

HB 3194 A STAFF MEASURE SUMMARY

Carrier: Rep. Reschke

House Committee On Revenue

Action Date: 05/16/23

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 6-0-1-0

Yeas: 6 - Levy B, Marsh, Nathanson, Nguyen D, Reschke, Walters

Exc: 1 - Smith G

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Beau Olen, Economist

Meeting Dates: 2/16, 3/14, 5/3, 5/16

WHAT THE MEASURE DOES:

Increases thresholds to determine whether real property improvements constitute "minor construction" for property taxation purposes, from \$10,000 of real market value per assessment year or \$25,000 over five years, to \$18,200 per assessment year or \$45,000 over five years. New thresholds are indexed for inflation in subsequent years. Applies to assessment years beginning on or after January 1, 2024. Takes effect 91st day after sine die.

ISSUES DISCUSSED:

- Rising construction costs
- Incentives/disincentive for property upgrades
- Regressiveness/progressiveness of value thresholds set as a percent of real market value
- Property tax and local government budgets

EFFECT OF AMENDMENT:

Increases thresholds to determine whether real property improvements constitute "minor construction" for property taxation purposes, from \$10,000 of real market value per assessment year or \$25,000 over five years, to \$18,200 per assessment year or \$45,000 over five years. New thresholds are indexed for inflation in subsequent years.

BACKGROUND:

Minor construction is an improvement to real property that does not result in any change to the property's maximum assessed value. It does not include general maintenance and repairs.