

POLICY NOTE

Initiative 1509, to provide property tax relief by exempting the first \$250,000 of valuation from taxation

By Jason Mercier, Director, Center for Government Reform

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Key Findings

1. Initiative 1509 is an initiative to the legislature that would reduce the state property tax by exempting \$250,000 of valuation from taxation.
2. If the measure gains enough signatures lawmakers can adopt it next session, propose an alternative or take no action.
3. If lawmakers do not pass the initiative it will be placed on the November 2023 ballot, possibly with an alternative.
4. Due to the uniformity clause, a change in the state constitution may be required to implement the initiative.

Introduction

A group of concerned citizens called Let's Go Washington is gathering signatures for a proposed people's initiative to the legislature, Initiative 1509, which would exempt the first \$250,000 of real property value from taxes.¹

Initiative sponsors need to collect 324,516 valid signatures (8% of the votes cast in the last election for governor) to submit Initiative 1509 for consideration in the 2023 legislative session. The signatures must be received by the Secretary of State's office by December 31, 2022.²

If the measure qualifies lawmakers have three choices:³

- They can enact the initiative into law as is (the governor's signature is not required);
- They can take no action in which case the initiative is forwarded to voters on the November 2023 ballot. If voters approve the initiative it becomes law;
- They can pass their own alternative version, in which case both versions, the original and the legislature's, will appear on the November 2023 ballot. Voters will first decide if either version should become law and, if so, indicate on the same ballot which one should pass.

Text of Initiative 1509

The text of Initiative 1509 provides that, beginning with taxes collected in 2024, "the exemption from state property taxes is equal to the first \$250,000 of valuation of each real property tax parcel."⁴

1 "I-1509, Property Tax \$250K Exemption," The Initiatives, Let's Go Washington, accessed October 20, 2022, at <https://letsgowashington.com/initiatives/>.

2 "Initiatives and Referenda Handbook – 2022," Elections Division, Office of the Secretary of State, Washington State, accessed October 20, 2022, at https://www.sos.wa.gov/_assets/elections/initiatives/initiative-and-referenda-handbook-2022.pdf.

3 Ibid.

4 "I-1509, Property Tax \$250K Exemption," Initiative Full Text, The Initiatives, Let's Go Washington, accessed October 20, 2022, at <https://letsgowashington.com/i-1509/>, and "Initiative Measure No. 1509," Office of the Secretary of State, Washington State, May 4, 2022, at https://www.sos.wa.gov/_assets/elections/initiatives/finaltext_2690.pdf.

Here is the official ballot title and summary for Initiative 1509:⁵

Ballot Title

“Initiative Measure No. 1509 concerns state property taxes. This measure would exempt \$250,000 of valuation of real property from state property taxes levied in 2024, and thereafter increase the exemption by the percentage growth in the prior year’s tax levy. Should this measure be enacted into law?”

Ballot Measure Summary

“This measure would exempt \$250,000 of valuation for each real property parcel from state property taxes levied for support of common schools in 2024. Beginning in 2025, the exemption would increase by the percentage growth in the prior year’s state tax levy. The exemption could not result in a tax reduction exceeding the tax otherwise levied. The levy would be reduced as necessary to prevent a state tax rate exceeding the rate without the exemption.”

This policy is commonly referred to across the country as a homestead property tax exemption.

The constitutional implications of Initiative 1509

According to the state constitution, property taxes levied in Washington are required to be uniform and limited to 1% of value. The uniformity principle means that the government must treat all taxpayers the same, with no special treatment or favored categories.

The main exemption to the uniformity requirement is for retired persons. This is generally referred to as the senior citizen discount for property taxes.

The senior citizen discount is provided for in the constitution. Similarly, to provide a broad exemption for all citizens, like the one proposed by Initiative -1509, may require a change to the constitution.

For example, several bills proposing a property tax homestead exemption during recent legislative sessions included this provision:

“This act takes effect January 1, 2022, if the proposed amendment to Article VII of the state Constitution (Senate Joint Resolution No. . . . (S-0947/21)), providing for a homestead exemption, is validly submitted to and is approved and ratified by the voters at the next general election.”⁶

Constitutional amendments cannot be proposed by initiatives to the legislature. It is possible that implementing Initiative 1509 may require legislative action in

5 “Initiative 1509, Ballot Title and Ballot Measure Summary,” Office of the Attorney General, Washington State, May 16, 2022, at https://www.sos.wa.gov/_assets/elections/initiatives/ballottitleletter_2690.pdf.

6 HB 1579, An act relating to exempting a portion of the valuation of residential property from property taxation,” introduced by Rep. Harris-Talley, Washington state legislature, April 28, 2021, at <https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bills/House%20Bills/1579.pdf?q=20221011144233>.



Jason Mercier is the Director of the Center for Government Reform at Washington Policy Center and is based in the Tri-Cities. He has served on the boards of the Washington Coalition for Open Government and Verify More, and was an advisor to the 2002 Washington State Tax Structure Committee. Jason is an ex-officio member for the Tri-City Regional Chamber of Commerce and serves on the Chamber's government affairs committee. He worked with lawmakers in 2008 to create the state's renowned budget transparency website www.fiscal.wa.gov and has been a champion for many of the state's important budget reform tools including the four-year balanced budget requirement adopted in 2012. In 2010, former Governor Gregoire appointed Jason as WPC's representative on her Fiscal Responsibility and Reform Panel.

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submitting a constitutional amendment to the voters, as well as passage of the initiative itself.

Conclusion

Initiative 1509 would provide tax relief by exempting the first \$250,000 of real property value from taxes. If the measure gains enough signature lawmakers can adopt it next session, propose an alternative or take no action. Due to the uniformity clause, however, a change in the state constitution may be required to implement the initiative.