

school district who attend a high school district pursuant to RCW 28A.58-.230, as now or hereafter amended, and for the transportation of such students by a high school district (~~as is required by RCW 28A.24.055, as now or hereafter amended~~).

NEW SECTION. Sec. 8. Section 12, chapter 265, Laws of 1981 and RCW 28A.04.350 are each repealed.

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.

Passed the House May 18, 1983.

Passed the Senate May 6, 1983.

Approved by the Governor June 13, 1983.

Filed in Office of Secretary of State June 13, 1983.

## CHAPTER 62

[Engrossed Substitute House Bill No. 466]

### HOMEOWNER'S PROPERTY TAX RELIEF ACT—INVENTORY TAX PHASEOUT—IMPACT LESSENER

AN ACT Relating to inventories; amending section 4, chapter 169, Laws of 1974 ex. sess. as last amended by section 1, chapter 174, Laws of 1982 and RCW 82.04.443; amending section 4, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.040; amending section 9, chapter 169, Laws of 1974 ex. sess. and RCW 84.40.405; adding a new section to chapter 84.09 RCW; adding new sections to chapter 84.33 RCW; adding new sections to chapter 84.36 RCW; adding a new section to chapter 84.52 RCW; adding new sections to chapter 84.55 RCW; creating a new section; repealing section 2, chapter 169, Laws of 1974 ex. sess., section 8, chapter 196, Laws of 1979 ex. sess., section 1, chapter 12, Laws of 1982 2nd ex. sess. and RCW 82.04.442; repealing section 3, chapter 169, Laws of 1974 ex. sess. and RCW 84.40.400; making an appropriation; providing an effective date; and declaring an emergency.

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

NEW SECTION. Sec. 1. (1) This act shall be known as the homeowner's property tax relief act of 1983.

(2) The intent of the inventory tax phaseout was to stimulate the economy of the state and to increase the revenues of the state and local taxing districts by attracting new business, encouraging the expansion of existing businesses thereby increasing economic activity and tax revenue on noninventory property. The inventory tax phaseout will cause certain unforeseen and heretofore unprepared for tax shifts among property owners.

(3) This act is intended to lessen the impact of the property tax shift. Relief is provided by the following means:

(a) The state will provide fourteen million dollars over a four-year period to lessen the impact on the most severely affected districts.

(b) Persons purchasing timber on public lands after August 1, 1982, are required to continue to pay property tax on those timber inventories. They

will receive a credit against the timber excise tax for these property tax payments.

(c) Local governments are granted the ability to lessen their short-term reliance on the property tax without reducing their future ability to levy property taxes.

Sec. 2. Section 4, chapter 169, Laws of 1974 ex. sess. as last amended by section 1, chapter 174, Laws of 1982 and RCW 82.04.443 are each amended to read as follows and, as amended, shall be recodified as a new section in chapter 84.36 RCW:

~~((For the purposes of this chapter))~~ Unless the context clearly requires otherwise, the definitions in this section apply throughout sections 3 and 6 of this 1983 act:

(1) "Business inventories" means all livestock and means personal property not under lease or rental, acquired or produced solely for the purpose of sale or lease, or for the purpose of consuming such property in producing for sale or lease a new article of tangible personal property of which such property becomes an ingredient or component. Business inventories shall not mean personal property acquired or produced for the purpose of lease or rental if such property was leased or rented at any time during the calendar year immediately preceding the year of assessment and was not thereafter remanufactured, nor shall it include property held within the normal course of business for lease or rental for periods of less than thirty days. It shall not include agricultural or horticultural property fully or partially exempt under RCW 84.36.470 or timber which is standing on public land and which is sold under a contract entered into after August 1, 1982. It shall include inventories of finished goods and work in process. For purposes of this section, "remanufacturing" shall mean restoration of property to essentially original condition, but shall not mean normal maintenance or repairs.

(2) "Successor" shall have the meaning given to it in RCW 82.04.180.

NEW SECTION. Sec. 3. There is added to chapter 84.36 RCW a new section to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout sections 4, 5, and 6 of this act.

(1) "Excess inventory value" for a taxing district means that portion of the total assessed value of business inventories in the district which exceeds fifteen percent of the total assessed value of property in the district, as listed for 1984 taxes prior to the allowance of the exemption under section 6 of this act.

(2) "Excess inventory district" means a taxing district with an excess inventory value greater than zero.

NEW SECTION. Sec. 4. There is added to chapter 84.09 RCW a new section to read as follows:

(1) On or before December 15, 1983, each county assessor shall provide the department with a list of the amount of excess inventory value in each taxing district in the county.

(2) From amounts appropriated for this purpose, the department shall calculate the following amounts for each taxing district, distribute fifty-five percent of the amount to the taxing district on or before May 31 of the year for which the calculation is made, and distribute forty-five percent of the amount to the taxing district on or before November 30 of that year:

(a) For 1984, an amount equal to the district's 1984 levy rate multiplied by the district's excess inventory value;

(b) For 1985, an amount equal to seventy-five percent of the amount calculated for the district under subsection (2)(a) of this section;

(c) For 1986, an amount equal to fifty percent of the amount calculated for the district under subsection (2)(a) of this section;

(d) For 1987, an amount equal to twenty-five percent of the amount calculated for the district under subsection (2)(a) of this section.

NEW SECTION. Sec. 5. There is added to chapter 84.52 RCW a new section to read as follows:

The county assessor shall calculate tax levy rates for each excess inventory district as follows:

(1) For 1984 taxes, the assessor shall calculate the levy rate as if the assessed value of property in the district included the excess inventory value of the district;

(2) For 1985, 1986, and 1987 taxes, the assessor shall calculate the levy rate after subtracting the payment to be received by the district under section 4 of this act during that year from the total levy amount.

NEW SECTION. Sec. 6. There is added to chapter 84.36 RCW a new section to read as follows:

Business inventories as defined in section 2 of this act are exempt from property taxation.

Sec. 7. Section 4, chapter 294, Laws of 1971 ex. sess. and RCW 84.33-.040 are each amended to read as follows:

~~((Commencing as of January 1, 1972 with respect to taxes payable in 1973,))~~ Except as provided in RCW 84.33.050, timber on privately owned land or federally owned land shall be exempt from ad valorem taxation.

NEW SECTION. Sec. 8. There is added to chapter 84.33 RCW a new section to read as follows:

The amount of any property taxes paid on timber standing on public land shall be allowed as a credit against any tax imposed with respect to the business of harvesting timber from publicly owned land under RCW 84.33-.071. However, the amount of credit allowed shall not exceed the amount of excise tax due in respect to the business of harvesting timber from publicly owned land.

NEW SECTION. Sec. 9. There is added to chapter 84.33 RCW a new section to read as follows:

When any timber standing on public land, other than federally owned land, is sold separate from the land, the department of natural resources or other governmental unit, as appropriate, shall provide each bidder with a written notice clearly stating that timber sold separate from the land is subject to property tax in 1984 and thereafter and that the amount of the tax paid may be used as a credit against any tax imposed with respect to business of harvesting timber from publicly owned land under RCW 84.33.071.

Sec. 10. Section 9, chapter 169, Laws of 1974 ex. sess. and RCW 84.40.405 are each amended to read as follows:

The department of revenue shall promulgate such rules and regulations, and prescribe such procedures as it deems necessary to carry out RCW 82.04.442 through 82.04.445, 84.36.470, 84.40.400 (~~and 84.40.405~~), sections 2, 3, 4, 5, and 6 of this 1983 act, and this section.

NEW SECTION. Sec. 11. There is added to chapter 84.55 RCW a new section to read as follows:

As used in this chapter, the term "regular property taxes" has the meaning given it in RCW 84.04.140, and also includes amounts received in lieu of regular property taxes under section 4 of this act.

NEW SECTION. Sec. 12. There is added to chapter 84.55 RCW a new section to read as follows:

The regular property tax levies for each taxing district for taxes due in 1985 through 1988 may be set at the amount which would otherwise be allowed under this chapter if the regular property tax levy for the district for taxes due in 1984 had been set at the full amount allowed under this chapter.

This section shall expire December 31, 1988.

NEW SECTION. Sec. 13. There is appropriated to the department of revenue from the general fund for the biennium ending June 30, 1985, the sum of six million seven hundred thousand dollars, or so much thereof as may be necessary, to be distributed under section 4 of this act during the biennium ending June 30, 1985.

NEW SECTION. Sec. 14. The following acts or parts of acts are each repealed:

(1) Section 2, chapter 169, Laws of 1974 ex. sess., section 8, chapter 196, Laws of 1979 ex. sess., section 1, chapter 12, Laws of 1982 2nd ex. sess. and RCW 82.04.442; and

(2) Section 3, chapter 169, Laws of 1974 ex. sess. and RCW 84.40.400.

NEW SECTION. Sec. 15. 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, except sections 6 through 8 and 14 of this act which shall take effect January 1, 1984, and shall be effective for taxes first due in 1984 and thereafter.

Passed the House May 10, 1983.

Passed the Senate May 24, 1983.

Approved by the Governor June 13, 1983.

Filed in Office of Secretary of State June 13, 1983.

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## CHAPTER 63

[Engrossed House Bill No. 588]

### JAIL COMMISSION—GENERAL OBLIGATION BONDS—APPROPRIATION

AN ACT Relating to the state jail commission; amending section 2, chapter 131, Laws of 1981 and RCW 70.48A.020; making appropriations; and declaring an emergency.

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

Sec. 1. Section 2, chapter 131, Laws of 1981 and RCW 70.48A.020 are each amended to read as follows:

For the purpose of providing funds for the planning, acquisition, construction, and improvement of jail buildings and necessary supporting facilities within the state, and the state jail commission's operational costs related to the review of physical plant funding applications, award of grants, and construction monitoring, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of one hundred ~~((thirty))~~ forty-four million ~~((five))~~ three hundred thousand dollars, or so much thereof as may be required, to finance the improvements defined in RCW 70.48A.010 through 70.48A.080 and all costs incidental thereto, including administration, but not including acquisition or preparation of sites. Appropriations for administration shall be determined by the legislature. No bonds authorized by this section may be offered for sale without prior legislative appropriation of the proceeds of the bonds to be sold: PROVIDED, That the reappropriation of previously authorized bond moneys and this new appropriation shall constitute full funding of each approved project within the meaning of RCW 70.48.070 and 70.48.110.

NEW SECTION. Sec. 2. There is appropriated to the state jail commission for the biennium ending June 30, 1983, from the local jail improvement and construction account in the general fund the sum of ten million dollars, or so much thereof as may be necessary, for the completion of construction and improvement projects authorized pursuant to RCW 70.48.060. Moneys shall be expended from this appropriation only with the prior approval of the office of financial management and only to the extent that prior unexpired appropriations are insufficient for the purposes of the construction and improvement projects. There is reappropriated from the