

FORMATTING NOTE:

In initiatives, legislative bills and other proposed measures, language that is to be deleted from current statutes is represented by a "strikethrough" character and language that is to be added is underlined. Because these special characters cannot be formatted in all Internet browsers, a different set of symbols is used for presenting these proposals on-line. The symbols are as follows:

- Text that is surrounded by (({- text here -})) is text that will be DELETED FROM the existing statute if the proposed measure is approved.
- Text that is surrounded by {+ text here +} is text that will be ADDED TO the existing statute if the proposed measure is approved.
- {+ NEW SECTION+} (found at the beginning of a section or paragraph) indicates that ALL of the text in that section will become law if the proposed measure is approved.

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INITIATIVE 722

AN ACT Relating to limiting taxes; amending RCW 84.55.0101; reenacting and amending RCW 84.55.005; adding a new section to chapter 84.55; adding new sections to chapter 84.36 RCW; creating a new section; and repealing RCW 84.55.092.

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

LIMITING TAXES BY INVALIDATING 1999 TAX INCREASES IMPOSED WITHOUT VOTER APPROVAL

{+ NEW SECTION. +} Sec. 1. A new section is added to chapter 84.55 RCW to read as follows:

(1) Any tax increase adopted by the state from July 2, 1999, through December 31, 1999, is null and void and of no effect. All taxes collected as a result of such tax increases shall be refunded to the taxpayer.

(2) For the purposes of this section, "tax" includes, but is not necessarily limited to, sales and use taxes; property taxes; business and occupation taxes; fuel taxes; impact fees; license fees; permit fees; water, sewer, and other utility charges, including taxes, rates, and hook-up fees; and any other excise tax, fee, or monetary charge imposed by the state.

(3) For the purposes of this section, "tax" does not include:

(a) Higher education tuition;

(b) Civil and criminal fines and other charges collected in cases of restitution or violation of law or contract; and

(c) The price of goods offered for sale by the state.

(4) For the purposes of this section, "tax increase" includes, but is not necessarily limited to, a new tax, a monetary increase in an existing tax, a tax rate increase, an expansion in the legal definition of a tax base, and an extension of an expiring tax.

(5) For the purposes of this section, "tax increase" does not include taxes approved by a vote of the people.

(6) For the purposes of this section, "state" includes, but is not necessarily limited to, the state itself and all its departments and agencies, any city, county, special district, and other political subdivision or governmental instrumentality of or within the state.

LIMITING TAXES BY EXEMPTING VEHICLES FROM PROPERTY TAXES

{+ NEW SECTION. +} Sec. 2. A new section is added to chapter 84.36 RCW to read as follows:

(1) Vehicles are exempted from property taxes as long as the retail sales tax of chapter 82.08 RCW applies to vehicles.

(2) For purposes of this section, "vehicles" include all vehicles licensed under chapter 46.16 RCW including, but not necessarily limited to, personal and business owned cars, trucks, sport utility vehicles, motorcycles, motor homes, campers, travel trailers, and mobile homes held as inventory.

(3) The purpose of this section is to exempt from property taxes all vehicles previously exempted from property taxes prior to the adoption by the people of Initiative Measure No. 695, the \$30 License Tab Initiative.

LIMITING TAXES BY EXEMPTING INCREASES IN PROPERTY TAX VALUATIONS ABOVE 2% PER YEAR

{+ NEW SECTION. +} Sec. 3. A new section is added to chapter 84.36 RCW to read as follows:

(1) As long as the sale of property is subject to the real estate excise tax in chapter 82.46 RCW and unless otherwise exempt from property taxes, a person shall be exempt from any legal obligation to pay the portion of property taxes attributable to any increase in value of property (other than for new construction or manufacture) over its 1999 valuation level, plus the lesser of 2% per year or inflation.

(2) As long as construction materials are subject to the retail sales tax of chapter 82.08 RCW, a person shall be exempt from any legal obligation to pay the portion of property taxes on newly constructed or manufactured property after 1999 over the property tax imposed on the owner of a comparable property constructed as of 1999, plus the lesser of 2% per year or inflation.

(3) For purposes of this section:

(a) "Property" means real and personal property;

(b) "1999 valuation level" means the correct valuation shown on the property tax statement in effect on January 1, 1999;

(c) "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;

(d) "New construction or manufacture" does not include reconstruction after fire or other natural disaster and does not include maintenance or replacement of existing components, such as roofs, siding, windows, doors, and parts of equipment; and

(e) "Person" means any person or entity which pays property taxes.

(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 valuations; and

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

{+ NEW SECTION. +} Sec. 4. A new section is added to chapter 84.36 RCW to read as follows:

(1) Increases in property tax attributable to maintenance improvements made after January 1, 1999, shall be exempt from property taxes. This exemption promotes neighborhood preservation, continuity, and stability.

(2) This section applies as long as the retail sales tax of chapter 82.08 RCW remains in effect.

(3) For purposes of this section, "maintenance improvements" includes:

(a) reconstruction after fire and natural disaster; and

(b) replacement of existing components such as roofs, siding, windows, doors, and painting.

LIMITING TAXES BY LIMITING GROWTH OF PROPERTY TAXES TO 2% PER YEAR

Sec. 5. RCW 84.55.005 and 1997 c 393 s 20 and 1997 c 3 s 201 are each reenacted and 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 -})) {+ two +} percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor under that section or one hundred (({- six -})) {+ two +} percent;

(c) For all other districts, the lesser of one hundred (({- six -})) {+ two +} percent or one hundred percent plus inflation; and

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

Sec. 6. 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 -})) {+ two +} 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.

LIMITING TAXES BY REPEALING LAW WHICH ALLOWS "STOCKPILING" OF FUTURE PROPERTY TAX INCREASES

{+ NEW SECTION. +} Sec. 7. RCW 84.55.092 (Protection of future levy capacity) and 1998 c 16 s 3, 1988 c 274 s 4, & 1986 c 107 s 3 are each repealed.

CONSTRUCTION CLAUSE

{+ NEW SECTION. +} Sec. 8. The provisions of this act are to be liberally construed to effectuate the policies and purposes 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.

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