

1 AN ACT Relating to property tax reform; amending RCW 84.55.005,
2 84.55.100, 84.36.381, 84.55.050, 36.62.010, and 36.62.090; adding new
3 sections to chapter 84.55 RCW; creating new sections; and repealing
4 RCW 84.55.0101.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Part I**

7 **Revising the Property Tax Revenue Limit for Local Governments**

8 NEW SECTION. **Sec. 1.** The legislature finds that the arbitrary
9 one percent limitation on the growth of property tax collections has
10 severely inhibited the ability of counties, cities, and special
11 purpose districts to provide critical community services in the face
12 of significant population growth and inflation.

13 Modifying the limitation on the growth of property tax
14 collections will restore the primary tool local officials use to fund
15 law enforcement, fire departments, and other services Washingtonians
16 rely on.

17 Property taxes are the primary revenue source for counties, which
18 have responsibility in Washington for public safety and
19 administration of the criminal justice system.

1 **Sec. 2.** RCW 84.55.005 and 2014 c 97 s 316 are each amended to
2 read as follows:

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

5 (1) "Banked inflation balance" means the accumulated amount of
6 annual inflation that is in excess of three percent from prior years.

7 ~~(2) "Inflation" means the ((percentage change in the implicit~~
8 ~~price deflator for personal consumption expenditures for the United~~
9 ~~States as published for the most recent twelve-month period by the~~
10 ~~bureau of economic analysis of the federal department of commerce by~~
11 ~~September 25th of the year before the taxes are payable;))~~ annual
12 percentage increase in the consumer price index for all urban
13 consumers in the western region for all items as provided in the most
14 recent 12-month period by the bureau of labor statistics of the
15 United States department of labor by July 25th of the year before the
16 taxes are payable.

17 ~~((+2))~~ (3) "Limit factor" means:

18 (a) For taxing districts ~~((with a population of less than ten~~
19 ~~thousand in the calendar year prior to the assessment year, one~~
20 ~~hundred one percent))~~ other than the state, 100 percent plus
21 inflation and any banked inflation balance, not to exceed 103
22 percent; and

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

26 ~~(c) For all other districts))~~ the state, the lesser of one
27 hundred one percent or one hundred percent plus inflation((+and)).

28 ~~((+3))~~ (4) "Regular property taxes" has the meaning given it in
29 RCW 84.04.140.

30 **Sec. 3.** RCW 84.55.100 and 1983 c 223 s 1 are each amended to
31 read as follows:

32 (1) The property tax limitation contained in this chapter shall
33 be determined by the county assessors of the respective counties in
34 accordance with the provisions of this chapter: PROVIDED, That the
35 limitation for any state levy shall be determined by the department
36 of revenue and the limitation for any intercounty rural library
37 district shall be determined by the library district in consultation
38 with the respective county assessors.

1 share therein representing the unit or portion of the structure in
2 which he or she resides. For purposes of this subsection, a residence
3 owned by a marital community or state registered domestic partnership
4 or owned by cotenants is deemed to be owned by each spouse or each
5 domestic partner or each cotenant, and any lease for life is deemed a
6 life estate;

7 (3) (a) The person claiming the exemption must be:

8 (i) Sixty-one years of age or older on December 31st of the year
9 in which the exemption claim is filed, or must have been, at the time
10 of filing, retired from regular gainful employment by reason of
11 disability; or

12 (ii) A veteran of the armed forces of the United States entitled
13 to and receiving compensation from the United States department of
14 veterans affairs at:

15 (A) A combined service-connected evaluation rating of 80 percent
16 or higher; or

17 (B) A total disability rating for a service-connected disability
18 without regard to evaluation percent.

19 (b) However, any surviving spouse or surviving domestic partner
20 of a person who was receiving an exemption at the time of the
21 person's death will qualify if the surviving spouse or surviving
22 domestic partner is 57 years of age or older and otherwise meets the
23 requirements of this section;

24 (4) (a) The amount that the person is exempt from an obligation to
25 pay is calculated on the basis of combined disposable income, as
26 defined in RCW 84.36.383.

27 (b) If the person claiming the exemption was retired for two
28 months or more of the assessment year, the combined disposable income
29 of such person must be calculated by multiplying the average monthly
30 combined disposable income of such person during the months such
31 person was retired by 12.

32 (c) If the income of the person claiming exemption is reduced for
33 two or more months of the assessment year by reason of the death of
34 the person's spouse or the person's domestic partner, or when other
35 substantial changes occur in disposable income that are likely to
36 continue for an indefinite period of time, the combined disposable
37 income of such person must be calculated by multiplying the average
38 monthly combined disposable income of such person after such
39 occurrences by 12.

1 (d)(i) If the income of the person claiming the exemption
2 increases as a result of a cost-of-living adjustment to social
3 security benefits or supplemental security income in an amount that
4 would disqualify the applicant from eligibility, the applicant is not
5 disqualified but instead maintains eligibility.

6 (ii) The continued eligibility under this subsection applies to
7 applications for property taxes levied for collection in calendar
8 year 2024.

9 (e) If it is necessary to estimate income to comply with this
10 subsection (4), the assessor may require confirming documentation of
11 such income prior to May 31st of the year following application;

12 (5)(a) A person who otherwise qualifies under this section and
13 has a combined disposable income equal to or less than income
14 threshold 3 is exempt from all excess property taxes, the additional
15 state property tax imposed under RCW 84.52.065(2), and the portion of
16 the regular property taxes authorized pursuant to RCW 84.55.050 and
17 approved by the voters, if the legislative authority of the county or
18 city imposing the additional regular property taxes identified this
19 exemption in the ordinance placing the RCW 84.55.050 measure on the
20 ballot; ~~((and))~~

21 (b)(i) A person who otherwise qualifies under this section and
22 has a combined disposable income equal to or less than income
23 threshold 2 but greater than income threshold 1 is exempt from all
24 regular property taxes on the greater of \$50,000 or 35 percent of the
25 valuation of his or her residence, but not to exceed \$70,000 of the
26 valuation of his or her residence; or

27 (ii) A person who otherwise qualifies under this section and has
28 a combined disposable income equal to or less than income threshold 1
29 is exempt from all regular property taxes on the greater of \$60,000
30 or 60 percent of the valuation of his or her residence; and

31 (c)(i) A person who qualifies under (a) of this subsection (5) is
32 exempt from 25 percent of the assessed value for state property taxes
33 imposed under RCW 84.52.065(1).

34 (ii) The exemption provided under (c)(i) of this subsection is
35 applied to the assessed value remaining after all other exemption
36 adjustments have been made under this section;

37 (6)(a) For a person who otherwise qualifies under this section
38 and has a combined disposable income equal to or less than income
39 threshold 3, the valuation of the residence is the assessed value of
40 the residence on the later of January 1, 1995, or January 1st of the

1 assessment year the person first qualifies under this section. If the
2 person subsequently fails to qualify under this section only for one
3 year because of high income, this same valuation must be used upon
4 requalification. If the person fails to qualify for more than one
5 year in succession because of high income or fails to qualify for any
6 other reason, the valuation upon requalification is the assessed
7 value on January 1st of the assessment year in which the person
8 requalifies. If the person transfers the exemption under this section
9 to a different residence, the valuation of the different residence is
10 the assessed value of the different residence on January 1st of the
11 assessment year in which the person transfers the exemption.

12 (b) In no event may the valuation under this subsection be
13 greater than the true and fair value of the residence on January 1st
14 of the assessment year.

15 (c) This subsection does not apply to subsequent improvements to
16 the property in the year in which the improvements are made.
17 Subsequent improvements to the property must be added to the value
18 otherwise determined under this subsection at their true and fair
19 value in the year in which they are made.

20 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.55
21 RCW to read as follows:

22 (1) Notwithstanding the limitations set forth in RCW 84.55.010,
23 state property taxes under RCW 84.52.065(1) levied for collection in
24 calendar year 2025 must be reduced as necessary to prevent the
25 exemption created under section 4, chapter . . ., Laws of 2024
26 (section 4 of this act) from resulting in a higher tax rate than
27 would have occurred in the absence of the exemption.

28 (2) Notwithstanding the most recent three-year period requirement
29 specified in RCW 84.55.010(1), state property taxes under RCW
30 84.52.065(1) levied for collection in calendar years 2026 and 2027
31 shall not exceed the limit factor multiplied by the amount levied
32 under this chapter in the prior year plus the increases specified
33 under RCW 84.55.010(1) (a) through (e).

34 NEW SECTION. **Sec. 6.** RCW 84.55.0101 (Limit factor—Authorization
35 for taxing district to use one hundred one percent or less—Ordinance
36 or resolution) and 2007 sp.s. c 1 s 2 & 1997 c 3 s 204 are each
37 repealed.

Part III
Eliminating Nonsupplant Restrictions for Local Government Property
Tax Lid Lifts within King County

Sec. 7. RCW 84.55.050 and 2021 c 296 s 14 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. 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 primary or 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~~

1 ~~actual operating expenditures for the calendar year in which the~~
2 ~~ballot measure is approved by voters. Actual operating expenditures~~
3 ~~excludes lost federal funds, lost or expired state grants or loans,~~
4 ~~extraordinary events not likely to reoccur, changes in contract~~
5 ~~provisions beyond the control of the taxing district receiving the~~
6 ~~services, and major nonrecurring capital expenditures.~~

7 ~~(ii) The supplanting limitations in (b) (i) of this subsection do~~
8 ~~not apply to levies approved by the voters in calendar years 2009,~~
9 ~~2010, 2011, 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, in~~
10 ~~any county with a population of 1,500,000 or more. This subsection~~
11 ~~(2) (b) (ii) only applies to levies approved by the voters after July~~
12 ~~26, 2009.~~

13 ~~(iii) The supplanting limitations in (b) (i) of this subsection do~~
14 ~~not apply to levies approved by the voters in calendar year 2009 and~~
15 ~~thereafter in any county with a population less than 1,500,000. This~~
16 ~~subsection (2) (b) (iii) only applies to levies approved by the voters~~
17 ~~after July 26, 2009.))~~

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

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

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

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

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

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

37 (ii) For districts other than a district under (c) (i) of this
38 subsection, the period for which the increased levies are made may
39 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.

Part IV

Modifying County Property Tax Funding Provisions for Hospitals

Sec. 8. RCW 36.62.010 and 1984 c 26 s 1 are each amended to read as follows:

The legislative authority of any county may establish, provide, and maintain hospitals for the care and treatment of the indigent, sick, injured, or infirm, and for this purpose the county legislative authority may:

(1) Purchase or lease real property or use lands already owned by the county;

(2) Erect all necessary buildings, make all necessary improvements and repairs and alter any existing building for the use of said hospitals;

(3) Use county moneys, levy taxes, and issue bonds as authorized by law, to raise a sufficient amount of money to ~~((cover))~~ pay, finance, or refinance the cost of procuring the site, constructing and operating hospitals, and for the maintenance and capital expenses thereof and all other necessary and proper expenses; and

(4) Accept and hold in trust for the county any grant of land, gift or bequest of money, or any donation for the benefit of the purposes of this chapter, and apply the same in accordance with the terms of the gift.

Sec. 9. RCW 36.62.090 and 1984 c 26 s 6 are each amended to read as follows:

1 If the hospital is established, the county legislative authority,
2 at the time of levying general taxes, may levy a tax, not to exceed
3 fifty cents per thousand dollars of assessed value in any one year,
4 for the operation, maintenance, and capital expenses of the hospital
5 and for the payment of principal and interest on bonds issued for
6 such purposes. If approved by the county legislative authority, levy
7 proceeds may be used to partially or fully compensate taxing
8 districts for reductions in district levies under RCW 82.52.010
9 resulting from the imposition of the levy authorized by this section.

10 NEW SECTION. **Sec. 10.** A new section is added to chapter 84.55
11 RCW to read as follows:

12 Subject to the county tax rate limitation in RCW 84.52.043(1),
13 this chapter does not apply to the initial increase in a county's
14 general expense levy based on RCW 36.62.090 for initial increases
15 occurring on or after the effective date of this section.

16 NEW SECTION. **Sec. 11.** RCW 82.32.805 and 82.32.808 do not apply
17 to this act.

18 NEW SECTION. **Sec. 12.** This act applies to taxes levied for
19 collection in 2025 and thereafter.

--- END ---