
HOUSE BILL 1483

State of Washington

68th Legislature

2023 Regular Session

By Representative Orcutt

1 AN ACT Relating to providing property tax relief by reducing both
2 parts of the state school levies based on an amount that approximates
3 the fiscal impact of extraordinary growth in property values that
4 exceeded the valuation growth assumptions of budget writers when part
5 two of the state school levy was enacted; amending RCW 84.52.065 and
6 84.55.010; and creating new sections.

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

8 NEW SECTION. **Sec. 1.** In response to the state supreme court
9 decision in *McCleary v. State*, the legislature chose to make a
10 dramatic increase in state property tax levies to generate additional
11 revenue to pay for schools. In making that decision, state budget
12 writers were operating with forecasted increases in property values
13 as estimated at the time. Since then, property values across the
14 state have continually increased at a much faster pace than
15 anticipated, resulting in an estimated property tax revenue
16 collection in tax years 2018 through 2023 that is \$2,600,000,000 more
17 than was intended to be collected with the *McCleary* fix. This has
18 resulted in an unnecessary property tax burden on Washington
19 residents. It is the intent of the legislature to reduce this burden
20 and provide critical tax relief by reducing state property tax
21 levies. This act provides that relief by reducing both parts of the

1 state school levies beginning in the 2024 tax year and establishing a
2 new basis for the state levies to ensure that the extra revenues
3 collected in past years is not carried forward in future years' levy
4 calculation.

5 **Sec. 2.** RCW 84.52.065 and 2022 c 56 s 13 are each amended to
6 read as follows:

7 (1) Except as otherwise provided in this section, subject to the
8 limitations in RCW 84.55.010, in each year the state must levy for
9 collection in the following year for the support of common schools of
10 the state a tax of (~~three dollars and sixty cents~~) \$3.60 per
11 (~~thousand dollars~~) \$1,000 of assessed value upon the assessed
12 valuation of all taxable property within the state adjusted to the
13 state equalized value in accordance with the indicated ratio fixed by
14 the state department of revenue.

15 (2)(a) In addition to the tax authorized under subsection (1) of
16 this section, the state must levy an additional property tax for the
17 support of common schools of the state.

18 (i) For taxes levied for collection in calendar years 2018
19 through 2021, the rate of tax is the rate necessary to bring the
20 aggregate rate for state property tax levies levied under this
21 subsection and subsection (1) of this section to a combined rate of
22 (~~two dollars and forty cents~~) \$2.40 per (~~thousand dollars~~) \$1,000
23 of assessed value in calendar year 2019 and (~~two dollars and seventy~~
24 ~~cents~~) \$2.70 per (~~thousand dollars~~) \$1,000 of assessed value in
25 calendar years 2018, 2020, and 2021. The state property tax levy
26 rates provided in this subsection (2)(a)(i) are based upon the
27 assessed valuation of all taxable property within the state adjusted
28 to the state equalized value in accordance with the indicated ratio
29 fixed by the state department of revenue.

30 (ii) For taxes levied for collection in calendar year 2022 and
31 thereafter, the tax authorized under this subsection (2) is subject
32 to the limitations of chapter 84.55 RCW.

33 (b)(i) Except as otherwise provided in this subsection, all taxes
34 collected under this subsection (2) must be deposited into the state
35 general fund.

36 (ii) For fiscal year 2019, taxes collected under this subsection
37 (2) must be deposited into the education legacy trust account for the
38 support of common schools.

1 (3) For taxes levied for collection in calendar years 2019
2 through 2021, the state property taxes levied under subsections (1)
3 and (2) of this section are not subject to the limitations in chapter
4 84.55 RCW.

5 (4) (a) For taxes levied for collection in calendar year 2022 and
6 thereafter, the aggregate rate limit for state property taxes levied
7 under subsections (1) and (2) of this section is (~~three dollars and~~
8 ~~sixty cents~~) \$3.60 per (~~thousand dollars~~) \$1,000 of assessed value
9 upon the assessed valuation of all taxable property within the state
10 adjusted to the state equalized value in accordance with the
11 indicated ratio fixed by the state department of revenue.

12 (b) If the aggregate rate of state property taxes levied under
13 subsections (1) and (2) of this section for collection in any
14 calendar year after 2021 exceeds \$3.60 per \$1,000 of assessed value,
15 each rate must be reduced on a pro rata basis until the aggregate
16 rate no longer exceeds \$3.60 per \$1,000 of assessed value.

17 (5) For property taxes levied for collection in calendar years
18 2019 through 2021, the rate of tax levied under subsection (1) of
19 this section is the actual rate that was levied for collection in
20 calendar year 2018 under subsection (1) of this section.

21 (6) The amount of state taxes levied under this section for
22 collection in calendar years 2024, 2025, and 2026 are as provided in
23 this subsection.

24 (a) For calendar year 2024:

25 (i) The amount levied under subsection (1) of this section is
26 determined by reducing the part I highest lawful levy for calendar
27 year 2024 by \$1,431,000,000. For purposes of this subsection (6),
28 "part I highest lawful levy for calendar year 2024" means the sum of
29 \$2,658,400,000 plus any increase allowed under RCW 84.55.010.

30 (ii) The amount levied under subsection (2) of this section is
31 determined by reducing the part II highest lawful levy for calendar
32 year 2024 by \$1,261,000,000. For purposes of this subsection (6),
33 "part II highest lawful levy for calendar year 2024" means the sum of
34 \$1,253,400,000 plus any increase allowed under RCW 84.55.010.

35 (b) For calendar year 2025:

36 (i) The amount levied under subsection (1) of this section is the
37 part I highest lawful levy for calendar year 2025. For purposes of
38 this subsection (6), "part I highest lawful levy for calendar year
39 2025" means the part I highest lawful levy for calendar year 2024,
40 plus any increase allowed under RCW 84.55.010.

1 (ii) The amount levied under subsection (2) of this section is
2 the part II highest lawful levy for calendar year 2025. For purposes
3 of this subsection (6), "part II highest lawful levy for calendar
4 year 2025" means the part II highest lawful levy for calendar year
5 2024, plus any increase allowed under RCW 84.55.010.

6 (c) For calendar year 2026:

7 (i) The amount levied under subsection (1) of this section is the
8 part I highest lawful levy for calendar year 2025, plus any increase
9 allowed under RCW 84.55.010.

10 (ii) The amount levied under subsection (2) of this section is
11 the part II highest lawful levy for calendar year 2025, plus any
12 increase allowed under RCW 84.55.010.

13 (7) The amounts levied under subsections (1) and (2) of this
14 section for collection in calendar years 2027 and thereafter are
15 governed by the levy limits in chapter 84.55 RCW and the aggregate
16 rate limit in subsection (4) of this section.

17 (8) As used in this section, "the support of common schools"
18 includes the payment of the principal and interest on bonds issued
19 for capital construction projects for the common schools.

20 **Sec. 3.** RCW 84.55.010 and 2021 c 207 s 10 are each amended to
21 read as follows:

22 (1) Except as provided in this chapter, the levy for a taxing
23 district in any year must be set so that the regular property taxes
24 payable in the following year do not exceed the sum of:

25 (a) The limit factor multiplied by the amount of regular property
26 taxes lawfully levied for such district in the highest of the three
27 most recent years in which such taxes were levied for such district,
28 excluding any increase due to ~~((e))~~ (b)(v) of this subsection,
29 unless the highest levy was the statutory maximum rate amount~~((, plus~~
30 an)); and

31 (b) An additional dollar amount calculated by multiplying the
32 regular property tax levy rate of that district for the preceding
33 year by the increase in assessed value in that district resulting
34 from:

35 ~~((a))~~ (i) New construction;

36 ~~((b))~~ (ii) Increases in assessed value due to construction of
37 wind turbine, solar, biomass, and geothermal facilities, if such
38 facilities generate electricity and the property is not included
39 elsewhere under this section for purposes of providing an additional

1 dollar amount. The property may be classified as real or personal
2 property;

3 ~~((e))~~ (iii) Improvements to property;

4 ~~((d))~~ (iv) Any increase in the assessed value of state-assessed
5 property; and

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

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

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

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

19 (3) For state property taxes levied for collection in 2024
20 through 2026, the levy must be set so that the regular property taxes
21 payable in the following year equals the limit factor multiplied by
22 the applicable part I or part II highest lawful levy amount as
23 provided in RCW 84.52.065(6), plus an additional dollar amount
24 calculated as provided in subsection (1)(b) of this section.

25 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
26 collection in 2024 and thereafter.

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