
SUBSTITUTE SENATE BILL 5137

State of Washington

52nd Legislature

1991 Regular Session

By Senate Committee on Governmental Operations (originally sponsored by Senator McCaslin).

Read first time February 25, 1991.

1 AN ACT Relating to cities, towns, and counties; amending RCW
2 84.40.030, 35.44.047, and 36.94.220; adding a new section to chapter
3 35.22 RCW; adding a new section to chapter 35.63 RCW; adding a new
4 section to chapter 35A.63 RCW; adding a new section to chapter 36.32
5 RCW; and adding a new section to chapter 36.70 RCW.

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

7 **Sec. 1.** RCW 84.40.030 and 1988 c 222 s 14 are each amended to read
8 as follows:

9 All property shall be valued at one hundred percent of its true and
10 fair value in money and assessed on the same basis unless specifically
11 provided otherwise by law.

12 Taxable leasehold estates shall be valued at such price as they
13 would bring at a fair, voluntary sale for cash without any deductions
14 for any indebtedness owed including rentals to be paid.
15 Notwithstanding any other provisions of this section or of any other

1 statute, when the value of any taxable leasehold estate created prior
2 to January 1, 1971 is being determined for assessment years prior to
3 the assessment year 1973, there shall be deducted from what would
4 otherwise be the value thereof the present worth of the rentals and
5 other consideration which may be required of the lessee by the lessor
6 for the unexpired term thereof: PROVIDED, That the foregoing
7 provisions of this sentence shall not apply to any extension or
8 renewal, made after December 31, 1970 of the term of any such estate,
9 or to any such estate after the date, if any, provided for in the
10 agreement for rental renegotiation.

11 The true and fair value of real property for taxation purposes
12 (including property upon which there is a coal or other mine, or stone
13 or other quarry) shall be based upon the following criteria:

14 (1) Any sales of the property being appraised or similar properties
15 with respect to sales made within the past five years. The appraisal
16 shall take into consideration political restrictions such as zoning as
17 well as physical and environmental influences. In the event an
18 assessment is determined by a method which assumes a land usage not
19 permitted under existing zoning or land use planning ordinances or
20 statutes, the owner may, from the time such assessment is entered upon
21 the assessment roll, use such property in the manner assumed in
22 calculating such assessment, notwithstanding the restrictions of such
23 zoning or land use planning ordinances or statutes. The appraisal
24 shall also take into account, (a) in the use of sales by real estate
25 contract as similar sales, the extent, if any, to which the stated
26 selling price has been increased by reason of the down payment,
27 interest rate, or other financing terms; and (b) the extent to which
28 the sale of a similar property actually represents the general
29 effective market demand for property of such type, in the geographical
30 area in which such property is located. Sales involving deed releases

1 or similar seller-developer financing arrangements shall not be used as
2 sales of similar property.

3 (2) In addition to sales as defined in subsection (1),
4 consideration may be given to cost, cost less depreciation,
5 reconstruction cost less depreciation, or capitalization of income that
6 would be derived from prudent use of the property. In the case of
7 property of a complex nature, or being used under terms of a franchise
8 from a public agency, or operating as a public utility, or property not
9 having a record of sale within five years and not having a significant
10 number of sales of similar property in the general area, the provisions
11 of this subsection (2) shall be the dominant factors in valuation.
12 When provisions of this subsection (2) are relied upon for establishing
13 values the property owner shall be advised upon request of the factors
14 used in arriving at such value.

15 (3) In valuing any tract or parcel of real property, the value of
16 the land, exclusive of structures thereon shall be determined; also the
17 value of structures thereon, but the valuation shall not exceed the
18 value of the total property as it exists. In valuing agricultural
19 land, growing crops shall be excluded.

20 **Sec. 2.** RCW 35.44.047 and 1969 ex.s. c 258 s 7 are each amended to
21 read as follows:

22 Notwithstanding the methods of assessment provided in RCW
23 35.44.030, 35.44.040 and 35.44.045, the city or town may use any other
24 method or combination of methods to compute assessments which may be
25 deemed to more fairly reflect the special benefits to the properties
26 being assessed. The failure of the council to specifically recite in
27 its ordinance ordering the improvement and creating the local
28 improvement district that it will not use the zone and termini method
29 of assessment shall not invalidate the use of any other method or

1 methods of assessment. An assessment may be determined by a method
2 which assumes a land usage for a particular lot, tract, or parcel not
3 permitted under existing zoning or land-use planning ordinances or
4 statutes, provided that the owner may, from the time such assessment is
5 entered upon the assessment roll, use any such lot, tract, or parcel of
6 land in the manner assumed in calculating such assessment,
7 notwithstanding the restrictions of such zoning or land-use planning
8 ordinances or statutes.

9 **Sec. 3.** RCW 36.94.220 and 1981 c 313 s 3 are each amended to read
10 as follows:

11 (1) A county shall have the power to establish utility local
12 improvement districts and local improvement districts within the area
13 of a sewerage and/or water general plan and to levy special assessments
14 under a mode of annual installments extending over a period not
15 exceeding twenty years on all property specially benefited by any local
16 improvement on the basis of the special benefits to pay in whole or in
17 part the damages or costs of any improvements ordered in such county.

18 (2) Utility local improvement districts and local improvement
19 districts may include territory within a city or town only with the
20 written consent of the city or town, but if the local district is
21 formed before such area is included within the city or town, no such
22 consent shall be necessary. Utility local improvement districts and
23 local improvement districts used to provide sewerage disposal systems
24 may include territory within a sewer district or within a water
25 district providing sewerage disposal systems only with the written
26 consent of the sewer district or such a water district, but if the
27 local district is formed before such area is included within the sewer
28 district or such a water district, no consent is necessary. Utility
29 local improvement districts and local improvement districts used to

1 provide water systems may include territory within a water district or
2 within a sewer district providing water systems only with the written
3 consent of the water district or such a sewer district, but if the
4 local district is formed before such area is included within the water
5 district or such a sewer district, no consent is necessary.

6 (3) The levying, collection, and enforcement of all public
7 assessments hereby authorized shall be in the manner now and hereafter
8 provided by law for the levying, collection, and enforcement of local
9 improvement assessments by cities and towns, insofar as the same shall
10 not be inconsistent with the provisions of this chapter. In addition,
11 the county shall file the preliminary assessment roll at the time and
12 in the manner prescribed in RCW 35.50.005. The duties devolving upon
13 the city treasurer under such laws are imposed upon the county
14 treasurer for the purposes of this chapter. The mode of assessment
15 shall be in the manner to be determined by the county legislative
16 authority by ordinance or resolution. As an alternative to equal
17 annual assessment installments of principal provided for cities and
18 towns, a county legislative authority may provide for the payment of
19 such assessments in equal annual installments of principal and
20 interest. Assessments in any local district may be made on the basis
21 of special benefits up to but not in excess of the total cost of any
22 sewerage and/or water improvement made with respect to that local
23 district and the share of any general sewerage and/or water facilities
24 allocable to that district. In utility local improvement districts,
25 assessments shall be deposited into the revenue bond fund or general
26 obligation bond fund established for the payment of bonds issued to pay
27 such costs which bond payments are secured in part by the pledge of
28 assessments, except pending the issuance and sale of such bonds,
29 assessments may be deposited in a fund for the payment of such costs.
30 In local improvement districts, assessments shall be deposited into a

1 fund for the payment of such costs and local improvement bonds issued
2 to finance the same or into the local improvement guaranty fund as
3 provided by applicable statute.

4 (4) An assessment may be determined by a method which assumes a
5 land usage for a particular lot, tract, or parcel not permitted under
6 existing zoning or land-use planning ordinances or statutes, provided
7 that the owner may, from the time such assessment is entered upon the
8 assessment roll, use any such lot, tract, or parcel of land in the
9 manner assumed in calculating such assessment, notwithstanding the
10 restrictions of such zoning or land-use planning ordinances or
11 statutes.

12 NEW SECTION. Sec. 4. A new section is added to chapter 35.22 RCW
13 to read as follows:

14 Zoning and other land use controls adopted by a first class city
15 under the authority of its charter are subject to the owner's right to
16 property uses presumed in assessment calculations provided in RCW
17 84.40.030, 35.44.047, and 36.94.220.

18 NEW SECTION. Sec. 5. A new section is added to chapter 35.63 RCW
19 to read as follows:

20 County, city, and town zoning and other land use controls are
21 subject to the owner's right to property uses presumed in assessment
22 calculations provided in RCW 84.40.030, 35.44.047, and 36.94.220.

23 NEW SECTION. Sec. 6. A new section is added to chapter 35A.63 RCW
24 to read as follows:

25 Code city zoning and other land use controls are subject to the
26 owner's right to property uses presumed in assessment calculations
27 provided in RCW 84.40.030, 35.44.047, and 36.94.220.

1 NEW SECTION. **Sec. 7.** A new section is added to chapter 36.32 RCW
2 to read as follows:

3 Zoning and other land use controls adopted by a charter county
4 under the authority of its charter are subject to the owner's right to
5 property uses presumed in assessment calculations provided in RCW
6 84.40.030, 35.44.047, and 36.94.220.

7 NEW SECTION. **Sec. 8.** A new section is added to chapter 36.70 RCW
8 to read as follows:

9 County zoning and other land use controls are subject to the
10 owner's right to property uses presumed in assessment calculations
11 provided in RCW 84.40.030, 35.44.047, and 36.94.220.