

# Initiative Measure No. 2025

Filed January 11, 2024

## LOWER PROPERTY TAX INITIATIVE

AN ACT Relating to property taxes; adding new sections to chapter 84.55 RCW; creating new sections; and repealing RCW 84.55.005, 84.55.0101, 84.55.010, 84.55.050, 84.55.092, and 84.55.100.

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

### INTENT

NEW SECTION.     **Sec. 1.**     The Lower Property Tax 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 25% beginning in 2025 and caps property tax increases at 1% per year unless a larger increase is approved by voters at a general election.

What's to stop politicians from increasing property taxes after the Lower Property Tax Initiative passes? This measure caps property tax increases at 1% per year and only allows a larger increase if voters approve at a general election. If politicians want more of the people's money, they must ask for our permission first.

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 ensuring tax relief 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.

**REDUCES REGULAR PROPERTY TAX LEVIES BY 25% BEGINNING IN 2025  
(EXEMPTS VOTER-APPROVED SCHOOL LEVIES)**

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 must be reduced by 25% of the levy amount that would otherwise be allowed under this chapter without regard to this section beginning with taxes levied for collection in 2025 and every year thereafter.

(2) Before applying the reduction in the property tax levy required by this section, levies must 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 exempts voter-approved school levies.

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

NEW SECTION. **Sec. 3.** A new section is added to chapter 84.55 RCW to read as follows:

The limit on the growth of the regular property tax levy for each taxing district must not exceed 1% per year unless an increase greater than this limit is approved by a majority of the voters of the taxing district voting on the proposition at a general election held within the district.

NEW SECTION. **Sec. 4.** A new section is added to chapter 84.55 RCW to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(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 12-month period by the bureau of economic analysis of the federal department of commerce by September 25th of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than 10,000 in

the calendar year prior to the assessment year, 101%;

(b) For taxing districts for which a limit factor is authorized under section 6 of this act, the lesser of the limit factor authorized under that section or 101%;

(c) For all other districts, the lesser of 101% or 100% plus inflation; and

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

**Sec. 5.** RCW 84.55.005 and 2024 c --- s ---; 2014 c 97 s 316; 2007 sp.s. c 1 s 1; 1997 c 393 s 20; 1997 c 3 s 201; 1994 c 301 s 49 & 1983 1 st ex.s. c 62 s 11, as existing and hereafter amended, is repealed.

NEW SECTION. **Sec. 6.** A new section is added to chapter 84.55 RCW 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 101% 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.

**Sec. 7.** RCW 84.55.0101 and 2007 sp.s. c 1 s 2 & 1997 c 3 s 204, as existing and hereafter amended, are each repealed.

NEW SECTION. **Sec. 8.** A new section is added to chapter 84.55 RCW to read as follows:

(1) Except as provided in this chapter, the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, excluding any increase due to (e) of this subsection, unless the highest levy was the statutory maximum rate amount, plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for

the preceding year by the increase in assessed value in that district resulting from:

(a) New construction;

(b) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;

(c) Improvements to property;

(d) Any increase in the assessed value of state-assessed property;

(e) Any increase in the assessed value of real property, as that term is defined in RCW 39.114.010, within an increment area as designated by any local government in RCW 39.114.020 provided that such increase is not included elsewhere under this section and provided that such increase complies with sections 3, 4, and 6 of this act. This subsection (1)(e) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

(2) The requirements of this section do not apply to:

(a) State property taxes levied under RCW 84.52.065(1) for collection in calendar years 2019 through 2021; and

(b) State property taxes levied under RCW 84.52.065(2) for collection in calendar years 2018 through 2021.

**Sec. 9.** RCW 84.55.010 and 2024 c --- s ---; 2021 c 207 s 10, 2017 3rd sp.s. c 13 s 302; 2014 c 4 s 1; 2006 c 184 s 1; 1997 c 3 s 202; 1979 ex.s. c 218 s 2; 1973 1st ex.s. c 67 s 1 & 1971 ex.s. c 288 s 20, as existing and hereafter amended, are each repealed.

NEW SECTION. **Sec. 10.** A new section is added to chapter 84.55 RCW 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. Any election held pursuant to this section shall be held not more than 12

months prior to the date on which the proposed levy is to be made, except as provided in subsection (2) of this section. The ballot of the proposition shall state the dollar rate proposed and shall clearly state the conditions, if any, which are applicable under subsection (4) of this section.

(2)(a) Subject to statutory dollar limitations, a proposition placed before the voters under this section may authorize annual increases in levies 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 general election. The title of each ballot measure must state the limited purposes for which the proposed annual increases during the specified period of up to six consecutive years shall be used.

(b)(i) Except as otherwise provided in this subsection (2)(b), funds raised by a levy under this subsection may not supplant existing funds used for the limited purpose specified in the ballot title. For purposes of this subsection, existing funds means the actual operating expenditures for the calendar year in which the ballot measure is approved by voters. Actual operating expenditures excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the taxing district receiving the services, and major nonrecurring capital expenditures.

(ii) The supplanting limitations in (b)(i) of this subsection do not apply to levies approved by the voters in calendar years 2009, 2010, 2011, 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, in any county with a population of 1,500,000 or more. This subsection (2)(b)(ii) only applies to levies approved by the voters after July 26, 2009.

(iii) The supplanting limitations in (b)(i) of this subsection do not apply to levies approved by the voters in calendar year 2009 and thereafter in any county with a population less than 1,500,000. This

subsection (2)(b)(iii) only applies to levies approved by the voters after July 26, 2009.

(3) After a levy authorized pursuant to this section is made, the dollar amount of such levy may not be used for the purpose of computing the limitations for subsequent levies provided for in this chapter, unless the ballot proposition expressly states that the levy made under this section will be used for this purpose.

(4) If expressly stated, a proposition placed before the voters under subsection (1) or (2) of this section may:

(a) Use the dollar amount of a levy under subsection (1) of this section, or the dollar amount of the final levy under subsection (2) of this section, for the purpose of computing the limitations for subsequent levies provided for in this chapter;

(b) Limit the period for which the increased levy is to be made under (a) of this subsection;

(c) Limit the purpose for which the increased levy is to be made under (a) of this subsection, but if the limited purpose includes making redemption payments on bonds;

(i) For the county in which the state capitol is located, the period for which the increased levies are made may not exceed 25 years; and

(ii) For districts other than a district under (c)(i) of this subsection, the period for which the increased levies are made may not exceed nine years;

(d) Set the levy or levies at a rate less than the maximum rate allowed for the district;

(e) Provide that the exemption authorized by RCW 84.36.381 will apply to the levy of any additional regular property taxes authorized by voters; or

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

(5) Except as otherwise expressly stated in an approved ballot measure under this section, subsequent levies shall be computed as if:

(a) The proposition under 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 proposition.

**Sec. 11.** 84.55.050 and 2024 c --- s ---; 2021 c 296 s 14; 2018 c 46 s 3; 2017 c 296 s 2; 2009 c 551 s 3; 2008 c 319 s 1; 2007 c 380 s

2; 2003 1st sp.s. c 24 s 4; 1989 c 287 s 1; 1986 c 169 s 1; 1979 ex.s. c 218 s 3; 1973 1st ex.s. c 195 s 109 & 1971 ex.s. c 288 s 24, as existing and hereafter amended, are each repealed.

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

(1) The regular property tax levy for each taxing district other than the state's levies 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 or 52.26.140(1)(c) that would have been imposed but for the limitation in RCW 52.18.065 or 52.26.240, applicable upon imposition of the benefit charge under chapter 52.18 or 52.26 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 above the 1% levy limit established by sections 3, 4, and 6 of this act.

(2) 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.

(3) Subsection (1) of this section does not apply to any portion of a city or town's regular property tax levy that has been reduced as part of the formation of a fire protection district under RCW 52.02.160.

**Sec. 13.**    84.55.092 and 2024 c --- s ---; 2017 3rd sp.s. c 13 s 309; 2017 c 328 s 3; 2017 c 196 s 3; 1998 c 16 s 3; 1988 c 274 s 4 & 1986 c 107 s 3, as existing and hereafter amended, are each repealed.

#### **UPDATING REFERENCES**

NEW SECTION.    **Sec. 14.**    A new section is added to chapter 84.55 RCW to read as follows:

The property tax limitation contained in this chapter shall be

determined by the county assessors of the respective counties in accordance with the provisions of this chapter: PROVIDED, That the limitation for any state levy shall be determined by the department of revenue and the limitation for any intercounty rural library district shall be determined by the library district in consultation with the respective county assessors.

**Sec. 15.** 84.55.100 and 2024 c --- s --- & 1983 c 223 s 1, as existing and hereafter amended, are each repealed.

#### **MISCELLANEOUS**

NEW SECTION. **Sec. 16.** The provisions of this act are to be liberally construed to effectuate the policies, purposes, and intent of this act.

NEW SECTION. **Sec. 17.** 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. 18.** When codifying this act, the code revisor shall substitute repealed statutes in this act with the new sections created by this act in all statutes in the code that reference the repealed sections in this act.

NEW SECTION. **Sec. 19.** This act is known and may be cited as the "Lower Property Tax Initiative."

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