
SENATE BILL 5675

State of Washington

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By Senators Prentice and Pridemore

Read first time 02/04/11. Referred to Committee on Government Operations, Tribal Relations & Elections.

1 AN ACT Relating to real property tax assessment administration,
2 establishing procedures and authorizing fees for assessment review;
3 amending RCW 84.36.383, 84.36.385, 84.40.038, 84.40.045, and 84.40.175;
4 adding a new section to chapter 84.04 RCW; and adding a new section to
5 chapter 84.09 RCW.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.04 RCW
8 to read as follows:

9 "Physical inspection" means examination of conditions present on
10 property by direct observation or by indirect observation of
11 photographs or aerial imagery.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.09 RCW
13 to read as follows:

14 (1) Except as otherwise provided in this subsection, whenever the
15 assessor is required by the provisions of this title to send any
16 assessment, notice, or any other information to persons by regular
17 mail, the assessor may instead provide the assessment, notice, or other

1 information electronically. Electronic transmittal may be by
2 electronic mail or other electronic means reasonably calculated to
3 apprise the person of the information that is being provided.

4 (2) If the assessment, notice, or other information is subject to
5 the confidentiality provisions of RCW 82.32.330, 84.08.210, or
6 84.40.340, the assessor must use methods reasonably designed to protect
7 the information from unauthorized disclosure. The provisions of this
8 subsection (2) may be waived by a taxpayer. The waiver must be in
9 writing and may be provided to the assessor electronically. A person
10 may provide a waiver with respect to a particular item of information
11 or may give a blanket waiver with respect to any item of information or
12 certain items of information to be provided electronically. A blanket
13 waiver will continue until revoked in writing by the taxpayer. Such
14 revocation may be provided to the assessor electronically in a manner
15 provided or approved by the assessor.

16 (3) Any assessment, notice, or other information provided by the
17 assessor electronically to a person is deemed to have been mailed by
18 the assessor and received by the person on the date that the assessor
19 electronically sends the information to the person or electronically
20 notifies the person that the information is available to be accessed by
21 the person.

22 (4) This section also applies to any information that is not
23 expressly required by statute to be sent by regular mail, but is
24 customarily sent by the assessor using regular mail, to persons
25 entitled to receive the information.

26 (5) Assessor procedures for electronic notice under this section
27 shall include provisions authorizing a person to receive nonelectronic
28 notice upon request where: (a) The person does not have the equipment
29 or software necessary to enable the person to receive or otherwise
30 obtain or access information from the assessor electronically; (b) the
31 person does not have access to the internet using the taxpayer's own
32 equipment; or (c) some other circumstance or condition exists that, in
33 the assessor's judgment, prevents the person from receiving or
34 otherwise obtaining information from the assessor electronically.

35 **Sec. 3.** RCW 84.36.383 and 2010 c 106 s 307 are each amended to
36 read as follows:

1 As used in RCW 84.36.381 through 84.36.389, except where the
2 context clearly indicates a different meaning:

3 (1) The term "residence" means a single family dwelling unit
4 whether such unit be separate or part of a multiunit dwelling,
5 including the land on which such dwelling stands not to exceed one
6 acre, except that a residence includes any additional property up to a
7 total of five acres that comprises the residential parcel if this
8 larger parcel size is required under land use regulations. The term
9 also includes a share ownership in a cooperative housing association,
10 corporation, or partnership if the person claiming exemption can
11 establish that his or her share represents the specific unit or portion
12 of such structure in which he or she resides. The term also includes
13 a single family dwelling situated upon lands the fee of which is vested
14 in the United States or any instrumentality thereof including an Indian
15 tribe or in the state of Washington, and notwithstanding the provisions
16 of RCW 84.04.080 and 84.04.090, such a residence is deemed real
17 property.

18 (2) The term "real property" also includes a mobile home which has
19 substantially lost its identity as a mobile unit by virtue of its being
20 fixed in location upon land owned or leased by the owner of the mobile
21 home and placed on a foundation (posts or blocks) with fixed pipe,
22 connections with sewer, water, or other utilities. A mobile home
23 located on land leased by the owner of the mobile home is subject, for
24 tax billing, payment, and collection purposes, only to the personal
25 property provisions of chapter 84.56 RCW and RCW 84.60.040.

26 (3) "Department" means the state department of revenue.

27 (4) "Combined disposable income" means the disposable income of the
28 person claiming the exemption, plus the disposable income of his or her
29 spouse or domestic partner, and the disposable income of each cotenant
30 occupying the residence for the assessment year, less amounts paid by
31 the person claiming the exemption or his or her spouse or domestic
32 partner during the assessment year for:

33 (a) Drugs supplied by prescription of a medical practitioner
34 authorized by the laws of this state or another jurisdiction to issue
35 prescriptions;

36 (b) The treatment or care of either person received in the home or
37 in a nursing home, boarding home, or adult family home; and

1 (c) Health care insurance premiums for medicare under Title XVIII
2 of the social security act.

3 (5) "Disposable income" means adjusted gross income as defined in
4 the federal internal revenue code, as amended prior to January 1, 1989,
5 or such subsequent date as the director may provide by rule consistent
6 with the purpose of this section, plus all of the following items to
7 the extent they are not included in or have been deducted from adjusted
8 gross income:

9 (a) Capital gains, other than gain excluded from income under
10 section 121 of the federal internal revenue code to the extent it is
11 reinvested in a new principal residence;

12 (b) Amounts deducted for loss;

13 (c) Amounts deducted for depreciation;

14 (d) Pension and annuity receipts;

15 (e) Military pay and benefits other than attendant-care and
16 medical-aid payments;

17 (f) Veterans benefits, other than:

18 (i) Attendant-care payments;

19 (ii) Medical-aid payments;

20 (iii) Disability compensation, as defined in Title 38, part 3,
21 section 3.4 of the code of federal regulations, as of January 1, 2008;
22 and

23 (iv) Dependency and indemnity compensation, as defined in Title 38,
24 part 3, section 3.5 of the code of federal regulations, as of January
25 1, 2008;

26 (g) Federal social security act and railroad retirement benefits;

27 (h) Dividend receipts; (~~and~~)

28 (i) Interest received on state and municipal bonds; and

29 (j) Gifts or other payments benefiting the applicant or applicant's
30 household.

31 (6) "Cotenant" means a person who resides with the person claiming
32 the exemption and who has an ownership interest in the residence.

33 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
34 423(d)(1)(A) as amended prior to January 1, 2005, or such subsequent
35 date as the department may provide by rule consistent with the purpose
36 of this section.

1 **Sec. 4.** RCW 84.36.385 and 2010 c 106 s 308 are each amended to
2 read as follows:

3 (1) A claim for exemption under RCW 84.36.381 as now or hereafter
4 amended, may be made and filed at any time during the year for
5 exemption from taxes payable the following year and thereafter and
6 solely upon forms as prescribed and furnished by the department (~~of~~
7 ~~revenue~~). However, an exemption from tax under RCW 84.36.381
8 continues for no more than six years unless a renewal application is
9 filed as provided in subsection (3) of this section. The county
10 assessor may also require, by written notice, a renewal application
11 following an amendment of the income requirements set forth in RCW
12 84.36.381. Renewal applications must be on forms prescribed and
13 furnished by the department (~~of revenue~~). Applications under this
14 section are subject to audit and verification by the assessor.

15 (2) A person granted an exemption under RCW 84.36.381 must inform
16 the county assessor of any change in status affecting the person's
17 entitlement to the exemption on forms prescribed and furnished by the
18 department (~~of revenue~~).

19 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
20 thereafter, must file with the county assessor a renewal application
21 not later than December 31st of the year the assessor notifies such
22 person of the requirement to file the renewal application.

23 (4) (~~Beginning in 1992 and in each of the three succeeding years~~)
24 Not later than July 1st of the sixth year of the applicable exemption
25 period, the county assessor must notify (~~approximately one-fourth of~~)
26 those persons exempt from taxes under RCW 84.36.381 (~~in the current~~
27 ~~year who have not filed a renewal application within the previous four~~
28 ~~years,~~) of the requirement to file a renewal application.

29 (5) If the assessor finds that the applicant does not meet the
30 qualifications as set forth in RCW 84.36.381, as now or hereafter
31 amended, the claim or exemption must be denied but such denial is
32 subject to appeal under the provisions of RCW 84.48.010 and in
33 accordance with the provisions of RCW 84.40.038. If the applicant had
34 received exemption in prior years based on erroneous information, the
35 taxes must be collected subject to penalties as provided in RCW
36 84.40.130 for a period of not to exceed five years.

37 (6) The department and each local assessor is hereby directed to
38 publicize the qualifications and manner of making claims under RCW

1 84.36.381 through 84.36.389, through communications media, including
2 such paid advertisements or notices as it deems appropriate. Notice of
3 the qualifications, method of making applications, the penalties for
4 not reporting a change in status, and availability of further
5 information must be included on or with property tax statements and
6 revaluation notices for all residential property including mobile
7 homes, except rental properties.

8 (7) Assessors may authorize any applications or notices under this
9 section to be submitted electronically.

10 **Sec. 5.** RCW 84.40.038 and 2001 c 185 s 11 are each amended to read
11 as follows:

12 (1) The owner or person responsible for payment of taxes on any
13 property may petition the county board of equalization for a change in
14 the assessed valuation placed upon such property by the county assessor
15 or for any other reason specifically authorized by statute. Such
16 petition must be made on forms prescribed or approved by the department
17 of revenue and any petition not conforming to those requirements or not
18 properly completed shall not be considered by the board. The petition
19 must be filed with the board on or before July 1st of the year of the
20 assessment or determination, within thirty days after the date an
21 assessment, value change notice, or other notice has been mailed, or
22 within a time limit of up to sixty days adopted by the county
23 legislative authority, whichever is later. If a county legislative
24 authority sets a time limit, the authority may not change the limit for
25 three years from the adoption of the limit. In order to offset
26 processing costs, the county legislative authority may require that a
27 petition challenging the assessed valuation of a commercial property be
28 accompanied by a filing fee, which may be waived in the event of
29 indigency, that does not exceed the sum of five hundred dollars.
30 Filing fees imposed by a county under this section must be awarded as
31 costs to a petitioner that substantially prevails in proceedings before
32 the board.

33 (2) The board of equalization may waive the filing deadline if the
34 petition is filed within a reasonable time after the filing deadline
35 and the petitioner shows good cause for the late filing. The decision
36 of the board of equalization regarding a waiver of the filing deadline

1 is final and not appealable under RCW 84.08.130. Good cause may be
2 shown by one or more of the following events or circumstances:

3 (a) Death or serious illness of the taxpayer or his or her
4 immediate family;

5 (b) The taxpayer was absent from the address where the taxpayer
6 normally receives the assessment or value change notice, was absent for
7 more than fifteen days of the days allowed in subsection (1) of this
8 section before the filing deadline, and the filing deadline is after
9 July 1st;

10 (c) Incorrect written advice regarding filing requirements received
11 from board of equalization staff, county assessor's staff, or staff of
12 the property tax advisor designated under RCW 84.48.140;

13 (d) Natural disaster such as flood or earthquake;

14 (e) Delay or loss related to the delivery of the petition by the
15 postal service, and documented by the postal service; or

16 (f) Other circumstances as the department may provide by rule.

17 (3) Within thirty days from the filing of a petition challenging
18 the assessed value of a commercial property, the appellant must provide
19 the assessor with income and expense statements for three years prior
20 to the assessment date and any evidence that the appellant intends to
21 submit as part of the appeal.

22 (4) The owner or person responsible for payment of taxes on any
23 property may request that the appeal be heard by the state board of tax
24 appeals without a hearing by the county board of equalization when the
25 assessor, the owner or person responsible for payment of taxes on the
26 property, and a majority of the county board of equalization agree that
27 a direct appeal to the state board of tax appeals is appropriate. The
28 state board of tax appeals may reject the appeal, in which case the
29 county board of equalization (~~shall~~) must consider the appeal under
30 RCW 84.48.010. Notice of such a rejection, together with the reason
31 therefor, (~~shall~~) must be provided to the affected parties and the
32 county board of equalization within thirty days of receipt of the
33 direct appeal by the state board.

34 (5) For purposes of this section, commercial property includes any
35 property except:

36 (a) A single-family residential lot; and

37 (b) A single-family residential unit within a condominium,

1 townhouse, or manufactured home, including those that have been
2 declared, never sold or sparsely sold, and operated as apartments.

3 **Sec. 6.** RCW 84.40.045 and 2001 c 187 s 19 are each amended to read
4 as follows:

5 (1) The assessor (~~shall~~) must give notice of any change in the
6 true and fair value of real property for the tract or lot of land and
7 any improvements thereon no later than thirty days after appraisal(~~+~~
8 ~~PROVIDED, That~~). However, no such notice (~~shall~~) may be mailed
9 during the period from January 15th to February 15th of each year(~~+~~
10 ~~PROVIDED FURTHER, That~~). Furthermore, no notice need be sent with
11 respect to changes in valuation of publicly owned property exempt from
12 taxation under provisions of RCW 84.36.010 or of forest land made
13 pursuant to chapter 84.33 RCW.

14 (2) The notice (~~shall~~) must contain a statement of both the prior
15 and the new true and fair value, stating separately land and
16 improvement values, and a brief statement of the procedure for appeal
17 to the board of equalization and the time, date, and place of the
18 meetings of the board.

19 (3) The notice (~~shall~~) must be mailed by the assessor to the
20 taxpayer.

21 (4) If any taxpayer, as shown by the tax rolls, holds solely a
22 security interest in the real property which is the subject of the
23 notice, pursuant to a mortgage, contract of sale, or deed of trust,
24 such taxpayer (~~shall~~) must, upon written request of the assessor,
25 supply, within thirty days of receipt of such request, to the assessor
26 the name and address of the person making payments pursuant to the
27 mortgage, contract of sale, or deed of trust, and thereafter such
28 person (~~shall~~) must also receive a copy of the notice provided for in
29 this section. Willful failure to comply with such request within the
30 time limitation provided for (~~herein shall make~~) in this section
31 makes such taxpayer subject to a maximum civil penalty of five thousand
32 dollars. The penalties provided for (~~herein shall be~~) in this
33 section are recoverable in an action by the county prosecutor, and when
34 recovered (~~shall~~) must be deposited in the county current expense
35 fund. The assessor (~~shall~~) must make the request provided for by
36 this section during the month of January.

1 **Sec. 7.** RCW 84.40.175 and 1994 c 124 s 24 are each amended to read
2 as follows:

3 At the time of making the assessment of real property, the assessor
4 (~~shall~~) must enter each description of property exempt under the
5 provisions of chapter 84.36 RCW, and value and list the same in the
6 manner and subject to the same rule as the assessor is required to
7 assess all other property, designating in each case to whom such
8 property belongs. (~~However, with respect to publicly owned~~) The
9 valuation requirements of this section do not apply to property exempt
10 from taxation under provisions of RCW 84.36.010(, the assessor shall
11 value only such property as is leased to or occupied by a private
12 person under an agreement allowing such person to occupy or use such
13 property for a private purpose when a request for such valuation is
14 received from the department of revenue or the lessee of such property
15 for use in determining the taxable rent as provided for in chapter
16 82.29A RCW: PROVIDED FURTHER, That this section shall not prohibit any
17 assessor from valuing any public property leased to or occupied by a
18 private person for private purposes)). However, where the exempt
19 status of such property no longer applies as a result of a sale or
20 change in use, the assessor must value and list such property as of the
21 January 1st assessment date. The owner or person responsible for
22 payment of taxes may thereafter petition the county board of
23 equalization for a change in the assessed value in accordance with the
24 timing and procedures set forth in RCW 84.40.038.

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