

2007 PROPERTY TAX LEGISLATION

Bills became effective July 22, 2007, unless otherwise stated.

HB 1166 - County Treasurer's administration provisions (Chapter 295, Laws of 2007)

This is a County Treasurer's bill which makes several administrative changes. There is no direct impact on state or local revenues associated with this bill.

2SHB 1277 - Expansion of the LIFT program (Chapter 229, Laws of 2007)

In 2006, the Legislature adopted a new program designed to encourage private investment in community revitalization areas. Within certain limitations, various local revenues are matched by the state. This year, the local infrastructure financing tool (LIFT) was expanded. The definition of "property tax allocation revenue value" was clarified and "real property," for LIFT purposes, is defined to include privately owned property on publicly owned land. The cap on the state contributions was increased from \$5 million to \$7.5 million per year. The application process through the Community Economic Revitalization Board (CERB) was extended from 2007 to 2008.

2SHB 1280 - New school district technology levies (Chapter 129, Laws of 2007)

This bill allows school districts to impose two to six-year levies to fund costs associated with the application and modernization of technology systems. These levies are in addition to other maintenance and operation levies imposed by a school district and are not subject to limitation by RCW 84.52.053.

SHB 1381 - Property tax statutes technical correction (Chapter 54, Laws of 2007)

This Department of Revenue request legislation contains a variety of amendments to excise and property tax statutes to reflect administrative practice, reconcile conflicting previous amendments, delete obsolete references, and provide greater clarity of the application of tax laws. The bill is consistent with Department practice. Accordingly, there is no revenue impact. SHB 1381 is generally effective July 22, 2007.

EHB 1450 - Valuation of low-income rental housing (Chapter 301, Laws of 2007)

A property tax exemption for low-income rental housing was adopted in 1999. This legislation specifies that assessors should consider restrictions on rental income, appreciation, and liquidity as contained in agreements between owners of rental property and government agencies when determining the value of the property.

2SHB 1811 - Property tax exemption for nightclub sprinkler systems (Chapter 434, Laws of 2007)

This legislation amends the exemption provisions for automatic sprinkler systems installed in nightclubs. Leasehold improvements have been typically taxable as personal property of the lessee and are now exempt. There is no impact on state revenues and, at most, minimal shifts of property taxes to taxable property would occur. The impact on local taxing districts is minimal. The Governor vetoed the emergency clause, so the bill is effective July 22, 2007.

E2SHB 1910 - Property exemption for multi-family housing (Chapter 430, Laws of 2007)

This bill amends statutes throughout Chapter 84.14 RCW. The property tax exemption for eligible new, rehabilitated, or converted multi-unit housing facilities within residential targeted areas in urban centers. The focus of many of the revisions relate to affordable housing for low-income families. The exemption is limited to eight years, unless 20 percent of the residential units are rented to low or moderate income families. If so, the exemption is extended to 12 years. More cities are eligible due to a decrease in size requirement and other growth management stipulations.

E2SHB 2164 - Property exemption for multi-family housing (Chapter 185, Laws of 2007)

This legislation prohibits any multi-family exemption applications to be submitted in the area defined by the University of Washington - Tacoma branch campus footprint. This bill is effective July 1, 2007, and is necessary to allow for future growth of the campus.

EHJR 4204 - Constitutional amendment

This constitutional amendment eliminates the super-majority approval and validation requirement for school district maintenance and operation levies. The amendment must be approved and ratified by a majority of voters in the fall 2007 general election to become law.

SSB 5231 - Water-sewer property annexations (Chapter 31, Laws of 2007)

This legislation creates a procedure for a water-sewer district to annex territory within a city following the district's acquisition of water and/or sewer facilities located within the city.

SB 5463 - Forest fire protection assessments (Chapter 110, Laws of 2007)

This bill modifies forest fire protection assessments. The fee is increased from \$14.50 to \$17.50 per parcel, and the assessment on excess acreage is increased from 25 cents to 27 cents on each acre exceeding 50 acres.

SB 5468 - Property tax statute changes (Chapter 111, Laws of 2007)

This Department of Revenue request legislation addresses three different programs administered by the Department. The general purpose is to make working with the Department easier for taxpayers and thereby help to increase voluntary compliance with tax laws. It amends statutes related to nonprofit exemptions, eliminating application and renewal fees, and allows the Department to waive penalties applied to late filing of annual reports of centrally assessed property owners. The only revenue impact associated with this legislation is the loss of the property tax fee revenue. This will reduce state general fund receipts by an estimated \$106,000 for Fiscal Year 2008 and \$111,000 annually thereafter.

ESB 5498 - Lid lifts by all taxing districts allowed to impose lid lifts (Chapter 380, Laws of 2007)

This bill allows all taxing districts to impose a lid lift on the levy that may exceed the 101 percent limitation for up to six consecutive years. Counties, cities, and towns have had this ability since 2003. Funds raised through the lid lift may not supplant existing funds, defined as actual operating expenditures made for specific purposes of the lid lift.

ESSB 5836 - Date change for annexation boundary changes (Chapter 285, Laws of 2007)

This legislation changes the date taxing district boundaries are established from March 1 to August 1 of the year in which the property tax levy is made. It also provides that when territory that is part of a fire or library district is annexed to a city or town, any taxes on annexed property that were levied, but not collected, must be paid to the annexing city or town. If the property annexed by the city or town was in a fire or library district while there was outstanding bonded indebtedness, the bonded indebtedness of the fire or library district remains an obligation of the taxable property annexed to the city or town. Cities or towns annexing fire or library district property must notify the district of the annexation. The bill does not affect state revenues.

SB 5732 - County treasurer tax payment acceptance date change (Chapter 105, Laws of 2007)

This bill allows county treasurers to accept tax payments and issue receipts for the payments once the tax roll is closed for the current year's collection. It eliminates the requirement for the county treasurers to wait until February 15 each year to collect tax payments on real property.