

Issue Brief:
Levy Lid Lifts
(SHB 2554/SB 6641)



The annual increase in library district and city property taxes is restricted by a property tax revenue limit that was established in 2001 by Initiative 747 and then re-enacted by the Legislature in late 2007 after the state Supreme Court ruled that I-747 was unconstitutional. It requires the tax rate to be reduced as necessary to limit the total amount of property taxes levied to the highest allowable lawful levy since 1985, plus 1%, plus an amount equal to last year's tax rate multiplied by the value of new construction in the district. The result is that most taxing district levy rates are below the maximum established by the Legislature.

A taxing district's levy limit may be exceeded upon the majority vote of the people. This exception is often called a "lid lift" or "levy lid override." A voter-approved levy lid lift allows a taxing district to increase its highest lawful regular property tax levy allowed by statute by more than one percent limit, up to but not exceeding its statutory maximum levy rate, for one year or more.

In the 2007 Legislative session the authority given cities, towns and counties in the 2003 session to ask voters to approve a levy lid lift that sets the growth rate for the property tax limit calculation for up to six years was extended to all taxing districts through SSB 5498. The growth factor may be fixed, variable, or linked to an index such as the CPI. It puts local voters in the driver's seat in determining their local library district's funding level. It—

- Provides funding stability to maintain library service levels and carry them out more efficiently.
- Saves hundreds of thousands of dollars in election costs state-wide.

Subsequent to its effective date, it was determined that the bill's language inadvertently made every multi-year levy lid lift permanent without a specific statement to that effect in the ballot proposition. As a result, the Department of Revenue requested legislation amending the statute to provide that all such multi-year levies are temporary unless otherwise stated in the ballot proposition. Legislation may also extend this requirement to single year lid lifts.

Because the Washington Library Association supports the right of voters to be fully informed about ballot proposition impacts, it fully supports both SHB 2554 and SB 6641 and encourages Legislative approval of one of these bills during the 2008 session.