

SENATE BILL REPORT

SB 5227

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 19, 1993

Brief Description: Taxing property based on actual use.

SPONSORS: Senators Skratek, Haugen, Sheldon, Erwin, Winsley, M. Rasmussen, Barr and Roach

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, McAuliffe, Pelz, Prince, and Sutherland.

Staff: Dave Cheal (786-7576)

Hearing Dates: February 11, 1993; February 19, 1993

BACKGROUND:

Real property is valued for property tax purposes at its highest and best use measured by its fair market value. Certain exceptions are authorized by the State Constitution for farm and agricultural land, standing timber and timber lands, and certain open space lands, which may be taxed on a valuation of their current use.

Taxation of real property at its highest and best use may provide a strong incentive to a property owner to remove land from a use that has value to the public, such as open space, agriculture or low-income housing.

SUMMARY:

This bill is designed to implement SJR 8207 if approved by the voters.

Provisions of law relating to existing types of land which may be taxed according to current use are amended to include land on which single-family dwellings are located and which is zoned for a more intense use.

"More intense use" is defined as a zoning decision which allows higher residential density than single-family dwelling, or for mixed, commercial or industrial uses.

"Single-family dwelling" means a structure used as a home by one person, or by two or more persons maintaining a common household. The structure may be site-built or manufactured off site.

Current use true and fair value of this type of land shall be determined by the comparable sales method, using comparables that are zoned for detached single-family residences.

When the owner of any property which meets a current use valuation exception changes the land use so that it no longer qualifies, the owner must notify the assessor of that change. An additional tax and penalty are then imposed.

Certain sales or transfers or a determination by the assessor that the parcel or a part of the parcel no longer qualifies for current use valuation results in revaluation based on full market value. The owner must then pay future taxes based on the revaluation. In addition, the owner must pay the amount saved by being taxed at the current use level for the seven years prior to the change, plus penalties and interest. There are certain exceptions which excuse the payment of the additional tax, interest, or penalty, such as transfer to a government entity, or change brought about through natural disaster rather than any act of the landowner.

Appropriation: none

Revenue: none

Fiscal Note: requested

Effective Date: January 1, 1994, if the constitutional amendment contained in SJR 8207 is adopted by the voters at the next general election. The act would be void in its entirety if the amendment is not approved.

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one