

The text of this document is an accurate copy of what was filed by the initiative proponent with the Secretary of State for assignment of a serial number. The accuracy of code in amendatory sections has not been verified.

### **INITIATIVE 371**

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. 371 to the Legislature is a true and correct copy as it was received by this office.

AN ACT Relating to limiting property taxes; amending RCW 84.55.005, 84.55.0101, 84.55.050, and 84.55.092; adding new sections to chapter 84.55 RCW; creating new sections; and providing an effective date.

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

### **INTENT**

NEW SECTION. **Sec. 1.** The Lower Property Taxes 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 1% beginning in 2008 and limits property tax increases to 1% per year unless an increase greater than this limit is approved by the voters at a general election.

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 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 2008  
(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 shall be reduced by one percent of the levy amount that would otherwise be allowed under this chapter without regard to this section beginning allowed under this chapter without regard to this section beginning with taxes levied for collection in 2008 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. 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.

**LIMITING PROPERTY TAX INCREASES TO 1% PER YEAR UNLESS  
VOTERS APPROVE A GREATER INCREASE AT A GENERAL ELECTION**

**(Effective if unconstitutionality of Initiative Measure No. 747 is affirmed by pending appeal.)**

**Sec. 3.** RCW 84.55.005 and 1997 c 393 s 20 are each amended to read as follows:

As used in this chapter:

(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 in September 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 (~~(six)~~) one 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 (~~(six)~~) one percent;

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

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

**(Effective if unconstitutionality of Initiative Measure No. 747 is affirmed by pending appeal.)**

**Sec. 4.** RCW 84.55.0101 and 1997 c 3 s 204 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 (~~(six)~~) one percent or less unless an increase greater than this limit is approved by voters at an election as provided in section 7 of this act. 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.

**(Effective if unconstitutionality of Initiative Measure No. 747 is reversed by pending appeal.)**

**Sec. 5.** RCW 84.55.005 and 2002 c 1 s 2 are each amended to read as follows:

As used in this chapter:

(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 in September 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)~~) one 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)~~) one percent;

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

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

**(Effective if unconstitutionality of Initiative Measure No. 747 is reversed by pending appeal.)**

**Sec. 6.** RCW 84.55.0101 and 2002 c 1 s 3 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)~~) one percent or less unless an increase greater than this limit is approved by the voters at an election as provided in (~~(RCW 84.55.050)~~) section 7 of this act. 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.

**REQUIRING VOTER APPROVAL AT A GENERAL ELECTION FOR PROPERTY  
TAX INCREASES GREATER THAN 1% PER YEAR**

**Sec. 7.** RCW 84.55.050 and 2003 1st sp.s. c 24 s 4 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 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)~~). This type of property tax increase is commonly called a "levy lid lift." 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. 8.** 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.

**CAPPING PROPERTY TAX INCREASES AT 1% PER YEAR**

NEW SECTION. **Sec. 9.** A new section is added to chapter 84.55 and shall read as follows:

(1) Property tax increases on any individual property shall not exceed one percent per year.

(2) As long as the sale of property is subject to the real estate excise tax in chapter 82.46 RCW, any property owner shall be exempt from property taxes in excess of one percent per year.

(3) For purposes of this section, "property" means real property.

(4) This tax exemption is based on:

(a) The need to promote neighborhood preservation, continuity, and stability by limiting the tax burden;

(b) The fact that many property owners have sold their property, or are considering the sale of property, because of the increased tax burden caused by rapid increases in property taxes; and

(c) All property owners are entitled to know that property taxes will be predictable and uniform for every present and future property owner.

(5) The people demand that property owners not be taxed out of their homes. The people find that skyrocketing property tax increases are making it impossible for average taxpayers to afford to keep their homes.

**CONSTRUCTION CLAUSE**

NEW SECTION. **Sec. 10.** 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. 11.** 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.

**MISCELLANEOUS**

NEW SECTION. **Sec. 12.** Part headings and subheadings used in this act are not part of the law.

NEW SECTION. **Sec. 13.** This act shall be known and cited as the Lower Property Taxes Initiative.

NEW SECTION. **Sec. 14.** This act takes effect December 6, 2007.

--- END ---