



HOUSE JOINT RESOLUTION 4223

PROPOSED TO THE PEOPLE BY THE LEGISLATURE
AMENDMENT TO THE STATE CONSTITUTION

Official Ballot Title:

The legislature has proposed a constitutional amendment on increasing an exemption from the personal property tax.

This amendment would authorize the legislature to increase the personal property tax exemption for taxable personal property owned by each “head of a family” from three thousand (\$3,000) to fifteen thousand (\$15,000) dollars.

Should this constitutional amendment be:

Approved [] Rejected []

Votes cast by the 2006 Legislature on final passage:

Senate: Yeas, 46; Nays, 0.

House: Yeas, 96; Nays, 0.

Note: The Official Ballot Title and Explanatory Statement were written by the Attorney General as required by law. The complete text of House Joint Resolution 4223 begins on page 27.

Explanatory Statement

The constitutional provision as it presently exists:

The state constitution and state statutes provide for a property tax based on the value of property. Property taxes apply to both real property (land, buildings, and permanent fixtures) and personal property (all other property that is not real estate). The amount of the tax is determined based upon the assessed valuation of the property. Certain personal property is exempt from tax, including household goods, furnishings and personal effects used by the owner, and most business merchandise. Personal property subject to property tax consists mainly of office furniture and business equipment, fixtures, and machinery.

The state constitution authorizes the legislature to enact an additional statutory exemption for taxable personal property worth up to \$3,000 owned by each individual who is a “head of a family” and the legislature has done so. An individual who is a “head of a family,” as defined by statute, and by rule of the Department of Revenue, qualifies for the exemption. A “head of a family” is defined to include a husband or wife, or a surviving spouse not remarried; any person receiving an old age pension under state laws; any citizen of the United States, over the age of sixty-five who has resided in Washington continuously for ten years; and other individuals who reside with and provide care and maintenance for family members, as defined. Corporations, limited liability companies, and partnerships do not qualify for the exemption.

When an individual who qualifies as a “head of a family” owns taxable personal property, the individual is entitled to an exemption of up to \$3,000.

The effect of the proposed amendment, if it is approved:

The proposed constitutional amendment would authorize the legislature to increase the maximum personal property tax exemption for taxable personal property owned by each “head of a family” from \$3,000 to \$15,000.



Statement For HJR 4223

Small businesses are the heart of Washington's economy. Yet, the local businesses that provide good jobs for our families and communities often struggle to stay afloat.

This proposed constitutional amendment – HJR 4223 – will help local businesses grow and succeed.

Currently, businesses must pay a personal property tax on their assets. The first \$3,000 of their assets are exempt from the tax. HJR 4223 would raise the exemption allowed under the State Constitution to \$15,000.

Increasing the exemption will help businesses throughout Washington. Start up businesses, in-home businesses and businesses updating old equipment – such as computers or machinery – will benefit from this change.

This amendment will:

- Save money for Washington's employers, enabling them to invest more in their workers and in improving competitiveness;
- Enable small businesses to upgrade their technologies without substantially increasing their tax burden;
- Reduce paperwork.

This reform is long overdue. While the cost of everyday items has increased significantly, this exemption has not been raised since 1988.

HJR 4223 was prime-sponsored by State Representative Derek Kilmer, who works with small businesses every day as a manager with the Economic Development Board in Pierce County. The proposal passed unanimously out of the State House and Senate.

It received the support of the Association of Washington Business, the National Federation of Independent Business, the Independent Business Association and local businesses throughout our state.

As citizens, we have the ability to pass this constitutional amendment and help our small businesses compete. Please vote "yes."

Voters' Pamphlet Argument Prepared by:

DEREK KILMER, State Representative, 26th Legislative District, (prime sponsor); MARK ERICKS, State Representative, 1st Legislative District; DON BRUNELL, President, Association of Washington Business; CAROLYN LOGUE, State Director, National Federation of Independent Business; KLAUS GOLOMBEK, retired banker and Kitsap County business owner; GARY SMITH, Executive Director, Independent Business Association.

Statement Against HJR 4223

State law requires that the argument and rebuttal statement against a constitutional amendment be written by one or more members of the state Legislature who voted against that proposed measure on final passage or, in the event that no such member of the Legislature consents to prepare the statement, by any other responsible individual or individuals to be appointed by the Speaker of the House of Representatives, the President of the State Senate, and the Secretary of State. No legislator who voted against House Joint Resolution 4223 or other individual opposing the measure consented to write an argument against the measure for publication in this pamphlet.

The Office of the Secretary of State is not authorized to edit statements, nor is it responsible for the contents.

Address Confidentiality Program

If you are a victim of domestic violence, sexual assault or stalking who has chosen not to register to vote because you are afraid your perpetrator will track you down through voter registration records, the Office of the Secretary of State has a program that might be able to help you. The Address Confidentiality Program (ACP) works together with community domestic violence and sexual assault programs in an effort to keep crime victims safer. The ACP provides crime victims with a substitute mailing address that can be used when the victim conducts business with state or local government agencies. The ACP also provides participants with the option of confidential voter registration. All ACP participants must be referred to the program by a local domestic violence or sexual assault advocate who can help the victim develop a comprehensive safety plan.

Need More Information?

For more information about the ACP and the phone number of victim resources in your community, call the ACP toll-free at 1.800.822.1065, TDD/TTY at 1.800.664.9677 or visit www.secstate.wa.gov/acp.



BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VII, section 1 of the Constitution of the state of Washington to read as follows:

Article VII, section 1. The power of taxation shall never be suspended, surrendered or contracted away. All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax and shall be levied and collected for public purposes only. The word "property" as used herein shall mean and include everything, whether tangible or intangible, subject to ownership. All real estate shall constitute one class: *Provided*, That the legislature may tax mines and mineral resources and lands devoted to reforestation by either a yield tax or an ad valorem tax at such rate as it may fix, or by both. Such property as the legislature may by general laws provide shall be exempt from taxation. Property of the United States and of the state, counties, school districts and other municipal corporations, and credits secured by property actually taxed in this state, not exceeding in value the value of such property, shall be exempt from taxation. The legislature shall have power, by appropriate legislation, to exempt personal property to the amount of ~~((three))~~ fifteen thousand ~~(((\$3,000.00)))~~ (\$15,000.00) dollars for each head of a family liable to assessment and taxation under the provisions of the laws of this state of which the individual is the actual bona fide owner.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.