

CHAPTER 174.

[ Substitute House Bill No. 709. ]

PROPERTY TAXATION.

AN ACT relating to revenue and taxation; and declaring an emergency and establishing an expiration date.

*Be it enacted by the Legislature of the State of Washington:*

SECTION 1. As used in this act:

Property tax revenue—  
Limitations on.  
Definitions.

(1) The term “regular property tax levy” shall mean the revenues from levies on property in the taxing district, excluding excess levies levied under the provisions of Article VII, section 2 of the Constitution of the state of Washington and chapter 84.52 RCW, excluding levies for bond debt retirement, and excluding levies pursuant to RCW 53.36.100;

(2) The term “regular property tax revenue” shall mean the total dollar amount received by the taxing district from its regular property tax levy;

(3) The term “revalue” or “revalued” shall mean such changes as are made on the county assessor’s valuation of the property because of changes pertaining to the particular property including, but not limited to, construction improvements, other changes in value, and similar changes made as to the property or properties in the immediate area;

(4) The term “taxing district” shall mean any taxing district as defined in RCW 84.04.120 except the state of Washington.

SEC. 2. In addition to the other limitations provided by law, a taxing district’s regular property tax revenue shall be limited so that the taxing district’s total amount of regular property tax revenues from taxes levied in any year and payable in the following year shall not exceed the sum of the following:

Limitation—  
Amount—Pro-  
cedure to  
determine.

(1) The total dollar amount of regular property tax revenues in that taxing district from taxes levied

in the preceding year and payable in the current year including in the case of a school district the revenues derived by the state from any property tax for the support of common schools levied upon property located within such school district;

(2) An additional dollar amount calculated by multiplying the increase of assessed value in that taxing district resulting from the appraisal and valuation of property improved, constructed, or revalued, and resulting from the addition of property in areas annexed, during the period from March 2 of the preceding year to March 1 of the current year by the property tax levy rate of that taxing district for taxes levied the preceding year.

(3) And an additional dollar amount, in the case of a county, representing the increased and additional costs to be expended by the county assessor in the year the taxes are payable to enable the county assessor of that county to carry out any program of appraisal and valuation of property within the county required by the Constitution or laws of the state.

Unless otherwise altered as authorized by section 5, the maximum millage rate shall be determined by dividing the total authorized dollar amount by the assessed valuation.

SEC. 3. The maximum millage rate for taxing districts created by or resulting from incorporations shall for the first tax year be computed in the following manner:

Maximum  
millage rates  
for new  
taxing  
districts.

For taxing districts created by incorporations, the maximum millage rate authorized pursuant to this act shall equal the maximum millage rate authorized by RCW 84.52.050 for such taxing district (plus in the case of cities and towns the additional millage required to be levied pursuant to RCW 41.16.060) times the quotient of the maximum millage rate for general county purposes of the county in

Property tax revenue— Limitations on. Maximum millage rate for new taxing districts.

which the new taxing district is located determined as provided in section 2 of this act, divided by the maximum millage rate authorized by RCW 84.52.050 for general county purposes: *Provided*, That in the event the taxing district is located in more than one county, then the maximum millage rate of the county affected having the highest maximum millage rate under this act, shall be used.

For the purposes of this subsection all millage rates and authorized levies used for making these computations shall be for the same tax year.

In succeeding tax years the maximum regular property tax revenue shall be limited to that which is authorized by section 2 or which may be authorized by section 5.

Maximum tax revenue from merger or consolidated districts.

SEC. 4. In the event of merger or consolidation, the merged or consolidated taxing district's regular property tax revenue shall for the first tax year be determined by combining the regular property tax revenue and any increases of assessed value of the component taxing districts, and applying to such combined values the computations prescribed by section 2.

In succeeding tax years the maximum regular property tax revenue shall be limited to that which is authorized by section 2, unless otherwise altered as authorized by section 5.

Tax revenues may be increased upon voter approval.

SEC. 5. Notwithstanding the limitations set forth in sections 2, 3, and 4 of this act, the regular property tax revenues of a district may be increased, subject to the limitations of the provisions of Article VII, section 2, of the Constitution of the state of Washington and RCW 84.52.050, 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 taxing district, or at a special election of the taxing district held at the time of a

state general election, or at the time of a general election of a city or town in which said taxing district is wholly included. The proposition so voted on shall also state the estimated millage rate proposed. Thereafter the new amount fixed at such election shall be used to compute the maximum amount permitted as such taxing district's regular property tax revenue as provided in section 2 unless such increase is limited for a specified number of years or such amount is subsequently increased or decreased pursuant to this section.

SEC. 6. Nothing in this act shall affect the right to vote excess levies in accordance with the provisions of RCW 84.52.052 and RCW 84.52.056. Excess tax levies not affected.

SEC. 7. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately. Emergency.

*Sec. 8. This act shall expire December 31, 1967.* Veto message.

Passed the House May 6, 1965.

Passed the Senate May 6, 1965.

Approved by the Governor May 15, 1965, with the exception of section 8 which was vetoed.

NOTE: Governor's explanation of partial veto is as follows:

"This bill is intended to protect property owners of the state from increases in taxes which might result from increases in assessed valuations of real and personal property. It has been common knowledge for a number of years that the level of assessment of property has not been maintained at fifty percent of true and fair value as required by Article 7, section 2 of the state Constitution. The assessment level has varied from county to county, ranging from approximately fourteen percent in some counties to approximately twenty-five percent in others. The statewide average is approximately twenty percent of the true and fair value of property.

"The legislature was fearful that in the event the level of assessment were increased, either by voluntary action of the county assessors or as the result of a court decree requiring compliance with the state Constitution, the various taxing districts in each county might continue to levy taxes in the full amount authorized by statute. This would produce revenues greatly in excess of those which taxing districts otherwise would receive, and would impose tremendous burdens upon

Veto message. taxpayers. Therefore, in addition to existing statutory millage limitations now imposed upon taxing districts, this bill adds the requirement that revenues not be increased as a result of increases in the assessment level. The bill limits the total dollar revenues of each taxing district to the same amount received in the previous year, plus new revenues attributable to normal growth, but excluding any revenues which might result from applying authorized millages to increases in assessed valuation of property.

“Under section 5 of the bill, a taxing district may receive additional monies if authorized by majority vote of the people, but then only to the extent permitted by the maximum millage allocated by statute to the taxing district.

“I believe that this type of protection for the property owner is highly desirable. However, section 8 of this bill provides that the act will expire December 31, 1967. Thus, it would be necessary to re-enact this legislation at the 1967 legislative session in order to continue this protection to property owners. Since I believe that the taxpayers of this state deserve the continuing protection of this law, I have vetoed section 8. The remainder of Substitute House Bill No. 709 is approved.”

DANIEL J. EVANS,  
Governor.

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