

Filed

OCT 02 2008

OFFICE OF THE CODE REVISER  
LEGISLATIVE BUILDING  
OLYMPIA, WA 98504

SECRETARY OF STATE

PETITIONER:

IN THE MATTER OF THE PROPOSED  
INITIATIVE TO THE LEGISLATURE  
Relating to limiting property taxes  
Tim D. Eyman  
PO Box 18250  
Spokane, WA 99228

**CERTIFICATE OF REVIEW (pursuant to RCW 29A.72.020)**

I hereby certify that petitioner's proposal was received in the office of the Code Reviser on October 1, 2008, that I have reviewed the proposal, and that any recommendations, if any, have been communicated to the petitioner.

Dated October 1, 2008

K. KYLE THIESSEN  
Code Reviser

By



Jennifer Arnold  
Assistant Code Reviser

# Initiative Measure No. 419

Filed

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## Son of 747

SECRETARY OF STATE

*Reinstates the people's 1% property tax limit*

AN ACT Relating to limiting property taxes; amending RCW 84.55.005, 84.55.050, and 84.55.092; reenacting and amending RCW 84.55.0101; adding new sections to chapter 84.55 RCW; and creating new sections.

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

### INTENT

NEW SECTION. **Sec. 1.** The Son of 747 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% and limits property tax increases to 1% per year unless an increase greater than this limit is approved by the voters at a general election.

During these tough economic times, struggling working families and fixed income 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 struggling economy by providing tax incentives 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%

**(VOTER-APPROVED LEVIES, INCLUDING LOCAL SCHOOL LEVIES, ARE NOT AFFECTED)**

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 shall be reduced by twenty-five percent of the levy amount that would otherwise be allowed under this chapter without regard to this section for taxes levied for collection in 2010 (the 2009 levy).

(2) Property tax levies in subsequent years shall be calculated from the amount of taxes levied for collection in 2010 (the 2009 levy) plus the one percent levy increase limit reenacted under RCW 84.55.005 and RCW 84.55.0101 and any voter-approved levies.

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

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

**Sec. 3.** RCW 84.55.005 and 2007 sp.s. c 1 s 1 are each reenacted and amended to read as follows:

As used in this chapter:

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

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred (~~one~~) one percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor authorized under that section or one hundred (~~one~~) one percent;

(c) For all other districts, the lesser of one hundred (~~one~~) one percent or one hundred percent plus inflation; and

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

**Sec. 4.** RCW 84.55.0101 and 2007 sp.s. c 1 s 2 are each reenacted and amended 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 one hundred (~~one~~) one percent or less unless an increase greater than this limit is approved by voters at an election as provided in RCW 84.55.050. 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.

**REQUIRING VOTER APPROVAL AT A GENERAL ELECTION FOR  
PROPERTY TAX LEVY INCREASES GREATER THAN 1% PER YEAR**

**Sec. 5.** RCW 84.55.050 and 2008 c 319 s 1 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 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)~~). This type of property tax increase is commonly called a "levy lid lift." 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 (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) 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 (~~primary or~~) general election. The title of each ballot measure must state the specific purposes for which the proposed annual increases during the specified period of up to six consecutive years shall be used, and funds raised under the levy shall not supplant existing funds used for these purposes. 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.

(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, the period for which the increased levies are made shall not exceed nine years;

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

- (e) 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. 6.** 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, and only if the taxing district receives a majority vote of the people voting at a general election to use excess capacity to increase a taxing district's property tax levy above the one percent levy limit required by this act.

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.

#### **CAPPING INDIVIDUAL PROPERTY TAX INCREASES AT 1% PER YEAR**

NEW SECTION. **Sec. 7.** A new section is added to chapter 84.55 and shall read as follows:

(1) Property tax increases on any individual property shall not exceed one percent per year.

(2) As long as the sale of property is subject to the real estate excise tax in chapter 82.46 RCW, any property owner shall be exempt from property taxes in excess of one percent per year.

(3) For purposes of this section, "property" means real property.

(4) This tax exemption is based on:

(a) The need to promote neighborhood preservation, continuity, and stability by limiting the tax burden;

(b) The fact that many property owners have sold their property, or are considering the sale of property, because of the increased tax burden caused by rapid increases in property taxes; and

(c) All property owners are entitled to know that property taxes will be predictable and uniform for every present and future property owner.

(5) The people demand that property owners not be taxed out of their homes. The people find that skyrocketing property tax increases are making it impossible for average taxpayers to afford to keep their homes.

(6) Voter-approved levies, as described under section 2(3) of this act, are exempt from this section.

#### **CONSTRUCTION CLAUSE**

NEW SECTION. **Sec. 8.** 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. 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.

#### **MISCELLANEOUS**

NEW SECTION. **Sec. 10.** Subheadings used in this act are not part of the law.

NEW SECTION. **Sec. 11.** This act shall be known and cited as the Son of 747 Initiative.

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