters that vote on the proposition.

(3) Property taxes imposed under this section may be imposed for the period of time required to pay the cost to plan, design, construct, operate, and maintain the transit facilities set forth in the approved proposition. Property taxes pledged to repay bonds may be imposed at the pledged amount until the bonds are retired. After the bonds are retired, property taxes authorized under this section must be:

(a) Reduced to the level required to operate and maintain the regional transit authority's transit facilities; or

(b) Terminated, unless the taxes have been extended by public vote.

(4) The limitations in RCW 84.52.043 do not apply to the tax authorized in this section.

(5) The limitation in RCW 84.55.010 does not apply to the first levy imposed under this section.

(6) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter . . . (Substitute House Bill No. 1842), Laws of 2015 3rd sp. sess.

TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT: (2) After January 1, 2016, and before December 31st, 2016, any property tax levy above the 1% limit required by this section and RCW 84.55.005, 84.55.0101, 84.55.092, and 84.55.050 enacted into law by any regional transit authority expires on the effective date of this act.

NEW SECTION. **Sec. 13.** A new section is added to chapter 84.52 RCW and reads as follows:

(1) Subject to the limitations in RCW 84.55.010, in each year the state shall levy for collection in the following year for the support of common schools of the state a tax of three dollars and sixty cents per thousand dollars of assessed value upon the assessed valuation of all taxable property within the state adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue.

(2) As used in this section, "the support of common schools" includes the payment of the principal and interest on bonds issued for capital construction projects for the common schools.

TERMINATE LEVIES IMPOSED IN 2016 ABOVE THE 1% LIMIT: (2) After January 1, 2016, and before December 31st, 2016, any property tax levy above the 1% limit required by this section and RCW 84.55.005, 84.55.0101, 84.55.092, and 84.55.050 enacted into law by state government expires on the effective date of this act.

NEW SECTION. **Sec 14.** RCW 84.52.065 (State levy for support of common schools) and 2016 c ... s ..., 1991 sp.s. c 31 s 16, 1979 ex.s. c 218 s 1, 1973 1st ex.s. c 195 s 106, 1971 ex.s. c 299 s 25, 1969 ex.s. c 216 s 2, & 1967 ex.s. c 133 s 1 are each repealed.

MISCELLANEOUS

NEW SECTION. **Sec. 15.** The provisions of this act are to be liberally construed to effectuate the policies, purposes, and intent of this act.

NEW SECTION. **Sec. 16.** 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. 17.** This act is known and may be cited as the

"The Right to Vote on Property Taxes Initiative."

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