

# FINAL BILL REPORT

## HB 1549

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Synopsis as Enacted

**Brief Description:** Reducing property tax assessments in response to government restrictions.

**Sponsors:** By House Committee on Finance (originally sponsored by Representatives H. Sommers, Reams, Scott, B. Thomas, Dunshee, Gombosky, Cooper, Chopp, Conway, Costa, Lantz, Cole, O'Brien and Mason).

**House Committee on Finance**  
**Senate Committee on Ways & Means**

**Background:** All real and personal property in the state is subject to the property tax each year based on its value, unless a specific exemption is provided by law. The tax bill is determined by multiplying the assessed value by the tax rate for each taxing district in which the property is located.

The assessed value is defined to be 100 percent of the property's true and fair value (market value). The assessed value takes into account, among other factors, development regulations, zoning, and other governmental policies or practices that affect the use of property.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles varies by county. The most common length is four years, which is the maximum allowed by statute. Of the 39 counties, 20 revalue every four years. San Juan revalues every three years. Douglas revalues every two years. Seventeen counties revalue every year.

If a county's revaluation cycle is longer than two years, an equal portion of the county must be revalued during each year of the cycle. Individual property values are not changed during the intervening years of the revaluation cycle. Counties on revaluation cycles longer than one year must physically inspect each property at the time it is revalued.

If a county revalues property annually, physical inspection of each property is required only once every six years. Values are adjusted annually based on market value statistical data.

Notice of a valuation change is mailed to the taxpayer not later than 30 days after the assessor determines a new value. The assessor must complete revaluations by May 31 of each year.

County boards of equalization provide the first level of appeal for property owners who dispute the assessed value of their properties. In counties with revaluation cycles longer than one year, the property owner's appeal is based on the true and fair value as of January 1 of the year in which the revaluation occurs. Appeals of county boards of equalization decisions are taken to the state Board of Tax Appeals.

**Summary:** A property owner may appeal directly to the county assessor to reconsider valuation of real property if a government entity adopts a restriction that limits the use of the property. A request to reconsider property valuation must be made within three years of the time the government entity adopts the restriction.

The assessor has 120 days to reconsider the property value. Unless the property would otherwise be revalued that year as a result of the revaluation cycle or new construction, the valuation of the property shall not be increased as a result of the revaluation. The taxpayer may appeal the new value to the county board of equalization.

If the new valuation is established after June 1 in any year, the new valuation shall be used for purposes of imposing property taxes in the following year. If the property value is reduced the property owner is entitled to a refund on property taxes for each year after the restriction was adopted, not to exceed three years. The refund amount in each year is the amount of the reduced valuation of the property for that year multiplied by the tax rate in that year.

**Votes on Final Passage:**

House 98 0  
Senate 46 0

**Effective:** June 11, 1998