

Multiple Agency Fiscal Note Summary

Bill Number: 1334 HB	Title: Property tax revenue growth
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	200,000,000	200,000,000	200,000,000	618,000,000	618,000,000	618,000,000	1,083,000,000	1,083,000,000	1,083,000,000
Total \$	200,000,000	200,000,000	200,000,000	618,000,000	618,000,000	618,000,000	1,083,000,000	1,083,000,000	1,083,000,000

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		236,000,000		741,000,000		1,308,000,000
Local Gov. Total		236,000,000		741,000,000		1,308,000,000

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	1.7	427,800	427,800	427,800	1.4	340,000	340,000	340,000	.4	104,200	104,200	104,200
Total \$	1.7	427,800	427,800	427,800	1.4	340,000	340,000	340,000	0.4	104,200	104,200	104,200

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Megan Tudor, OFM

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Date Published:
Final 2/11/2025

Individual State Agency Fiscal Note

Bill Number: 1334 HB	Title: Property tax revenue growth	Agency: 105-Office of Financial Management
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Rachele Harris	Phone: 360-786-7137	Date: 01/17/2025
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 01/22/2025
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 01/22/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/23/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1334 modifies the annual regular property tax revenue growth limit. Section 1(3) of the bill defines population change as the annual percent increase in the population of a taxing district based on estimates published by OFM, rounded to the nearest 0.1 percent.

OFM already publishes the population estimates referenced in the bill. Percentage change by area would need to be calculated by users of the data table, or OFM could provide this calculation within current resources. There is no fiscal impact to OFM.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 1334 HB	Title: Property tax revenue growth	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 01 - Taxes 50 - Property Tax	50,000,000	150,000,000	200,000,000	618,000,000	1,083,000,000
Total \$	50,000,000	150,000,000	200,000,000	618,000,000	1,083,000,000

Estimated Expenditures from:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.1	1.4	1.7	1.4	0.4
GF-STATE-State 001-1	257,800	170,000	427,800	340,000	104,200
Total \$	257,800	170,000	427,800	340,000	104,200

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Rachelle Harris	Phone: 60-786-7137	Date: 01/17/2025
Agency Preparation: Mark Studer	Phone: 60-534-1507	Date: 01/23/2025
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/23/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/11/2025

Request # 1334-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

Current law annually limits a taxing district's increase in its regular property tax levy or levies by the applicable "limit factor," plus an additional amount based on the prior year's levy rate multiplied by the increase in assessed value in the district from:

- New construction.
- Construction of wind turbine, solar, biomass, and geothermal facilities.
- Improvements to property.
- State-assessed property.
- Real property within a local tax increment finance area designated by a local government (excluding the state school levies, or port and public utility district bond levies).

Current law defines:

- "Limit factor" as:
 - For taxing districts with a population of less than 10,000, 101%.
 - For all other districts, the lesser of 101% or 100% plus inflation. However, if inflation is less than 1%, then taxing districts, except the state, that adopt a substantial need resolution can have a limit factor up to 101%.
- "Inflation" as the percentage change in the implicit price deflator (IPD) for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25th of the year before the taxes are payable.

PROPOSAL:

This bill increases the regular property tax levy growth limit for both state and local property tax levies by revising the definition of "inflation" and "limit factor."

This bill revises the definition of "inflation" for both state and local property levies to mean the annual percentage increase in the consumer price index for all urban consumers (CPI-U) in the western region for all items as provided for the most recent 12-month period by the Bureau of Labor Statistics of the United States Department of Labor by July 25 of the year before the year the taxes are paid.

This bill revises the definition of "limit factor" for both parts of the state property tax levy to mean 100% plus population change and inflation, but not to exceed 103%.

This bill defines "population change" to mean the annual percent increase in the population of a taxing district between the two most recent years, as provided in the official population estimates published by the Office of Financial Management for April 1 of the year before the taxes are paid. The definition of population change also:

- Provides that if a taxing district's population decreases, the population change is zero.
- Specifies how to calculate the population change for taxing districts located in more than one county, city, town, or any combination of counties, cities, and towns.

The bill also requires the Department of Revenue (department) to provide county assessors the limit factors by September 1 of the year before the year the taxes are paid. It also requires the county assessor to determine the limit factor applicable to each taxing district in the county and notify each taxing district of the applicable factor by October 1 of the year before the year the taxes are paid.

This bill repeals the substantial need provision (RCW 84.55.0101).

EFFECTIVE DATE:

This bill takes effect beginning with property taxes due for Calendar Year 2026.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- Taxing districts taking less than the current 101% limit will not utilize the increased limit factor.
- Prorating occurs under the \$5.90 aggregate limit due to the increase in the limit factor in Columbia and Whitman counties.
- No prorating occurs under the \$10 constitutional aggregate limit due to the increase in the limit factor.
- Based on five years of state property tax collections, 52.62% of property tax collections occur in April and 47.38% occur in October. When converting from calendar year to fiscal year, this estimate assumes revenue gains and losses follow this trend.

DATA SOURCES:

- Economic and Revenue Forecast Council, November 2024 forecast
- Office of Financial Management, April 1, 2024, Population estimates
- Office of Financial Management, State population forecast
- Department of Revenue, State Property Tax Model
- Department of Revenue, State levy calculations for property taxes due for 2024
- County assessor, Property tax data

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$50 million in fiscal year 2026, and by \$150 million in fiscal year 2027, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$59 million in fiscal year 2026, and by \$177 million in fiscal year 2027, the first full year of impacted collections.

PROPERTY TAX SHIFTS:

This legislation results in no state or local property tax levy shifts.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 50,000
FY 2027 -	\$ 150,000
FY 2028 -	\$ 255,000
FY 2029 -	\$ 363,000
FY 2030 -	\$ 478,000
FY 2031 -	\$ 605,000

Local Government, if applicable (cash basis, \$000):

FY 2026 -	\$ 59,000
FY 2027 -	\$ 177,000
FY 2028 -	\$ 305,000

FY 2029 - \$ 436,000
 FY 2030 - \$ 577,000
 FY 2031 - \$ 731,000

DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis:

State Government, Impact on Revenues (\$000):

CY 2026 - \$ 96,000
 CY 2027 - \$ 198,000
 CY 2028 - \$ 307,000
 CY 2029 - \$ 413,000
 CY 2030 - \$ 536,000
 CY 2031 - \$ 667,000

State Government, (\$000), Shift of Tax Burden: None

Local Government, Impact on Revenues (\$000):

CY 2026 - \$ 112,000
 CY 2027 - \$ 236,000
 CY 2028 - \$ 367,000
 CY 2029 - \$ 498,000
 CY 2030 - \$ 649,000
 CY 2031 - \$ 805,000

Local Government, (\$000), Shift of Tax Burden: None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This bill affects county assessors, property owners, and taxing districts.

FIRST YEAR COSTS

The department will incur total costs of \$257,800 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 2.05 FTEs.
- Amend five administrative rules.
 - Create special notice and update relevant information on the department’s website.
 - Revise property tax manuals, update forms and training materials, and work with county assessor's offices to implement this legislation.
 - Calculate limit factors for all taxing districts.
 - Increased number of required county levy audits due to levy limit changes.

SECOND YEAR COSTS:

The department will incur total costs of \$170,000 in fiscal year 2027. These costs include:

- Labor Costs – Time and effort equate to 1.4 FTEs.
- Calculate limit factors for all taxing districts.
 - Continued county levy audits due to levy limit changes

ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$340,000 and include similar activities described in the second-year costs. Time and effort equate to 1.4 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.1	1.4	1.7	1.4	0.4
A-Salaries and Wages	157,600	105,600	263,200	211,200	65,200
B-Employee Benefits	56,800	38,000	94,800	76,000	23,600
E-Goods and Other Services	29,800	19,800	49,600	39,600	12,000
G-Travel	5,400	3,900	9,300	7,800	1,800
J-Capital Outlays	8,200	2,700	10,900	5,400	1,600
Total \$	\$257,800	\$170,000	\$427,800	\$340,000	\$104,200

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
EMS BAND 4	135,635	0.0		0.0		
MGMT ANALYST4	78,468	0.0		0.0		
PROPERTY AND ACQUISITION SJ	72,924	1.0	1.0	1.0	1.0	
PROPERTY AND ACQUISITION SJ	78,468	0.8	0.3	0.6	0.3	0.3
TAX POLICY SP 2	80,460	0.0		0.0		
TAX POLICY SP 3	91,068	0.2	0.1	0.1	0.1	0.1
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 3	115,352	0.0		0.0		
Total FTEs		2.1	1.4	1.7	1.4	0.4

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the department will use the expedited process to amend five administrative rules affecting county assessors, property owners, and taxing districts.

- WAC 458-19-005, titled: "Levy Limit - Definitions."
- WAC 458-19-020, titled: "Levy Limit - Method of Calculation."
- WAC 458-19-030, titled: "Levy Limit - Consolidation of Districts."
- WAC 458-19-035, titled: "Levy Limit - Annexation."
- WAC 458-19-550, titled: "State Levy - Apportionment between counties."

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1334 HB	Title: Property tax revenue growth
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: property tax revenue increase
- Counties: property tax revenue increase
- Special Districts: property tax revenue increase
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	9,239,400	27,718,200	36,957,600	116,040,600	204,832,800
County	11,628,900	34,886,700	46,515,600	146,051,100	257,806,800
Special District	38,131,700	114,395,100	152,526,800	478,908,300	845,360,400
TOTAL \$	59,000,000	177,000,000	236,000,000	741,000,000	1,308,000,000
GRAND TOTAL \$					2,285,000,000

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/27/2025
Leg. Committee Contact: Rachele Harris	Phone: 360-786-7137	Date: 01/17/2025
Agency Approval: Tammi Alexander	Phone: 360-725-5038	Date: 01/27/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/11/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

Section 1 amends RCW 84.55.005 [Limitations upon regular property taxes - Definitions] to revise the definition of “inflation,” “limit factor,” and “population change” which would increase the regular property tax levy growth limit for state and local property tax levies.

Section 2 amends RCW 84.55.100 [Determination of limitations] to specify the Department of Revenue must provide county assessors the limit factors necessary for the county assessors to carry out these changes by September 1 each year, and county assessors must determine the limit factor applicable to each taxing district in their county and notify each taxing district of the determination. For a taxing district located in more than one county, the assessor of the county with the most assessed value of the taxing district must determine the limit factor applicable.

Section 3 repeals the substantial need provision (RCW 84.55.0101).

Section 4 specifies this bill takes effect beginning with property taxes due for Calendar Year 2026.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill will not impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

According to the Department of Revenue, this bill increases local revenues by an estimated \$59 million in fiscal year 2026, and by \$177 million in fiscal year 2027, the first full year of impacted collections.

This legislation results in no state or local property tax levy shifts.

LOCAL GOVERNMENT

FY 2026 -	\$ 59,000,000
FY 2027 -	\$ 177,000,000
FY 2028 -	\$ 305,000,000
FY 2029 -	\$ 436,000,000
FY 2030 -	\$ 577,000,000
FY 2031 -	\$ 731,000,000

Local government revenue distribution is predicted below by taking the DOR fiscal note totals and multiplying by the property tax distribution for counties, cities and special districts. These percentages are derived from DOR Property Tax Statistics for 2024.

COUNTIES

FY 2026	\$11,628,900
FY 2027	\$34,886,700
FY 2028	\$60,115,500
FY 2029	\$85,935,600
FY 2030	\$113,726,700
FY 2031	\$144,080,100

CITIES

FY 2026	\$9,239,400
FY 2027	\$27,718,200
FY 2028	\$47,763,000
FY 2029	\$68,277,600
FY 2030	\$90,358,200
FY 2031	\$114,474,600

SPECIAL DISTRICTS

FY 2026	\$38,131,700
FY 2027	\$114,395,100
FY 2028	\$197,121,500
FY 2029	\$281,786,800
FY 2030	\$372,915,100
FY 2031	\$472,445,300

SOURCES

Department of Revenue Property Tax Statistics 2024

Department of Revenue Fiscal Note