

HOUSE BILL REPORT

HB 1349

As Reported By House Committee On:
Revenue

Title: An act relating to taxation of property affected by growth management regulations.

Brief Description: Modifying property tax valuation of property affected by growth management regulations.

Sponsors: Representatives Rust, Talcott, Leonard, Foreman, Linville, Fuhrman, Wang, Holm, Brown, Romero, Thibaudeau, Roland, Cothorn, Vance, Pruitt, Jacobsen, Ballasiotes, Edmondson, Campbell, Brough, Chandler, Wood, Horn, Miller, King, Kremen, Wolfe, Long, Sheahan, Forner, Cooke, R. Meyers, Morton, Flemming, Morris, Reams, Sehlin, Thomas, Casada and Basich.

Brief History:

Reported by House Committee on:
Revenue, February 24, 1993, DPS.

HOUSE COMMITTEE ON REVENUE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives G. Fisher, Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Cothorn; Morris; Romero; Rust; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Staff: Rick Peterson (786-7150).

Background: Property subject to property tax is assessed at its true and fair value. In most cases, true and fair value means market value. The values are set as of January 1. These values are used for determining property tax bills to be collected in the following year.

Three methods are used to determine market value: sales of comparable properties; cost less depreciation; and capitalization of income. When available, comparable sales, adjusted for relevant differences, provide the strongest indicator of market value. When sufficient sales information is not available or the property is unique then the cost approach or the income approach is used.

Appraisals should consider all factors relevant to establishing market value for the property. The appraisal should take into consideration political restriction, such as zoning, as well as physical and environmental influences.

Summary of Substitute Bill: Property appraisals for property tax purposes are required to be consistent with the local comprehensive land use plan, development regulations under growth management planning, zoning, and other government policies or practices in effect at the time of the appraisal that effect the use of the property.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that only government practices and policies adopted by governing bodies must be considered when setting assessed value.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Citizens are concerned that planning under growth management may cause their property values to decline. They are also concerned that assessed values fully reflect any value changes that come about from regulations under growth management. They are concerned that the assessed value may reflect "potential" uses of the property that will no longer be allowed under growth management planning.

Testimony Against: None.

Witnesses: (All in favor): Rep. Rust, prime sponsor; Ed Rackleff, Snohomish County Chief Deputy Assessor; Jerry Porter, Pacific County Assessor; Ben Gassaway, Washington Association of County Officials; Mark Kulaas, Association of County Regional Planning Directors; Kathleen Collins, Association of Washington Cities; Paul Parker, Washington State Association of Counties; and Ed Larson, Snohomish County.