

SENATE BILL REPORT

SB 5169

AS OF FEBRUARY 21, 1991

Brief Description: Limiting the increase in property values to five percent per year.

SPONSORS: Senators Moore, Rasmussen, Sutherland and Conner.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates:

BACKGROUND:

Property taxes are imposed on the assessed value of property. Current law requires the assessment to equal 100 percent of the fair market value of the property.

Current law also requires counties to revalue property at least every four years. However, it allows a county to physically inspect property every six years if the county annually adjusts the valuation of property statistically.

In counties on a four-year revaluation cycle, the change in the tax assessment in the year of revaluation reflects four years of market value changes. This can lead to large increases in assessed values. In addition, volatile real estate markets can increase values substantially.

SUMMARY:

The increase in the assessed value of owner-occupied residential property is limited to 5 percent per year, but the assessment cannot exceed fair market value. Property would be revalued to fair market value on sale or change from residential use. New construction and remodeling is initially valued at fair market value.

Appropriation: none

Revenue: none

Fiscal Note: requested January 23, 1991

Effective Date: The bill is contingent upon approval of a constitutional amendment in November 1991.

