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INITIATIVE 355

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 355 to the Legislature is a true and correct copy as it was received by this office.

AN ACT Relating to property taxes; amending RCW 84.55.050, 84.55.092, 36.54.130, 84.41.030, and 84.41.041; adding a new section to chapter 84.55 RCW; and creating new sections.

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

LEGISLATIVE INTENT

NEW SECTION. **Sec. 1.** The Lower Property Taxes Initiative protects taxpayers from our state's obscene and unsustainable property tax burden. It is long overdue. This measure reduces property taxes and limits their growth to an amount voters approve. This measure would not affect local school levies or voter-approved levies. This measure closes the loopholes that politicians have exploited to expand property taxes beyond what voters approve. This measure also ensures more uniformity, consistency, and predictability by limiting county assessors' revaluations of property to once every four years. The people find that the only perfectly accurate method to determine the market value for property is the final sale price when property is sold. Since property is not sold on a yearly basis, each county assessor estimates a true and fair value on properties on a schedule.

For decades, county assessors revalued property once every four years. The law was recently changed to radically increase the number and frequency of revaluations. This has resulted in skyrocketing administrative costs and less uniformity, consistency, and predictability of property revaluations within and among counties. The people are frustrated by an explosion in costs without a commensurate increase in benefits. The people don't want to be discriminated against based on the county in which they live. The people want and demand equal treatment when it comes to property revaluations regardless of where they live in our state. The people intend to return to the previous reasonable schedule of revaluations to decrease administrative costs and to increase uniformity, consistency, and predictability of revaluations within and among counties, thus lessening the burden on taxpayers who must ultimately pay for the system.

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 slow-growing economy by providing tax incentives 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.

**REDUCING REGULAR PROPERTY TAX LEVIES BY 1% BEGINNING IN 2007
(VOTER-APPROVED LEVIES, INCLUDING LOCAL SCHOOL LEVIES, ARE EXCLUDED)**

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 shall be reduced by one 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 2007 and every year thereafter.

(2) Before applying the reduction in the property tax levy required by this section, levies shall 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.

(3) For purposes of this section, "taxing district" means the state, counties, cities, and other local taxing districts but does not include any voter-approved special levies, such as local school levies.

(4) For purposes of this section, "regular property tax levy" has the same meaning as provided in RCW 84.55.005 except does not include any tax levy approved by the voters at an election after the effective date of this measure. With a "levy lid lift," only the marginal increase in the levy approved by the voters at an election under RCW 84.55.050 shall be unaffected by the levy reduction provided by this act.

REQUIRING VOTER APPROVAL AT A GENERAL ELECTION FOR LEVY INCREASES

Sec. 3. RCW 84.55.050 and 2003 1st sp.s. c 24 s 4 are 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 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 (3)(b) of this section. The ballot of the proposition shall state the dollar rate proposed and shall clearly state any conditions which are applicable under subsection (3) of this section.

(2) After a levy authorized pursuant to this section is made, the dollar amount of such levy shall be used for the purpose of computing the limitations for subsequent levies provided for in this chapter, except as provided in subsections (3) and (4) of this section.

(3) A proposition placed before the voters under this section may:

(a) Limit the period for which the increased levy is to be made;

(b) Subject to statutory dollar limitations in RCW 84.52.043, authorize annual increases in levies for any county, city, or town 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 be held at a {-primary or -} general election. The title of each ballot measure must state the specific purposes for which the proposed levy increase shall be used,

and funds raised under this levy shall not supplant existing funds used for these purposes;

(c) Limit the purpose for which the increased levy is to be made, 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 at a rate less than the maximum rate allowed for the district;

(e) Provide that the maximum allowable dollar amount of the final annual levy of the period specified in the measure shall be used to compute the limitations provided for in this chapter on levy increases occurring after the expiration of the period; or

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

(4) Except as otherwise provided in an approved ballot measure under this section, after the expiration of a limited period or the satisfaction of a limited purpose, whichever comes first, subsequent levies shall be computed as if:

(a) The limited proposition under subsection (3) of 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 limited proposition.

Sec. 4. RCW 84.55.092 and 1998 c 16 s 3 are each amended to read as follows:

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 a general election to use excess capacity to increase property taxes.

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. 5. RCW 36.54.130 and 2003 c 83 s 303 are each amended to read as follows:

(1) To carry out the purposes for which ferry districts are created, the governing body of a ferry district may levy each year an ad valorem tax on all taxable property located in the district not to exceed seventy-five cents per thousand dollars of assessed value. The tax levy must receive approval by a majority of voters voting in the district at a general election before the levy may be imposed. The levy must be sufficient for the provision of ferry services as shown to be required by the budget prepared by the governing body of the ferry district.

(2) A tax imposed under this section may be used only for providing passenger-only ferry services, including the purchase, lease, or rental of passenger-only ferry vessels and dock facilities, the operation and maintenance of passenger-only ferry vessels and dock facilities, and related personnel costs.

**LIMITING COUNTY ASSESSORS' REVALUATIONS OF PROPERTY
TO ONCE EVERY FOUR YEARS**

Sec. 6. RCW 84.41.030 and 1996 c 254 s 7 are each amended to read as follows:

Each county assessor shall maintain an active and systematic program of revaluation on a continuous and consistent basis, and shall establish a revaluation schedule which will result in revaluation of all taxable real property within the county ((at least)) once each four years and physical inspection of all taxable real property within the county ((at least)) once each ((six)) four years. Each county assessor may disregard any program of revaluation, if requested by a property owner, and change, as appropriate, the valuation of real property upon the receipt of a notice of decision received under RCW 36.70B.130, *90.60.160, or chapter 35.22, 35.63, 35A.63, or 36.70 RCW pertaining to the value of the real property.

Sec. 7. RCW 84.41.041 and 2001 c 187 s 21 are each amended to read as follows:

Each county assessor shall cause taxable real property to be physically inspected and valued ((at least)) once every ((six)) four years in accordance with RCW 84.41.030, and in accordance with a plan filed with and approved by the department of revenue. Such

revaluation plan shall provide that a reasonable portion of all taxable real property within a county shall be revalued and these newly-determined values placed on the assessment rolls each year. (~~The department may approve a plan that provides that all property in the county be revalued every two years. If the revaluation plan provides for physical inspection at least once each four years, during~~) During the intervals between each physical inspection and valuation of real property, the valuation of such property shall not be adjusted (~~to its current true and fair value, such adjustments to be based upon appropriate statistical data. If the revaluation plan provides for physical inspection less frequently than once each four years, during the intervals between each physical inspection of real property, the valuation of such property shall be adjusted to its current true and fair value, such adjustments to be made once each year and to be based upon appropriate statistical data~~)).

The assessor may require property owners to submit pertinent data respecting taxable property in their control including data respecting any sale or purchase of said property within the past five years, the cost and characteristics of any improvement on the property and other facts necessary for appraisal of the property.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 8.** The provisions of this act are to be liberally construed to effectuate the policies, purposes, and intent of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 9.** 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. 10.** Subheadings and captions used in this act are not any part of the law.

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