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INITIATIVE 301

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

AN ACT Relating to property tax levies; amending RCW 84.55.050 and 84.55.092; adding a new section to chapter 84.55 RCW; and creating new sections.

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

LEGISLATIVE INTENT

NEW SECTION. **Sec. 1.** The 25% Property Tax Initiative is intended to decrease the property tax burden in Washington by changing laws relating to property tax levies. It is long overdue. This measure would reduce the regular property tax levy for each local government by 25% and require 60% voter approval for levy increases above the current voter-approved 1% limit. Voter-approved special levies, such as local school levies, would not be affected by this measure. For decades, property taxes have skyrocketed in Washington. Rising property taxes have placed an incredible financial burden on taxpayers, especially working class families and senior citizens. Sky-high property taxes prevent many of our citizens from attaining the American dream of home ownership. Meaningful property tax relief is long-overdue and desperately needed. During these tough economic times, struggling families and senior citizens desperately need and deserve meaningful property tax relief. Because of huge property tax spikes in recent years, for many property owners, this measure's limitation of property taxes will manytimes only put property taxes at the same level they were three or four years ago. But we have to start somewhere. The crushing property tax burden on taxpayers must be lessened and the 25% Property Tax Initiative accomplishes that worthy goal.

**DECREASING THE PROPERTY TAX BURDEN BY REDUCING THE REGULAR
PROPERTY TAX LEVY FOR EACH LOCAL GOVERNMENT BY 25%**

NEW SECTION. **Sec. 2.** A new section is added to chapter 84.55 RCW to read as follows:

(1) The property tax levy for each local government shall be reduced by 25.0 percent of the levy amount that would otherwise be allowed under this chapter without regard to this section beginning immediately upon the effective date of this act 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.

(3) For purposes of this section, "local government" means any taxing district other than the state subject to RCW 84.55.050 which does not include any voter-approved special levies, such as local school levies.

**DECREASING THE PROPERTY TAX BURDEN BY REQUIRING LOCAL
GOVERNMENTS TO RECEIVE 60% VOTER APPROVAL FOR LEVY INCREASES
ABOVE THE CURRENT STATUTORY 1% LIMIT**

Sec. 3. 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 {+ sixty percent +} 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. 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 {+ , and must receive at least a sixty percent majority of the voters voting on

the proposition as required by subsection (1) of this section +}. The title of each ballot measure must state the specific purposes for which the proposed levy 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. 4. 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. {+ Local governments subject to RCW 84.55.050 shall not use banked levy capacity to exceed the current voter-approved one percent levy limit required by RCW 84.55.005 and 84.55.0101 except at an election as provided in RCW 84.55.050. +}

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, {+ , remove the incentive for a taxing district to use banked levy capacity to exceed the current voter-approved one percent levy limit unless an increase greater than this limit is approved by voters at an election, +) 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.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 5.** 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. 6.** If any provision of this act of 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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