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SENATE BILL 6437

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State of Washington

54th Legislature

1996 Regular Session

By Senators Fraser, McCaslin and Winsley

Read first time 01/15/96. Referred to Committee on Government Operations.

1 AN ACT Relating to valuation of real property for taxation  
2 purposes; 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 1994 c 124 s 20 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 The true and fair value of real property for taxation purposes  
13 (including property upon which there is a coal or other mine, or stone  
14 or other quarry) shall be based upon the following criteria:

15 (1) Any sales of the property being appraised or similar properties  
16 with respect to sales made within the past five years. The appraisal  
17 shall be consistent with the comprehensive land use plan, development  
18 regulations under chapter 36.70A RCW, zoning, and any other  
19 governmental policies or practices in effect at the time of appraisal

1 that affect the use of property, as well as physical and environmental  
2 influences. The appraisal shall also take into account: (a) In the  
3 use of sales by real estate contract as similar sales, the extent, if  
4 any, to which the stated selling price has been increased by reason of  
5 the down payment, interest rate, or other financing terms; and (b) the  
6 extent to which the sale of a similar property actually represents the  
7 general effective market demand for property of such type, in the  
8 geographical area in which such property is located.

9 Sales under bankruptcy, sheriff's sales, tax sales, and forced  
10 sales in lieu of imminent foreclosure, condemnation, or liquidation may  
11 be used as sales of similar property, if the sale took place at a  
12 public auction and notice of the sale and auction was published in a  
13 newspaper of general circulation in the county in which the real  
14 property to be sold is situated. The department of revenue may not by  
15 rule or other means exclude these types of sales from sales acceptable  
16 for use in sales studies.

17 Sales involving deed releases or similar seller-developer financing  
18 arrangements shall not be used as sales of similar property.

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

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

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