

# HOUSE BILL REPORT

## HB 1277

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**As Reported By House Committee On:**  
Finance

**Title:** An act relating to confidentiality of property tax information.

**Brief Description:** Providing for confidentiality of property tax information.

**Sponsors:** Representatives B. Thomas, Dunshee, Carrell, Thompson and D. Schmidt; by request of Department of Revenue.

**Brief History:**

**Committee Activity:**

Finance: 2/6/97, 2/26/97 [DPS].

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Kastama; Morris; Pennington; Schoesler; Thompson and Van Luven.

**Staff:** Rick Peterson (786-7150).

**Background:** Generally, information held by a public agency is available for inspection and copying. There are a number of exemptions to the public records laws. Many of these exemptions relate to personal information and proprietary business information.

The county assessor's records related to real property tax valuations are open to public inspection. However, confidential income data obtained by the assessor is not available for inspection.

Owners of personal property subject to property tax are required to provide the county assessor with a list of the property. The county assessor may inspect business records and accounts to determine the amount and value of personal property. Generally, the assessor may use this information only for valuing the property and cannot disclose the information except with the permission of the owner. However, the assessor may share this information with the Department of Revenue for the

purpose of determining sales or use tax liability. The information may be used in a court action related to penalties for failure to provide a list of personal property or providing a false list, a court action regarding the value of the property, or a court action related to sales or use taxes on the property. Violation of the disclosure rules is a gross misdemeanor.

The Department of Revenue is responsible for establishing values for multi-county utilities such as railroad companies, light and power companies, airline companies, gas companies and others. These companies are required to file reports containing proprietary business information. The Department of Revenue uses this information to determine the value of the company's real and personal property. The department may also inspect the company's books, accounts and other records.

A property tax exemption is available for emergency or transitional housing for low income homeless persons. Low income means income below 80 percent of median income. Applications with the Department of Revenue for exemption may contain information on persons using these facilities.

**Summary of Substitute Bill:** Information about personal property obtained by assessors may be used in administrative proceedings regarding penalties for failure to provide a list of personal property or providing a false list, the value of the property, or sales or use taxes due on the property. The Department of Revenue is made subject to the same penalty as the assessor for violation of the disclosure rules.

Confidential income data and proprietary business information obtained by the Department of Revenue in administering the property tax laws may not be disclosed. Exceptions to this disclosure prohibition are as follows:

1. disclosure to a county assessor or treasurer;
2. disclosure in a civil, criminal or administrative proceeding regarding taxes, penalties or valuation;
3. disclosure with written permission of the taxpayer;
4. disclosure to a property tax official in a state which provides Washington officials the same privilege;
5. disclosure of information held by another agency as a public record; and
6. disclosure to a peace officer or county prosecutor in response to a search warrant, subpoena or court order.

**Substitute Bill Compared to Original Bill:** The substitute bill provides a specific definition of confidential income data and proprietary business information. It is information communicated in confidence that has not been publicly disseminated by the taxpayer, the disclosure of which would be either highly offensive to a reasonable person and not a legitimate concern to the public, or which would result in unfair competitive disadvantage to the taxpayer.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Business income information obtained in the administration of Washington's excises taxes is confidential. This bill extends this treatment to business information which the Department of Revenue obtains in the administration of the property tax. The Department of Revenue has always treated this information as confidential.

**Testimony Against:** The public has a lot at stake in knowing the background information used to determine the property values of large taxpayers. The public should have access to the information that companies use to reduce their property taxes.

**Testified:** Jim Hedrick, Department of Revenue, (pro) and Diana Kramer, Washington Newspaper Publishers Association (con).