

SENATE BILL 5169

State of Washington 52nd Legislature 1991 Regular Session

By Senators Moore, Rasmussen, Sutherland and Conner.

Read first time January 22, 1991. Referred to Committee on Ways & Means.

1 AN ACT Relating to valuation for property tax purposes; adding new
2 sections to chapter 84.36 RCW; creating a new section; and providing a
3 contingent effective date.

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

5 NEW SECTION. **Sec. 1.** This act provides for a limitation on
6 the rate of increase of the assessed values of real property in order
7 to spread rising property taxes over a period of years.

8 NEW SECTION. **Sec. 2.** For purposes of sections 3 through 7 of
9 this act, unless the context requires otherwise:

10 (1) "Change of ownership" means a transfer of a present interest in
11 real property, including a transfer of the beneficial use of real
12 property.

13 (2) "Residential property" means a single family dwelling unit,
14 regardless of whether such unit shares a common wall with one or more

1 other units, including the land upon which such dwelling stands, and
2 that is owned in its entirety either by a natural person or persons, a
3 housing cooperative, or a trust.

4 The term residential property also includes a mobile home that has
5 substantially lost its identity as a mobile unit by virtue of its being
6 fixed in location upon land owned or leased by the owner of the mobile
7 home and placed upon a foundation (posts or blocks) with fixed pipe,
8 connections with sewer, water, or other utilities.

9 The term residential property does not include a dwelling unit
10 primarily used in the conduct of a commercial enterprise or a dwelling
11 unit located upon real property that is primarily used in the conduct
12 of a commercial enterprise. Property is considered primarily used in
13 the conduct of a commercial enterprise if more than one-half of the
14 total square footage of the property is devoted to commercial use.

15 NEW SECTION. **Sec. 3.** Subject to the provisions of sections 2,
16 5, 6, and 7 of this act, the value of residential property for purposes
17 of property tax assessment shall be the lesser of the following values
18 at the time of revaluation:

19 (1) True and fair market value as established by the county
20 assessor in accordance with applicable law; or

21 (2) The assessed value of the property in the first full year of
22 ownership increased on January 1 each year thereafter by five percent,
23 compounded annually.

24 The residential property shall be listed on the county assessment
25 rolls by the assessor at the lesser of the values described in
26 subsections (1) and (2) of this section.

27 NEW SECTION. **Sec. 4.** All residential property that meets
28 all the qualifications of sections 2 and 5 through 7 of this act, shall

1 be valued and assessed as provided in section 3 of this act, unless and
2 until the property is no longer residential property, or a change of
3 ownership has occurred.

4 NEW SECTION. **Sec. 5.** Upon a change of ownership involving
5 residential property, the property shall be revalued by the assessor
6 with reference to its true and fair market value as of January 1 of the
7 year following the date the change of ownership occurs.

8 NEW SECTION. **Sec. 6.** All new construction and any
9 improvements to existing structures shall be initially valued and
10 assessed at true and fair market value.

11 NEW SECTION. **Sec. 7.** (1) An owner of residential property may
12 apply to the county assessor in the county where the property is
13 located to have his or her real property assessed according to the
14 provisions of sections 2 through 6 of this act. Application shall be
15 made on forms prepared by the department of revenue. The forms shall
16 be made available at the office of the county assessor. The
17 application shall be submitted to the county assessor for determination
18 of qualification under this chapter. The applicant shall certify that
19 he or she is the owner and occupant of a qualifying residence. The
20 assessor shall, at the time a notice of change of value is mailed to a
21 taxpayer under RCW 84.40.045, require the taxpayer to recertify that he
22 or she is an owner and occupant of a qualifying residence in order to
23 continue to qualify for the assessed value limitation provisions of
24 sections 2 through 6 of this act.

25 (2) If, on the basis of the application submitted by the taxpayer,
26 the assessor determines that the taxpayer does not qualify for the
27 assessed value limitation under this chapter, the assessor shall so

1 notify the taxpayer in writing. The notice shall inform the taxpayer of
2 the reasons for the failure to qualify and of his or her right to
3 appeal the assessor's determination to the county board of equalization
4 within thirty days of the mailing of the notice to the taxpayer.

5 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act shall
6 take effect for taxes payable in 1992 and thereafter, if the proposed
7 amendment to the state Constitution authorizing the limitations on
8 taxation provided for in this act is approved and ratified by the
9 voters at a general election held in November 1991. If the proposed
10 amendment is not so approved and ratified, those sections of this act
11 are void in their entirety.

12 NEW SECTION. **Sec. 9.** Sections 2 through 7 of this act are
13 each added to chapter 84.36 RCW.