

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5798 SB	<b>Title:</b> Property tax
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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	165,900,000	165,900,000	165,900,000	613,800,000	613,800,000	613,800,000	1,100,400,000	1,100,400,000	1,100,400,000
<b>Total \$</b>	<b>165,900,000</b>	<b>165,900,000</b>	<b>165,900,000</b>	<b>613,800,000</b>	<b>613,800,000</b>	<b>613,800,000</b>	<b>1,100,400,000</b>	<b>1,100,400,000</b>	<b>1,100,400,000</b>

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	No fiscal impact					
Local Gov. Other		294,600,000		947,000,000		1,672,200,000
Local Gov. Total		294,600,000		947,000,000		1,672,200,000

## 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
Department of Revenue	1.9	486,100	486,100	486,100	1.5	364,600	364,600	364,600	1.5	364,600	364,600	364,600
<b>Total \$</b>	<b>1.9</b>	<b>486,100</b>	<b>486,100</b>	<b>486,100</b>	<b>1.5</b>	<b>364,600</b>	<b>364,600</b>	<b>364,600</b>	<b>1.5</b>	<b>364,600</b>	<b>364,600</b>	<b>364,600</b>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	No fiscal impact								
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	No fiscal impact								
Local Gov. Other									
Local Gov. Total									

# Estimated Capital Budget Breakout

<b>Prepared by:</b> Gwen Stamey, OFM	<b>Phone:</b> (360) 790-1166	<b>Date Published:</b> Final 3/31/2025
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5798 SB	<b>Title:</b> Property tax	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

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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	35,900,000	130,000,000	165,900,000	613,800,000	1,100,400,000
<b>Total \$</b>	35,900,000	130,000,000	165,900,000	613,800,000	1,100,400,000

### Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.4	1.5	1.9	1.5	1.5
<b>Account</b>					
GF-STATE-State 001-1	303,800	182,300	486,100	364,600	364,600
<b>Total \$</b>	303,800	182,300	486,100	364,600	364,600

### 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: Jeffrey Mitchell	Phone: (360) 786-7438	Date: 03/20/2025
Agency Preparation: Mark Studer	Phone: (360) 534-1507	Date: 03/24/2025
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 03/24/2025
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/26/2025

Request # 5798-1-1

## 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:

Under current law, the regular property tax levy growth limit 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).

The limit factor is:

- 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 adopting a substantial need resolution can have a limit factor up to 101% (except the state).

Inflation is the percentage change in the implicit price deflator for personal consumption expenditures in the United States as published by the Bureau of Economic Analysis of the federal Department of Commerce for the most recent 12-month period by September 25th of the year before the taxes are payable.

Qualifying senior citizens, persons retired due to disability, and disabled veterans meeting certain criteria may qualify for a property tax exemption (senior exemption program) on their principal residence. All participants in the senior exemption program receive a full exemption from Part 2 of the state school levy. Depending on a participant's income, the senior exemption program may also include a partial reduction for Part 1 of the state school levy.

#### PROPOSAL:

This bill changes the regular property tax levy growth limit for both state and local property tax levies by revising the definitions of inflation and limit factor and by revising the substantial need clause (RCW 84.55.0101).

This bill revises the definition of inflation for both state and local property tax 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 cities, counties, and towns current expense levy, as follows:

- 101%. Or;
- Upon a finding of substantial need, the local legislative authority may provide for the use of a limit factor of 100% plus population change and inflation for a city, county, or town's current expense levy.

For all other levies, including the state levies, the limit factor is the greater of 101% or 100% plus population change and inflation.

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 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 limit factor by October 1 of the year before the year the taxes are paid.

This bill revises the substantial needs clause by requiring the legislative authority of a county, city, or town to declare that the increase needed for public safety, criminal justice, and community protection services exceeds the amount of available resources for those services.

“Public safety, criminal justice, and community protection services” are defined to include, but are not limited to, mental health, chemical dependency, emergency medical, and domestic violence.

This proposal exempts parcels eligible for the senior exemption program from Part 1 of the state levy and requires the exemption from Part 1 to not shift taxes to other property owners.

This bill requires each tax statement to identify each part of the state property tax as “state school levy-part 1” and “state school levy-part 2.”

**EFFECTIVE DATE:**

This proposal 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:**

- Districts may take the greater of this proposal's levy increase or a levy increase approved by voters.
- Districts currently taking the maximum levy growth amount will take the maximum growth amount in the future.
- Districts currently taking less than the current 101% limit factor will not utilize this increase to the limit factor.
- Minor prorationing occurs under the \$5.90 aggregate limit in Columbia and Whitman counties due to the increase in the limit factor.
- No prorationing 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.
- The no-shift provision for the change to the senior citizens and people with disabilities exemption decreases the General Fund.

**DATA SOURCES:**

- Economic and Revenue Forecast Council, November 2024 forecast
- State Property Tax Model, November 2024
- SP Global Market Intelligence, November 2024 forecast
- County assessor, Property data

**REVENUE ESTIMATES:**

The Economic and Revenue Forecast Council predicts the state property tax levy to remain below the \$3.60 limit throughout the 2027-29 biennium.

This bill increases state revenues by an estimated \$35.9 million in fiscal year 2026, and by \$130.0 million in fiscal year 2027, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$71.8 million in fiscal year 2026, and by \$222.8 million in fiscal year 2027, the first full year of impacted collections.

PROPERTY TAX SHIFTS:

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

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 35,900
FY 2027 -	\$ 130,000
FY 2028 -	\$ 250,300
FY 2029 -	\$ 363,500
FY 2030 -	\$ 482,400
FY 2031 -	\$ 618,000

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

FY 2026 -	\$ 71,800
FY 2027 -	\$ 222,800
FY 2028 -	\$ 391,300
FY 2029 -	\$ 555,700
FY 2030 -	\$ 734,500
FY 2031 -	\$ 937,700

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

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

CY 2026 -	\$ 68,300
CY 2027 -	\$ 185,600
CY 2028 -	\$ 308,500
CY 2029 -	\$ 413,000
CY 2030 -	\$ 544,900
CY 2031 -	\$ 683,700

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

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

CY 2026 -	\$ 136,400
CY 2027 -	\$ 300,600
CY 2028 -	\$ 473,100
CY 2029 -	\$ 630,100
CY 2030 -	\$ 828,500
CY 2031 -	\$ 1,036,100

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 \$303,800 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 2.38 FTEs.
- Amend eight administrative rules.
  - Amend three property tax advisories.
  - Create a 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 \$182,300 in fiscal year 2027. These costs include:

- Labor Costs – Time and effort equate to 1.5 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 \$364,600 and include similar activities described in the second-year costs. Time and effort equate to 1.5 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	2.4	1.5	1.9	1.5	1.5
A-Salaries and Wages	186,300	113,400	299,700	226,800	226,800
B-Employee Benefits	67,100	40,900	108,000	81,800	81,800
E-Goods and Other Services	34,900	20,900	55,800	41,800	41,800
G-Travel	6,000	4,200	10,200	8,400	8,400
J-Capital Outlays	9,500	2,900	12,400	5,800	5,800
<b>Total \$</b>	<b>\$303,800</b>	<b>\$182,300</b>	<b>\$486,100</b>	<b>\$364,600</b>	<b>\$364,600</b>

**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		
EMS BAND 5	158,451	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	1.0
PROPERTY AND ACQUISITION SJ	78,468	1.0	0.4	0.7	0.4	0.4
TAX POLICY SP 2	80,460	0.0		0.0		
TAX POLICY SP 3	91,068	0.3	0.1	0.2	0.1	0.1
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 3	115,352	0.0		0.0		
<b>Total FTEs</b>		2.4	1.5	2.0	1.5	1.5

**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 eight administrative rules affecting county assessors, property owners, and taxing districts.

- WAC 458-16A-100, titled: "Senior citizen, persons with disabilities, and veterans with disabilities exemption—Definitions."
- WAC 458-16A-130, titled: "Senior citizen, persons with disabilities, and veterans with disabilities exemption—Application procedures."
- WAC 458-19-005, titled: "Levy Limit - Definitions."
- WAC 458-19-010, titled: "Levy limit and levy rate calculations."
- 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

<b>Bill Number:</b> 5798 SB	<b>Title:</b> Property tax
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**Part I: Jurisdiction**—Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- ☒ Cities: increase in property tax revenue
- ☒ Counties: increase in property tax revenue
- ☒ Special Districts: increase in property tax revenue
- ☐ 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	11,243,880	34,890,480	46,134,360	148,300,200	261,866,520
County	14,151,780	43,913,880	58,065,660	186,653,700	329,590,620
Special District	46,404,340	143,995,640	190,399,980	612,046,100	1,080,742,860
<b>TOTAL \$</b>	71,800,000	222,800,000	294,600,000	947,000,000	1,672,200,000
<b>GRAND TOTAL \$</b>	2,913,800,000				

**Estimated expenditure impacts to:**

None

**Part III: Preparation and Approval**

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 03/27/2025
Leg. Committee Contact: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/20/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/27/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 03/30/2025

## Part IV: Analysis

### A. SUMMARY OF BILL

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

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

### 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 would not impact local government expenditures because no action is required.

### 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.*

This bill revises the definition of limit factor for cities, counties, and towns current expense levy, as follows:

- 101%. Or;
- Upon a finding of substantial need, the local legislative authority may provide for the use of a limit factor of 100% plus population change and inflation for a city, county, or town’s current expense levy.

According to the Department of Revenue (DOR) this would increase local revenues by an estimated \$71.8 million in fiscal year 2026, and by \$222.8 million in fiscal year 2027, the first full year of impacted collections. Please see the DOR fiscal note for a complete list of their data sources and assumptions.

#### REVENUE INCREASE BREAKDOWN

##### COUNTIES

FY 2026	\$14,151,780
FY 2027	\$43,913,880
FY 2028	\$77,125,230
FY 2029	\$109,528,470
FY 2030	\$144,769,950
FY 2031	\$184,820,670

##### CITIES

FY 2026	\$11,243,880
FY 2027	\$34,890,480
FY 2028	\$61,277,580
FY 2029	\$87,022,620
FY 2030	\$115,022,700
FY 2031	\$146,843,820

##### SPECIAL DISTRICTS

FY 2026	\$46,404,340
FY 2027	\$143,995,640
FY 2028	\$252,897,190
FY 2029	\$359,148,910
FY 2030	\$474,707,350

FY 2031     \$606,035,510

SOURCES:

Department of Revenue Property Tax Statistics 2024

Department of Revenue fiscal note, SB 5798 (2025)

Local Government Fiscal Note Program “Tax Shift and Revenue Loss Model” (2025)

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5798 SB	<b>Title:</b> Property tax	<b>Agency:</b> SDF-School District Fiscal Note - SPI
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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.

<b>Legislative Contact:</b> Jeffrey Mitchell	<b>Phone:</b> 360-786-7438	<b>Date:</b> 03/20/2025
<b>Agency Preparation:</b> Shawn Lewis	<b>Phone:</b> 360 725-6019	<b>Date:</b> 03/31/2025
<b>Agency Approval:</b> TJ Kelly	<b>Phone:</b> (360) 725-6301	<b>Date:</b> 03/31/2025
<b>OFM Review:</b> Shea Hamilton	<b>Phone:</b> (360) 229-4774	<b>Date:</b> 03/31/2025

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.

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.

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.



# Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5798 SB	Property tax

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimated Cash Receipts

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Department of Revenue	35,900,000	130,000,000	250,300,000	363,500,000	482,400,000	618,000,000	762,500,000	915,500,000	1,072,100,000	1,232,200,000	5,862,400,000



# Ten-Year Analysis

<b>Bill Number</b> 5798 SB	<b>Title</b> Property tax	<b>Agency</b> 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☐ **No Cash Receipts**
☐ **Partially Indeterminate Cash Receipts**
☐ **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Property tax	001	35,900,000	130,000,000	250,300,000	363,500,000	482,400,000	618,000,000	762,500,000	915,500,000	1,072,100,000	1,232,200,000	5,862,400,000
<b>Total</b>		<b>35,900,000</b>	<b>130,000,000</b>	<b>250,300,000</b>	<b>363,500,000</b>	<b>482,400,000</b>	<b>618,000,000</b>	<b>762,500,000</b>	<b>915,500,000</b>	<b>1,072,100,000</b>	<b>1,232,200,000</b>	<b>5,862,400,000</b>
<b>Biennial Totals</b>		<b>165,900,000</b>		<b>613,800,000</b>		<b>1,100,400,000</b>		<b>1,678,000,000</b>		<b>2,304,300,000</b>		<b>5,862,400,000</b>

## Narrative Explanation (Required for Indeterminate Cash Receipts)

### CURRENT LAW:

Under current law, the regular property tax levy growth limit 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).

### The limit factor is:

- 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 adopting a substantial need resolution can have limit factor up to 101% (except the state).

Inflation is the percentage change in the implicit price deflator for personal consumption expenditures in the United States as published by the Bureau of Economic Analysis of the federal Department of Commerce for the most recent 12-month period by September 25th of the year before the taxes are payable.



# Ten-Year Analysis

Bill Number	Title	Agency
5798 SB	Property tax	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Qualifying senior citizens, persons retired due to disability, and disabled veterans meeting certain criteria may qualify for a property tax exemption (senior exemption program) on their principal residence. All participants in the senior exemption program receive a full exemption from Part 2 of the state school levy. Depending on a participant's income, the senior exemption program may also include a partial reduction for Part 1 of the state school levy.

### PROPOSAL:

This bill changes the regular property tax levy growth limit for both state and local property tax levies by revising the definitions of inflation and limit factor and by revising substantial need clause (RCW 84.55.0101).

This bill revises the definition of inflation for both state and local property tax 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 cities, counties, and towns current expense levy, as follows:

- 101%. Or;
- Upon a finding of substantial need, the local legislative authority may provide for the use of a limit factor of 100% plus population change and inflation for a city, county, or town's current expense levy.

For all other levies, including the state levies, the limit factor is the greater of 101% or 100% plus population change and inflation.

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 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 and 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 limit factor by October 1 of the year before the year the taxes are paid.

This bill revises the substantial needs clause by requiring the legislative authority of a county, city, or town to declare that the increase needed for public safety, criminal justice, and community protection services exceeds the amount of available resources for those services.





# Ten-Year Analysis

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## Narrative Explanation (Required for Indeterminate Cash Receipts)

“Public safety, criminal justice, and community protection services” are defined to include, but are not limited to, mental health, chemical dependency, emergency medical and domestic violence.

This proposal exempts parcels eligible for the senior exemption program from Part 1 of the state levy and requires the exemption from Part 1 to not shift taxes to other property owners.

This bill requires each tax statement to identify each part of the state property tax as “state school levy-part 1” and “state school levy-part 2.”

### EFFECTIVE DATE:

This proposal takes effect beginning with property taxes due for calendar year 2026.

### ASSUMPTIONS:

- Districts may take the greater of this proposal's levy increase or a levy increase approved by voters.
- Districts currently taking the maximum levy growth amount will take the maximum growth amount in the future.
- Districts currently taking less than the current 101% limit factor will not utilize this increase to the limit factor.
- Minor prorationing occurs under the \$5.90 aggregate limit in Columbia and Whitman counties due to the increase in the limit factor.
- No prorationing 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 fiscal year, this estimate assumes revenue gains and losses follow this trend.
- The no-shift provision for the change to the senior citizens and people with disabilities exemption decreases the General Fund.

### DATA SOURCES:

- Economic and Revenue Forecast Council, November 2024 forecast
- State Property Tax Model, November 2024
- SP Global Market Intelligence, November 2024 forecast
- County assessor, Property data

### REVENUE ESTIMATES:

The Economic and Revenue Forecast Council predicts the state property tax levy to remain below the \$3.60 limit throughout the 2027-29 biennium.



# Ten-Year Analysis

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## Narrative Explanation (Required for Indeterminate Cash Receipts)

This bill increases state revenues by an estimated \$35.9 million in fiscal year 2026, and by \$130.0 million in fiscal year 2027, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$71.8 million in fiscal year 2026, and by \$222.8 million in fiscal year 2027, the first full year of impacted collections

### PROPERTY TAX SHIFTS:

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

### TOTAL REVENUE IMPACT:

#### State Government (cash basis, \$000):

FY 2026 -	\$ 35,900
FY 2027 -	\$ 130,000
FY 2028 -	\$ 250,300
FY 2029 -	\$ 363,500
FY 2030 -	\$ 482,400
FY 2031 -	\$ 618,000

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

FY 2026 -	\$ 71,800
FY 2027 -	\$ 222,800
FY 2028 -	\$ 391,300
FY 2029 -	\$ 555,700
FY 2030 -	\$ 734,500
FY 2031 -	\$ 937,700

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

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

CY 2026 -	\$ 68,300
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# Ten-Year Analysis

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## Narrative Explanation (Required for Indeterminate Cash Receipts)

CY 2027 - \$ 185,600  
CY 2028 - \$ 308,500  
CY 2029 - \$ 413,000  
CY 2030 - \$ 544,900  
CY 2031 - \$ 683,700

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

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

CY 2026 - \$ 136,400  
CY 2027 - \$ 300,600  
CY 2028 - \$ 473,100  
CY 2029 - \$ 630,100  
CY 2030 - \$ 828,500  
CY 2031 - \$ 1,036,100

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

Agency Preparation: Mark Studer	Phone: 360-534-1507	Date: 3/24/2025 11:18:32 an
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 3/24/2025 11:18:32 an
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5798 SB	<b>Title</b> Property tax	<b>Agency</b> SDF School District Fiscal Note - SPI
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☒ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Shawn Lewis	Phone: 360 725-6019	Date: 3/31/2025 8:52:18 am
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 3/31/2025 8:52:18 am
OFM Review:	Phone:	Date: