

2 **HB 2951** - H AMD 226 FAILED 2-12-96

3 By Representative Scott

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5 On page 14, after line 32, insert the following:

6 "Sec. 15. RCW 84.40.030 and 1994 c 124 s 20 are each amended to
7 read as follows:

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

11 Taxable leasehold estates shall be valued at such price as they
12 would bring at a fair, voluntary sale for cash without any deductions
13 for any indebtedness owed including rentals to be paid.

14 The true and fair value of real property for taxation purposes
15 (including property upon which there is a coal or other mine, or stone
16 or other quarry) shall be based upon the most probable and most
17 reasonable use of the real property using the following criteria:

18 (1) Any sales of the property being appraised or similar properties
19 with respect to sales made within the past five years. The appraisal
20 shall be consistent with the comprehensive land use plan, development
21 regulations under chapter 36.70A RCW, zoning, and any other
22 governmental policies or practices in effect at the time of appraisal
23 that affect the use of property, as well as physical and environmental
24 influences. The appraisal shall also take into account: (a) In the
25 use of sales by real estate contract as similar sales, the extent, if
26 any, to which the stated selling price has been increased by reason of
27 the down payment, interest rate, or other financing terms; and (b) the
28 extent to which the sale of a similar property actually represents the
29 general effective market demand for property of such type, in the
30 geographical area in which such property is located. Sales involving
31 deed releases or similar seller-developer financing arrangements shall
32 not be used as sales of similar property.

33 (2) In addition to sales as defined in subsection (1),
34 consideration may be given to cost, cost less depreciation,
35 reconstruction cost less depreciation, or capitalization of income that
36 would be derived from prudent use of the property. In the case of

1 property of a complex nature, or being used under terms of a franchise
2 from a public agency, or operating as a public utility, or property not
3 having a record of sale within five years and not having a significant
4 number of sales of similar property in the general area, the provisions
5 of this subsection (2) shall be the dominant factors in valuation.
6 When provisions of this subsection (2) are relied upon for establishing
7 values the property owner shall be advised upon request of the factors
8 used in arriving at such value.

9 (3) In valuing any tract or parcel of real property, the value of
10 the land, exclusive of structures thereon shall be determined; also the
11 value of structures thereon, but the valuation shall not exceed the
12 value of the total property as it exists. In valuing agricultural
13 land, growing crops shall be excluded."

14 EFFECT: Requires that the value of real property is to be based on
15 the most probable and reasonable use of the property as opposed to uses
16 that are within the realm of possibility but are unlikely to occur.

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