
HOUSE BILL 1729

State of Washington

69th Legislature

2025 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 2025 that is four billion
17 dollars more than was intended to be collected with the *McCleary* fix.
18 This has 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 2026 tax year and establishing a
2 new basis for the state levies to ensure that the extra revenues
3 collected in past years are not carried forward in future years' levy
4 calculations.

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 per thousand dollars
11 of assessed value upon the assessed valuation of all taxable property
12 within the state adjusted to the state equalized value in accordance
13 with the indicated ratio fixed by the state department of revenue.

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

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

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

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

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

37 (3) For taxes levied for collection in calendar years 2019
38 through 2021, the state property taxes levied under subsections (1)

1 and (2) of this section are not subject to the limitations in chapter
2 84.55 RCW.

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

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

15 (5) For property taxes levied for collection in calendar years
16 2019 through 2021, the rate of tax levied under subsection (1) of
17 this section is the actual rate that was levied for collection in
18 calendar year 2018 under subsection (1) of this section.

19 (6) The amount of state taxes levied under this section for
20 collection in calendar years 2026, 2027, and 2028 are as provided in
21 this subsection.

22 (a) For calendar year 2026:

23 (i) The amount levied under subsection (1) of this section is the
24 part I highest lawful levy for calendar year 2026. For purposes of
25 this subsection (6), "part I highest lawful levy for calendar year
26 2026" means the sum of \$2,789,400,000 plus any increase allowed under
27 RCW 84.55.010.

28 (ii) The amount levied under subsection (2) of this section is
29 the part II highest lawful levy for calendar year 2026. For purposes
30 of this subsection (6), "part II highest lawful levy for calendar
31 year 2026" means the sum of \$1,315,500,000 plus any increase allowed
32 under RCW 84.55.010.

33 (b) For calendar year 2027:

34 (i) The amount levied under subsection (1) of this section is the
35 part I highest lawful levy for calendar year 2027. For purposes of
36 this subsection (6), "part I highest lawful levy for calendar year
37 2027" means the part I highest lawful levy for calendar year 2026,
38 plus any increase allowed under RCW 84.55.010.

39 (ii) The amount levied under subsection (2) of this section is
40 the part II highest lawful levy for calendar year 2027. For purposes

1 of this subsection (6), "part II highest lawful levy for calendar
2 year 2027" means the part II highest lawful levy for calendar year
3 2026, plus any increase allowed under RCW 84.55.010.

4 (c) For calendar year 2028:

5 (i) The amount levied under subsection (1) of this section is the
6 part I highest lawful levy for calendar year 2027, plus any increase
7 allowed under RCW 84.55.010.

8 (ii) The amount levied under subsection (2) of this section is
9 the part II highest lawful levy for calendar year 2027, plus any
10 increase allowed under RCW 84.55.010.

11 (7) The amounts levied under subsections (1) and (2) of this
12 section for collection in calendar year 2029 and thereafter are
13 governed by the levy limits in chapter 84.55 RCW and the aggregate
14 rate limit in subsection (4) of this section.

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

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

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

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

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

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

34 ~~((b))~~ (ii) Increases in assessed value due to construction of
35 wind turbine, solar, biomass, and geothermal facilities, if such
36 facilities generate electricity and the property is not included
37 elsewhere under this section for purposes of providing an additional
38 dollar amount. The property may be classified as real or personal
39 property;

1 (~~(e)~~) (iii) Improvements to property;
2 (~~(d)~~) (iv) Any increase in the assessed value of state-assessed
3 property; and
4 (~~(e)~~) (v) Any increase in the assessed value of real property,
5 as that term is defined in RCW 39.114.010, within an increment area
6 as designated by any local government in RCW 39.114.020 provided that
7 such increase is not included elsewhere under this section. This
8 subsection (1) (~~(e)~~) (b)(v) does not apply to levies by the state or
9 by port districts and public utility districts for the purpose of
10 making required payments of principal and interest on general
11 indebtedness.
12 (2) The requirements of this section do not apply to:
13 (a) State property taxes levied under RCW 84.52.065(1) for
14 collection in calendar years 2019 through 2021; and
15 (b) State property taxes levied under RCW 84.52.065(2) for
16 collection in calendar years 2018 through 2021.
17 (3) For state property taxes levied for collection in 2026
18 through 2028, the levy must be set so that the regular property taxes
19 payable in the following year equal the limit factor multiplied by
20 the applicable part I or part II highest lawful levy amount as
21 provided in RCW 84.52.065(6), plus an additional dollar amount
22 calculated as provided in subsection (1)(b) of this section.

23 NEW SECTION. **Sec. 4.** This act applies for collection in 2026
24 and thereafter.

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