

INITIATIVE 365

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

1 AN ACT Relating to property taxes; amending RCW 84.55.050 and
2 84.55.092; adding a new section to chapter 84.55 RCW; and creating new
3 sections.

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

5 **INTENT**

6 NEW SECTION. **Sec. 1.** The Lower Property Taxes Initiative protects
7 taxpayers from our state's obscene and unsustainable property tax
8 burden. It is long overdue. This measure reduces property taxes and
9 requires voter approval at a general election for property tax
10 increases. This measure would not affect any voter approved levies,
11 including local school levies.

12 During these tough economic times, struggling working families and
13 senior citizens desperately need and deserve meaningful property tax
14 relief. Property taxes have skyrocketed for decades and politicians
15 have done nothing to address this very real problem. This measure also
16 provides a much-needed economic stimulus to our state's economy by
17 providing tax incentives to all businesses and individuals. This helps
18 everyone, both employers and employees. So, this measure ensures

1 meaningful tax relief, a big boost to our state's economy, and long-
2 overdue reform of government. It's a smart, balanced, reasonable
3 solution to our state's property tax problem.

4 **REDUCING REGULAR PROPERTY TAX LEVIES BY 1% BEGINNING IN 2007**
5 **(VOTER-APPROVED LEVIES, INCLUDING LOCAL SCHOOL LEVIES,**
6 **ARE NOT AFFECTED)**

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

9 (1) The regular property tax levy for each taxing district shall be
10 reduced by one percent of the levy amount that would otherwise be
11 allowed under this chapter without regard to this section beginning
12 with taxes levied for collection in 2007 and every year thereafter.

13 (2) Before applying the reduction in the property tax levy required
14 by this section, levies shall be set every year at the amount that
15 would otherwise be allowed under this chapter without regard to the
16 prior years' reductions provided for in this section. The yearly levy
17 reductions required by this section are not cumulative.

18 (3) This section does not affect voter-approved levies, including:
19 (a) The portion of any levy approved by the voters under RCW 84.55.050,
20 commonly called a "levy lid lift." The passage of a "levy lid lift"
21 does not exempt the nonvoter approved portion of the levy from the
22 reduction required by this section; (b) any levy approved by the voters
23 that is not exempt from this section under (a) of this subsection; and
24 (c) any excess levy, such as a local school district levy.

25 **REQUIRING VOTER APPROVAL AT A GENERAL ELECTION**
26 **FOR PROPERTY TAX INCREASES**

27 **Sec. 3.** RCW 84.55.050 and 2003 1st sp.s. c 24 s 4 are each amended
28 to read as follows:

29 (1) Subject to any otherwise applicable statutory dollar rate
30 limitations, regular property taxes may be levied by or for a taxing
31 district in an amount exceeding the limitations provided for in this
32 chapter if such levy is authorized by a proposition approved by a
33 majority of the voters of the taxing district voting on the proposition
34 at a general election held within the district ((or at a special
35 ~~election within the taxing district called by the district for the~~

1 ~~purpose of submitting such proposition to the voters)).~~ This type of
2 property tax increase is commonly called a "levy lid lift." Any
3 election held pursuant to this section shall be held not more than
4 twelve months prior to the date on which the proposed levy is to be
5 made, except as provided in subsection (3)(b) of this section. The
6 ballot of the proposition shall state the dollar rate proposed and
7 shall clearly state any conditions which are applicable under
8 subsection (3) of this section.

9 (2) After a levy authorized pursuant to this section is made, the
10 dollar amount of such levy shall be used for the purpose of computing
11 the limitations for subsequent levies provided for in this chapter,
12 except as provided in subsections (3) and (4) of this section.

13 (3) A proposition placed before the voters under this section may:

14 (a) Limit the period for which the increased levy is to be made;

15 (b) Subject to statutory dollar limitations in RCW 84.52.043,
16 authorize annual increases in levies for any county, city, or town for
17 multiple consecutive years, up to six consecutive years, during which
18 period each year's authorized maximum legal levy shall be used as the
19 base upon which an increased levy limit for the succeeding year is
20 computed, but the ballot proposition must state the dollar rate
21 proposed only for the first year of the consecutive years and must
22 state the limit factor, or a specified index to be used for determining
23 a limit factor, such as the consumer price index, which need not be the
24 same for all years, by which the regular tax levy for the district may
25 be increased in each of the subsequent consecutive years. Elections
26 for this purpose must be held at a (~~primary or~~) general election.
27 The title of each ballot measure must state the specific purposes for
28 which the proposed levy increase shall be used, and funds raised under
29 this levy shall not supplant existing funds used for these purposes;

30 (c) Limit the purpose for which the increased levy is to be made,
31 but if the limited purpose includes making redemption payments on
32 bonds, the period for which the increased levies are made shall not
33 exceed nine years;

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

36 (e) Provide that the maximum allowable dollar amount of the final
37 annual levy of the period specified in the measure shall be used to
38 compute the limitations provided for in this chapter on levy increases
39 occurring after the expiration of the period; or

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

2 (4) Except as otherwise provided in an approved ballot measure
3 under this section, after the expiration of a limited period or the
4 satisfaction of a limited purpose, whichever comes first, subsequent
5 levies shall be computed as if:

6 (a) The limited proposition under subsection (3) of this section
7 had not been approved; and

8 (b) The taxing district had made levies at the maximum rates which
9 would otherwise have been allowed under this chapter during the years
10 levies were made under the limited proposition.

11 **Sec. 4.** RCW 84.55.092 and 1998 c 16 s 3 are each amended to read
12 as follows:

13 The regular property tax levy for each taxing district other than
14 the state may be set at the amount which would be allowed otherwise
15 under this chapter if the regular property tax levy for the district
16 for taxes due in prior years beginning with 1986 had been set at the
17 full amount allowed under this chapter including any levy authorized
18 under RCW 52.16.160 that would have been imposed but for the limitation
19 in RCW 52.18.065, applicable upon imposition of the benefit charge
20 under chapter 52.18 RCW, and only if the taxing district receives a
21 majority vote of the people voting at a general election to use excess
22 capacity to increase property taxes.

23 The purpose of this section is to remove the incentive for a taxing
24 district to maintain its tax levy at the maximum level permitted under
25 this chapter, and to protect the future levy capacity of a taxing
26 district that reduces its tax levy below the level that it otherwise
27 could impose under this chapter, by removing the adverse consequences
28 to future levy capacities resulting from such levy reductions.

29 **CONSTRUCTION CLAUSE**

30 NEW SECTION. **Sec. 5.** The provisions of this act are to be
31 liberally construed to effectuate the policies, purposes, and intent of
32 this act.

33 **SEVERABILITY CLAUSE**

1 NEW SECTION. **Sec. 6.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 7.** Subheadings used in this act are not any
6 part of the law.

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