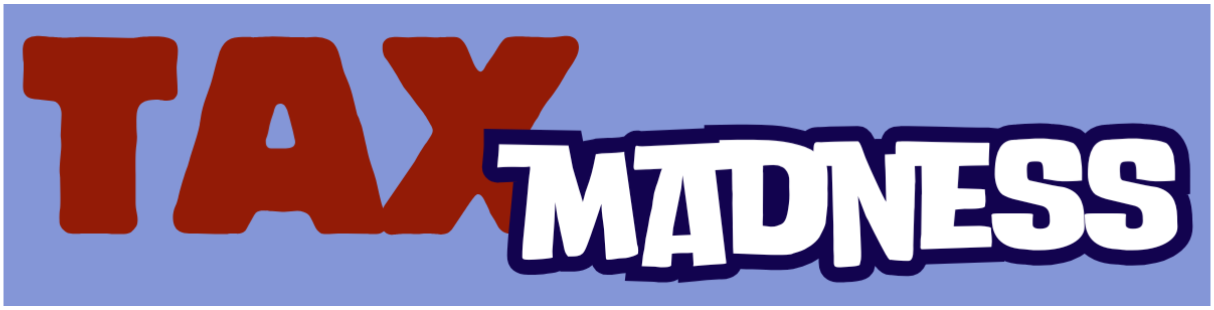


NO on unlimited property-tax increases

What is state law?

We pay two kinds of property tax: state, and local. Property-tax rates can't increase more than 1% a year without voter approval. The 1% cap was established in 2001 by the passage of Initiative 747; in 2007, after the state Supreme Court overturned the law, a Democrat-controlled Legislature and Democrat governor reinstated the limit. Because voters must approve any increase beyond the 1% limit, the law gives the people some control over the growth of their taxes while keeping government accountable.

What would SB 5798 do?

Through Senate Bill 5798, Senate Democrats would completely remove the 1% cap on the growth of property-tax rates. They would instead tie the annual growth rate to inflation and population. With no cap, that rate can grow each year – even into double digits, and it compounds year to year.

> **Ruling Democrats in the state Legislature, with Inslee as their cheerleader, were too quick to embrace [taxes] before even starting with an exercise in fiscal responsibility.**
>
> The Seattle Times Editorial Board

This is potentially much costlier than what House Democrats are proposing this year – which is to lift the cap to 3%, allowing the growth rate to triple (similar to the bill Senate Democrats pushed, then abandoned in 2024 in the face of intense public pressure).

Who would be affected?

Everyone. Democrats like to note SB 5798 would exempt some senior citizens and disabled persons from **part** but not the entire state property tax, but that is overshadowed by the fact that homeowners would see their property-tax bills increase much faster. The same is true for property owners who rent or lease their homes or multifamily housing units. They will be forced to pass the increases on to their tenants, making rents even less affordable than they are now. If Democrats also impose rent control, property owners may sell their rental properties. Single-family rentals could leave the rental market forever, contributing further to our housing crisis.

Even worse…SB 5798 would hurt lower income renters and homeowners the most. It's highly regressive.

Fiscal Year 2022 Washington State	Lowest 20%	2nd quintile	3rd quintile	4th quintile	Highest 20%
Avg. Household Income	$20,378	$51,350	$85,121	$128,529	$265,692
Local Property Taxes	$871	$1,220	$1,880	$2,612	$4,189
Local Property Taxes - Share of Income	4.3%	2.4%	2.2%	2.0%	1.6%

Source: Senate Committee Services, Household Tax Burden Tab of Tax Alternatives Model

What could the financial impact be?

If the policy in SB 5798 had been in effect the past 10 years, the owner of a $500,000 home would have seen their property taxes increase by $9,000, cumulatively. In 2023 alone, property owners could have been hit with a 10.05% tax increase.

Over the next 10 years, the Department of Revenue estimates SB 5798 will cost taxpayers $16 BILLION – without their approval. And the bill makes it difficult for voters to repeal it.

SB 5798 cannot be challenged through a voter referendum.

SB 5798 is structured so that voters may NOT use their constitutional power of referendum to repeal this tax. The bill may be challenged only through an initiative, which requires citizens to get twice as many signatures and would be more expensive.

How much could state and local governments EACH have raised your taxes over the past decade?

Taxes Due In	CPI	Population	Total
2016	1.12%	1.20%	2.32%
2017	1.59%	1.30%	2.89%
2018	2.51%	1.50%	4.01%
2019	3.64%	1.60%	4.34%
2020	2.74%	1.60%	4.34%
2021	1.18%	1.70%	2.88%
2022	5.15%	0.80%	5.95%
2023	8.75%	1.30%	10.05% WHAT??
2024	3.49%	1.10%	4.59%
2025	2.84%	1.10%	3.94%

Source: Dept. of Revenue

SENATE REPUBLICAN CAUCUS

SB 5798: NO CAPS on property tax growth rate

Prior to the March 31 public hearing on SB 5798 before the Senate Ways & Means Committee, **a record 43,680 people** signed in to oppose this unchecked increase in the annual allowable growth rate for their property taxes. This included people from all walks of life and all along the political spectrum.

The message was clear:

DON'T MAKE HOUSING MORE UNAFFORDABLE DURING AN AFFORDABLE HOUSING CRISIS.

What would Senate Republicans do different?

The Senate Republicans' $ave Washington budget does not raise any taxes, including property taxes. It maintains the current 1% cap. It also doesn't make any cuts to services, and it doesn't take a dime from the state's "Rainy-Day Fund."

If governments need additional funds, they already have the power to pursue a rate increase of more than 1%. They simply need to their case to their voters and convince them to agree to raise property taxes more than 1%. THAT'S government accountability.

UPDATE: As of April 8, 2025, Sen. Drew MacEwen submitted an amendment to SB 5798 that would exempt the first $250,000 of a home's value from property tax.

Is the $ave Washington budget a real budget?

Yes…the $ave Washington budget is a full-fledged proposal of more than 1,000 pages. In fact, the Senate Republican budget is **the ONLY budget proposal that meets the criteria** the governor has said a budget proposal must meet before he signs it. If majority Democrats would accept that this is NOT THE YEAR for more spending and higher taxes, we could pass the $ave Washington budget TODAY.

Governor Ferguson's Criteria	Senate Republicans' $ave WA Budget	Senate Democrats' Operating Budget	House Democrats' Operating Budget
Protect the "Rainy-Day Fund"	✓		✓
Base the budget on realistic revenue projections	✓	✓	
Minimize new spending	✓		
Provide savings and efficiencies - maintain priorities	✓		
Do not rely on a revenue source that might be overturned by the courts.	✓		
BONUS: Includes SB 5060 - $100 million for law enforcement hiring grants	✓		

Prepared by: KW
Date: 04/07/25

Senate Republicans' approach to state-employee pay raises protects taxpayers

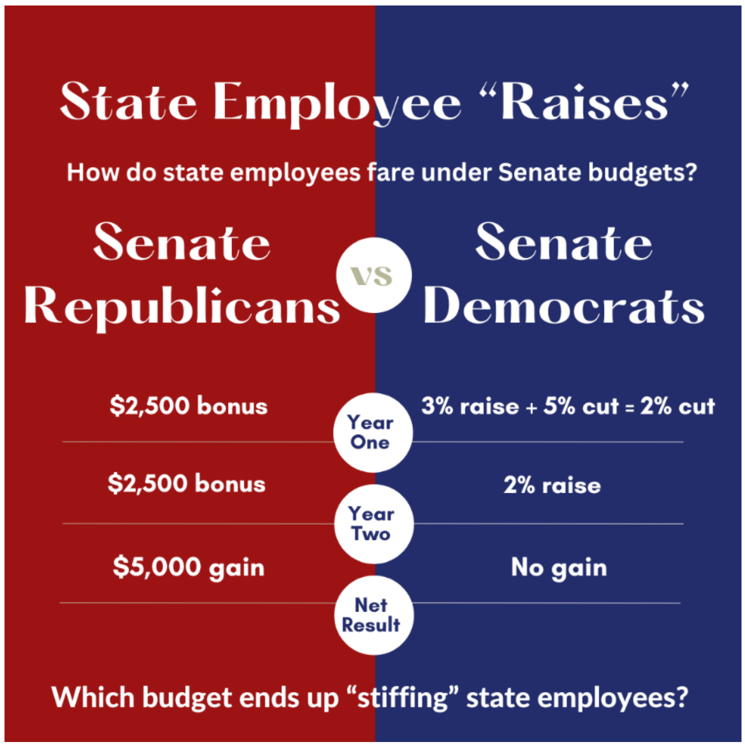
Although state revenues are expected to grow 4.5% for the 2025-27 biennium, it's not enough to fund the $4 billion in pay raises negotiated by the outgoing governor for state employees and other bargaining groups.

Senate Republicans oppose raising taxes simply to give pay raises to a select group. Fortunately, we have a way to honor the work of state employees without "stiffing" them, as the Senate Democrat proposal does.

Our $ave Washington budget does this by **providing a $5,000 bonus per person** while bargaining groups enter into new negotiations with Governor Ferguson. **Each employee would get a $2,500 bonus two years in a row. This bonus structure is better for those earning less than $80,000 a year, because percentage-based raises benefit those at the higher end of the pay scale more.**

In contrast, **the Senate Democrat budget proposal would give the 5% raises to state employees, but it would also cut their pay 5% and require them to take 13 days of unpaid leave**. The pay cut would take place in the first year, when the first part of the raise is only 3%, leaving them with a 2% cut. Employees get that 2% back in the second year, but the **net gain = zilch.** (See below.)

State employees should be paid well – but that's no reason to raise property taxes. Currently, they make more than the average wage in 38 of Washington's 39 counties. They deserve raises, but the $4 billion increase isn't financially feasible while we have a multibillion-dollar budget shortfall, and the majority is budgeting for higher spending paid for by higher taxes.



Where does the governor stand on SB 5798?

While the governor said he would not sign a budget that includes a tax on unrealized gains on intangible assets such as stocks and bonds, he has not taken any other tax proposals off the table.

Majority Democrats should not take that as a green light for the other tax proposals.

But it is up to the people to tell their elected representatives: NO ON SB 5798.

"We agree with the governor that Washington's financial situation is 'a five-alarm fire,' and in our view it cannot be doused with more taxes. Belt-tightening must be the way forward, and we hope Democrats will work with their Republican colleagues to reach a spending plan that will benefit all Washingtonians."

-The Columbian Editorial Board (April 5, 2025)