

HOUSE BILL REPORT

ESSB 5372

As Reported By House Committee On:
Local Government

Title: An act relating to taxation.

Brief Description: Changing multiple tax provisions.

Sponsors: Senate Committee on Government Operations
(originally sponsored by Senators Loveland and Winsley).

Brief History:

Reported by House Committee on:
Local Government, April 2, 1993, DPA.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass as amended. Signed by 8 members:
Representatives H. Myers, Chair; Bray, Vice Chair; Dunshee;
R. Fisher; Rayburn; Romero; Springer; and Zellinsky.

Minority Report: Do not pass. Signed by 4 members:
Representatives Edmondson, Ranking Minority Member; Reams,
Assistant Ranking Minority Member; Horn; and Van Luven.

Staff: Steve Lundin (786-7127).

Background: The state and some units of local government are authorized to impose property taxes and a variety of excise taxes. Many of the property tax statutes are quite old and contain inconsistent provisions, unused timeframes, and obsolete and inaccurate references to agencies and other statutes.

A portion of the property taxes are exempted on the residence of a property owner who is 61 years or older, or is handicapped and any age, if the owner occupies the residence as his or her principle place of residence and the owner has a combined disposable income of \$26,000 or less per year. The tax exemption also applies if the owner is confined to a hospital or nursing home and the residence is temporarily unoccupied or is occupied by a spouse or person who is financially dependent on the owner.

Property taxes may be paid by a credit card that is issued by a financial institution if the financial institution

guarantees full payment of the amount due, without discount or other cost or charge, to the county.

A county Board of Equalization may equalize the value of property for which an appeal was filed or other property in the county for which an appeal was not filed.

Summary of Amended Bill:

The ability to pay property taxes under certain circumstances with a credit card is eliminated.

The partial property tax exemption on the principle residence of certain seniors and handicapped persons is expanded to include situations where the property owner is confined to a hospital or nursing home and the residence is rented to pay the nursing home or hospital costs.

The authority of a county Board of Equalization to equalize property values on its own motion without an appeal is limited to property in the vicinity of property for which an appeal has been filed if it appears that the values need adjustment. With the approval of the assessor, the Board of Equalization may equalize the value of other property for which no appeal has been filed.

A city council may create an urban emergency medical services district in a portion of that city that is included in a county that does not impose a levy for emergency medical service purposes, if the other county in which the other portion of the city lies imposes a levy for emergency medical service purposes. Voters of an urban emergency medical service district may authorize regular property tax levies for emergency medical service purposes.

A wide variety of technical changes are made in tax laws, primarily property tax laws, including:

- o Delinquent gambling taxes are a lien on real and personal property of the taxpayer in the same manner as other taxes.
- o Property tax collections must be remitted to a joint school district monthly rather than quarterly.
- o A redundant provision is deleted requiring that the county treasurer send a tax foreclosure summons to city and town treasurers.
- o Besides being illegal to alter or forge a mobile home movement decal, it is illegal to reuse or transfer a mobile home movement decal.

- o At least 10 business days prior to a hearing before the State Board of Tax Appeals, both the county assessor and the taxpayer must provide each other with evidence of comparable sales they intend to present.
- o The requirement that a notice of appeal from a county Board of Equalization decision be filed with the county auditor is deleted. The notice is filed directly with the State Board of Tax Appeals. The State Board of Tax Appeals may enter a multi-year order.
- o It is clarified that the Department of Revenue, rather than the State Board of Equalization, assesses the property of public utilities and private car companies.
- o It is clarified that for purposes of property taxes, the terms "adequate stocking" and "merchantable stand of timber" are defined by the Forest Practices Board.
- o References are deleted to statutes that no longer exist.
- o The formula is deleted establishing the penalty for a secured party failing to provide the assessor with the name and address of the person making mortgage or contract payments and the court determines any penalty that is imposed of not exceeding the current maximum penalty of \$5,000.
- o Omitted improvements to real property may be added to the tax rolls even if other improvements already exist. The assessment of omitted improvements applies even if someone acquires an encumbrance on the property prior to the time the improvements are assessed.
- o The assessor need only keep track of the assessed valuation of taxable property within each taxing district instead of maintaining a separate list of assessed valuations for each taxing district.
- o At the request of 80 percent of the owners, the county assessor may charge all the owners the actual cost of surveying and platting an irregular subdivision. These charges, if unpaid, become a lien on the property and may be collected in the same manner as a property tax.
- o County assessors must transmit the abstract of the tax rolls to the Department of Revenue by August 18 of each year instead of at the date the State Board of Equalization convenes.
- o For purposes of equalizing assessed valuations, the Department of Revenue may proceed in a manner it deems

appropriate to estimate the value of each class of property in a county if a county fails to provide assessed valuations to the department by December 1 in any year.

- o A county assessor must provide evidence of comparable sales to a taxpayer who has petitioned the Board of Equalization to review a tax claim or valuation dispute at least 15 days prior to the hearing by the Board of Equalization and the taxpayer must provide the assessor with his or her evidence of comparable sales at least 10 days prior to the hearing. The Board of Equalization may enter multi-year orders.
- o The 106 percent limitation does not apply to that portion of a taxing district's tax levy that is adjusted due to the cancellation of uncollectible taxes and changes made after the assessment roll is finally certified.
- o Language is clarified that a tax refund may be given if taxes are paid as a result of mistake, inadvertence, or lack of knowledge of a public employee or taxpayer.

Amended Bill Compared to Engrossed Substitute Bill: A wide variety of technical changes were made. Urban emergency medical service districts were authorized. The authority of the Board of Equalization to equalize values on its own motion was modified.

Fiscal Note: Not requested.

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

Testimony For: This is primarily a technical bill. The changes are needed.

Testimony Against: Leave the Board of Equalization alone. Let them protect property owners without interference from the assessor.

Witnesses: (Pro): Mike Murphy, Thurston County Treasurer; Doug Lasher, Clark County Treasurer; Ben Gassaway, Clark County Assessor; Gail Rauch, Snohomish County Assessor; Paul Easter, Grays Harbor County Assessor; and Fred Saeger, Washington Association of County Officials.

(Pro with amendments): Stan Finkelstein, Association of Washington Cities; Manny O'Campo, city of Bothell, and Irv Greengo, King County Board of Equalization.