
HOUSE BILL 1697

State of Washington

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By Representatives Heavey, Dorn, Dyer, Campbell, Valle, Brough, Horn, Zellinsky, R. Meyers, Quall, Rayburn, Flemming, Roland, Linville, Finkbeiner and H. Myers

Read first time 02/05/93. Referred to Committee on Revenue.

1 AN ACT Relating to valuation of real property for purposes of ad
2 valorem taxes; and amending RCW 84.40.030.

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

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

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

9 Taxable leasehold estates shall be valued at such price as they
10 would bring at a fair, voluntary sale for cash without any deductions
11 for any indebtedness owed including rentals to be paid.
12 Notwithstanding any other provisions of this section or of any other
13 statute, when the value of any taxable leasehold estate created prior
14 to January 1, 1971 is being determined for assessment years prior to
15 the assessment year 1973, there shall be deducted from what would
16 otherwise be the value thereof the present worth of the rentals and
17 other consideration which may be required of the lessee by the lessor
18 for the unexpired term thereof: PROVIDED, That the foregoing
19 provisions of this sentence shall not apply to any extension or

1 renewal, made after December 31, 1970 of the term of any such estate,
2 or to any such estate after the date, if any, provided for in the
3 agreement for rental renegotiation.

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

7 (1) Any sales of the property being appraised or similar properties
8 with respect to sales made within the past five years. The appraisal
9 shall take into consideration political restrictions such as zoning as
10 well as physical and environmental influences. The appraisal shall
11 also take into account, (a) in the use of sales by real estate contract
12 as similar sales, the extent, if any, to which the stated selling price
13 has been increased by reason of the down payment, interest rate, or
14 other financing terms; and (b) the extent to which the sale of a
15 similar property actually represents the general effective market
16 demand for property of such type, in the geographical area in which
17 such property is located. Sales involving deed releases or similar
18 seller-developer financing arrangements shall not be used as sales of
19 similar property.

20 (2) In addition to sales as defined in subsection (1),
21 consideration may be given to cost, cost less depreciation,
22 reconstruction cost less depreciation, or capitalization of income that
23 would be derived from prudent use of the property. In the case of
24 property of a complex nature, or being used under terms of a franchise
25 from a public agency, or operating as a public utility, or property not
26 having a record of sale within five years and not having a significant
27 number of sales of similar property in the general area, the provisions
28 of this subsection (2) shall be the dominant factors in valuation.
29 When provisions of this subsection (2) are relied upon for establishing
30 values the property owner shall be advised upon request of the factors
31 used in arriving at such value.

32 (3) In valuing any tract or parcel of real property, the value of
33 the land, exclusive of structures thereon shall be determined; also the
34 value of structures thereon, but the valuation shall not exceed the
35 value of the total property as it exists. In valuing agricultural
36 land, growing crops shall be excluded.

37 (4) In valuing real property, any change in value excluding
38 increases in value from new construction shall be limited in any year
39 to the average annual change in actual value of the real property

1 occurring over the preceding four-year period from other than new
2 construction.

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