
ENGROSSED SUBSTITUTE SENATE BILL 5212

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Swecker, Hale, Zarelli, Johnson, McDonald, McCaslin, Deccio, West, Schow, Horn, Strannigan, Hochstatter, Benton, Sellar, Anderson and Oke)

Read first time 01/29/97.

1 AN ACT Relating to limiting property taxes by reducing the one
2 hundred six percent limit calculation and allowing for valuation
3 increases to be spread over time; amending RCW 84.04.030, 84.40.020,
4 84.40.030, 84.40.040, 84.40.045, 84.41.041, 84.48.010, 84.48.065,
5 84.48.075, 84.48.080, 84.12.270, 84.12.280, 84.12.310, 84.12.330,
6 84.12.350, 84.12.360, 84.16.040, 84.16.050, 84.16.090, 84.16.110,
7 84.16.120, 84.36.041, 84.52.063, 84.70.010, 84.55.005, 84.55.010,
8 84.55.020, 35.61.210, 70.44.060, 84.08.115, and 84.55.120; adding a new
9 section to chapter 84.04 RCW; adding a new section to chapter 84.40
10 RCW; adding a new section to chapter 84.55 RCW; and creating new
11 sections.

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

13 **PART I**
14 **VALUE AVERAGING**

15 NEW SECTION. **Sec. 101.** A new section is added to chapter 84.04
16 RCW to read as follows:

17 "Appraised value of property" means the aggregate true and fair
18 value of the property as last determined by the county assessor

1 according to the revaluation program approved under chapter 84.41 RCW,
2 including revaluations based on statistical data between physical
3 inspections.

4 **Sec. 102.** RCW 84.04.030 and 1961 c 15 s 84.04.030 are each amended
5 to read as follows:

6 "Assessed value of property" shall be held and construed to mean
7 the aggregate valuation of the property subject to taxation by any
8 taxing district as determined under section 105 of this act, reduced by
9 the value of any applicable exemptions under RCW 84.36.381 or other
10 law, and placed on the last completed and balanced tax rolls of the
11 county preceding the date of any tax levy.

12 **Sec. 103.** RCW 84.40.020 and 1973 c 69 s 1 are each amended to read
13 as follows:

14 All real property in this state subject to taxation shall be listed
15 and assessed every year, with reference to its appraised and assessed
16 values on the first day of January of the year in which it is assessed.
17 Such listing and all supporting documents and records shall be open to
18 public inspection during the regular office hours of the assessor's
19 office: PROVIDED, That confidential income data is exempted from
20 public inspection pursuant to RCW 42.17.310. All personal property in
21 this state subject to taxation shall be listed and assessed every year,
22 with reference to its value and ownership on the first day of January
23 of the year in which it is assessed: PROVIDED, That if the stock of
24 goods, wares, merchandise or material, whether in a raw or finished
25 state or in process of manufacture, owned or held by any taxpayer on
26 January 1 of any year does not fairly represent the average stock
27 carried by such taxpayer, such stock shall be listed and assessed upon
28 the basis of the monthly average of stock owned or held by such
29 taxpayer during the preceding calendar year or during such portion
30 thereof as the taxpayer was engaged in business.

31 **Sec. 104.** RCW 84.40.030 and 1994 c 124 s 20 are each amended to
32 read as follows:

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

1 All real property shall be appraised at one hundred percent of its
2 true and fair value in money and assessed as provided in section 105 of
3 this act unless specifically provided otherwise by law.

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

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

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

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

37 (3) In valuing any tract or parcel of real property, the true and
38 fair value of the land, exclusive of structures thereon shall be
39 determined; also the true and fair value of structures thereon, but the

1 appraised valuation shall not exceed the true and fair value of the
2 total property as it exists. In valuing agricultural land, growing
3 crops shall be excluded.

4 NEW SECTION. Sec. 105. A new section is added to chapter 84.40
5 RCW to read as follows:

6 (1) As used in this section:

7 (a) "Previous assessed value" means the assessed value for the year
8 immediately preceding the year for which a calculation is being made
9 under this section.

10 (b) "Current appraised value" means the appraised value for the
11 year for which a calculation is being made under this section.

12 (c) "Total value increase" means the current appraised value minus
13 the previous assessed value. Total value increase can never be less
14 than zero.

15 (d) "Improvement increase" means the portion of the total value
16 increase attributable to any physical improvements made to the property
17 since the previous assessment, other than improvements exempt under RCW
18 84.36.400 for the year for which a calculation is being made under this
19 section. Improvement increase can never be less than zero.

20 (e) "Market increase" means the total value increase minus the
21 improvement increase. Market increase can never be less than zero.

22 (2) The assessed value of property is equal to the lesser of the
23 current appraised value or a limited value determined under this
24 section. The limited value is equal to the greater of:

25 (a) The improvement increase plus one hundred fifteen percent of
26 the previous assessed value; or

27 (b) The sum of:

28 (i) The previous assessed value;

29 (ii) The improvement increase; and

30 (iii) Twenty-five percent of the market increase.

31 (3) Upon loss of preferential tax treatment for property that
32 qualifies for preferential tax treatment under chapter 84.33, 84.34, or
33 84.36 RCW, the previous assessed value shall be the assessed value the
34 property would have had without the preferential tax treatment.

35 **Sec. 106.** RCW 84.40.040 and 1988 c 222 s 15 are each amended to
36 read as follows:

1 The assessor shall begin the preliminary work for each assessment
2 not later than the first day of December of each year in all counties
3 in the state. The assessor shall also complete the duties of listing
4 and placing valuations on all property by May 31st of each year, except
5 that the listing and valuation of construction and mobile homes under
6 RCW ((~~36.21.040 through~~)) 36.21.080 and 36.21.090 shall be completed by
7 August 31st of each year, and in the following manner, to wit:

8 The assessor shall actually determine as nearly as practicable the
9 true and fair value of each tract or lot of land listed for taxation
10 and of each improvement located thereon and shall enter as the
11 appraised value one hundred percent of the true and fair value of such
12 land and of the total true and fair value of such improvements,
13 together with the total of such one hundred percent valuations,
14 opposite each description of property on the assessment list and tax
15 roll.

16 The assessor shall determine the assessed value, under section 105
17 of this act, for each tract or lot of land listed for taxation,
18 including improvements located thereon, and shall also enter this value
19 opposite each description of property on the assessment list and tax
20 roll.

21 The assessor shall make an alphabetical list of the names of all
22 persons in the county liable to assessment of personal property, and
23 require each person to make a correct list and statement of such
24 property according to the standard form prescribed by the department of
25 revenue, which statement and list shall include, if required by the
26 form, the year of acquisition and total original cost of personal
27 property in each category of the prescribed form, and shall be signed
28 and verified under penalty of perjury by the person listing the
29 property: PROVIDED, That the assessor may list and value improvements
30 on publicly owned land in the same manner as real property is listed
31 and valued, including conformance with the revaluation program required
32 under chapter 84.41 RCW. Such list and statement shall be filed on or
33 before the last day of April. The assessor shall on or before the 1st
34 day of January of each year mail a notice to all such persons at their
35 last known address that such statement and list is required, such
36 notice to be accompanied by the form on which the statement or list is
37 to be made: PROVIDED, That the notice mailed by the assessor to each
38 taxpayer each year shall, if practicable, include the statement and
39 list of personal property of the taxpayer for the preceding year. Upon

1 receipt of such statement and list the assessor shall thereupon
2 determine the true and fair value of the property included in such
3 statement and enter one hundred percent of the same on the assessment
4 roll opposite the name of the party assessed; and in making such entry
5 in the assessment list, the assessor shall give the name and post
6 office address of the party listing the property, and if the party
7 resides in a city the assessor shall give the street and number or
8 other brief description of the party's residence or place of business.
9 The assessor may, after giving written notice of the action to the
10 person to be assessed, add to the assessment list any taxable property
11 which should be included in such list.

12 **Sec. 107.** RCW 84.40.045 and 1994 c 301 s 36 are each amended to
13 read as follows:

14 The assessor shall give notice of any change in the (~~true and~~
15 ~~fair~~) assessed value of real property for the tract or lot of land and
16 any improvements thereon no later than thirty days after appraisal:
17 PROVIDED, That no such notice shall be mailed during the period from
18 January 15 to February 15 of each year: PROVIDED FURTHER, That no
19 notice need be sent with respect to changes in valuation of forest land
20 made pursuant to chapter 84.33 RCW.

21 The notice shall contain a statement of both the prior and the new
22 (~~true and fair~~) appraised and assessed values (~~and the ratio of the~~
23 ~~assessed value to the true and fair value on which the assessment of~~
24 ~~the property is based~~), stating separately land and improvement
25 appraised values, and a brief statement of the procedure for appeal to
26 the board of equalization and the time, date, and place of the meetings
27 of the board.

28 The notice shall be mailed by the assessor to the taxpayer.

29 If any taxpayer, as shown by the tax rolls, holds solely a security
30 interest in the real property which is the subject of the notice,
31 pursuant to a mortgage, contract of sale, or deed of trust, such
32 taxpayer shall, upon written request of the assessor, supply, within
33 thirty days of receipt of such request, to the assessor the name and
34 address of the person making payments pursuant to the mortgage,
35 contract of sale, or deed of trust, and thereafter such person shall
36 also receive a copy of the notice provided for in this section.
37 Willful failure to comply with such request within the time limitation
38 provided for herein shall make such taxpayer subject to a maximum civil

1 penalty of five thousand dollars. The penalties provided for herein
2 shall be recoverable in an action by the county prosecutor, and when
3 recovered shall be deposited in the county current expense fund. The
4 assessor shall make the request provided for by this section during the
5 month of January.

6 **Sec. 108.** RCW 84.41.041 and 1987 c 319 s 4 are each amended to
7 read as follows:

8 Each county assessor shall cause taxable real property to be
9 physically inspected and valued at least once every six years in
10 accordance with RCW 84.41.030, and in accordance with a plan filed with
11 and approved by the department of revenue. Such revaluation plan shall
12 provide that a reasonable portion of all taxable real property within
13 a county shall be revalued and these newly-determined values placed on
14 the assessment rolls each year. The department may approve a plan that
15 provides that all property in the county be revalued every two years.
16 If the revaluation plan provides for physical inspection at least once
17 each four years, during the intervals between each physical inspection
18 of real property, the appraised valuation of such property may be
19 adjusted to its current true and fair value, such adjustments to be
20 based upon appropriate statistical data. If the revaluation plan
21 provides for physical inspection less frequently than once each four
22 years, during the intervals between each physical inspection of real
23 property, the appraised valuation of such property shall be adjusted to
24 its current true and fair value, such adjustments to be made once each
25 year and to be based upon appropriate statistical data. If the
26 appraised valuation is changed, the assessed value shall be
27 recalculated under section 105 of this act.

28 The assessor may require property owners to submit pertinent data
29 respecting taxable property in their control including data respecting
30 any sale or purchase of said property within the past five years, the
31 cost and characteristics of any improvement on the property and other
32 facts necessary for appraisal of the property.

33 **Sec. 109.** RCW 84.48.010 and 1988 c 222 s 20 are each amended to
34 read as follows:

35 Prior to July 15th, the county legislative authority shall form a
36 board for the equalization of the assessment of the property of the
37 county. The members of said board shall receive a per diem amount as

1 set by the county legislative authority for each day of actual
2 attendance of the meeting of the board of equalization to be paid out
3 of the current expense fund of the county: PROVIDED, That when the
4 county legislative authority constitute the board they shall only
5 receive their compensation as members of the county legislative
6 authority. The board of equalization shall meet in open session for
7 this purpose annually on the 15th day of July and, having each taken an
8 oath fairly and impartially to perform their duties as members of such
9 board, they shall examine and compare the returns of the assessment of
10 the property of the county and proceed to equalize the same, so that
11 the appraised value of each tract or lot of real property and each
12 article or class of personal property shall be entered on the
13 assessment list at its true and fair value, according to the measure of
14 value used by the county assessor in such assessment year, ((which is
15 presumed to be correct pursuant to RCW 84.40.0301)) and so that the
16 assessed value of each tract or lot of real property is entered on the
17 assessment list at its correct amount, and subject to the following
18 rules:

19 First. They shall raise the appraised valuation of each tract or
20 lot or item of real property which is returned below its true and fair
21 value to such price or sum as to be the true and fair value thereof,
22 and raise the assessed valuation of each tract or lot or item of real
23 property which is returned below its correct amount to the correct
24 amount after at least five days' notice shall have been given in
25 writing to the owner or agent.

26 Second. They shall reduce the appraised valuation of each tract or
27 lot or item which is returned above its true and fair value to such
28 price or sum as to be the true and fair value thereof and reduce the
29 assessed valuation of each tract or lot or item of real property which
30 is returned above its correct amount to the correct amount.

31 Third. They shall raise the valuation of each class of personal
32 property which is returned below its true and fair value to such price
33 or sum as to be the true and fair value thereof, and they shall raise
34 the aggregate value of the personal property of each individual
35 whenever the aggregate value is less than the true valuation of the
36 taxable personal property possessed by such individual, to such sum or
37 amount as to be the true value thereof, after at least five days'
38 notice shall have been given in writing to the owner or agent thereof.

1 Fourth. They shall reduce the valuation of each class of personal
2 property enumerated on the detail and assessment list of the current
3 year, which is returned above its true and fair value, to such price or
4 sum as to be the true and fair value thereof; and they shall reduce the
5 aggregate valuation of the personal property of such individual who has
6 been assessed at too large a sum to such sum or amount as was the true
7 and fair value of the personal property.

8 Fifth. The board may review all claims for either real or personal
9 property tax exemption as determined by the county assessor, and shall
10 consider any taxpayer appeals from the decision of the assessor thereon
11 to determine (1) if the taxpayer is entitled to an exemption, and (2)
12 if so, the amount thereof.

13 The clerk of the board shall keep an accurate journal or record of
14 the proceedings and orders of said board showing the facts and evidence
15 upon which their action is based, and the said record shall be
16 published the same as other proceedings of county legislative
17 authority, and shall make a true record of the changes of the
18 descriptions and ((assessed)) appraised values ordered by the county
19 board of equalization. The assessor shall recalculate assessed values
20 and correct the real and personal assessment rolls in accordance with
21 the changes made by the said county board of equalization, and the
22 assessor shall make duplicate abstracts of such corrected values, one
23 copy of which shall be retained in the office, and one copy forwarded
24 to the department of revenue on or before the eighteenth day of August
25 next following the meeting of the county board of equalization.

26 The county board of equalization shall meet on the 15th day of July
27 and may continue in session and adjourn from time to time during a
28 period not to exceed four weeks, but shall remain in session not less
29 than three days: PROVIDED, That the county board of equalization with
30 the approval of the county legislative authority may convene at any
31 time when petitions filed exceed twenty-five, or ten percent of the
32 number of appeals filed in the preceding year, whichever is greater.

33 No taxes, except special taxes, shall be extended upon the tax
34 rolls until the property valuations are equalized by the department of
35 revenue for the purpose of raising the state revenue.

36 County legislative authorities as such shall at no time have any
37 authority to change the valuation of the property of any person or to
38 release or commute in whole or in part the taxes due on the property of
39 any person.

1 **Sec. 110.** RCW 84.48.065 and 1996 c 296 s 1 are each amended to
2 read as follows:

3 (1) The county assessor or treasurer may cancel or correct
4 assessments on the assessment or tax rolls which are erroneous due to
5 manifest errors in description, double assessments, clerical errors in
6 extending the rolls, clerical errors in calculating the assessed value
7 under section 105 of this act, and such manifest errors in the listing
8 of the property which do not involve a revaluation of property, except
9 in the case that a taxpayer produces proof that an authorized land use
10 authority has made a definitive change in the property's land use
11 designation. In such a case, correction of the assessment or tax rolls
12 may be made notwithstanding the fact that the action involves a
13 revaluation of property. Manifest errors that do not involve a
14 revaluation of property include the assessment of property exempted by
15 law from taxation or the failure to deduct the exemption allowed by law
16 to the head of a family. When the county assessor cancels or corrects
17 an assessment, the assessor shall send a notice to the taxpayer in
18 accordance with RCW 84.40.045, advising the taxpayer that the action
19 has been taken and notifying the taxpayer of the right to appeal the
20 cancellation or correction to the county board of equalization, in
21 accordance with RCW 84.40.038. When the county assessor or treasurer
22 cancels or corrects an assessment, a record of such action shall be
23 prepared, setting forth therein the facts relating to the error. The
24 record shall also set forth by legal description all property belonging
25 exclusively to the state, any county, or any municipal corporation
26 whose property is exempt from taxation, upon which there remains,
27 according to the tax roll, any unpaid taxes. No manifest error
28 cancellation or correction, including a cancellation or correction made
29 due to a definitive change of land use designation, shall be made for
30 any period more than three years preceding the year in which the error
31 is discovered.

32 (2)(a) In the case of a definitive change of land use designation,
33 an assessor shall make corrections that involve a revaluation of
34 property to the assessment roll when:

35 (i) The assessor and taxpayer have signed an agreement as to the
36 true and fair value of the taxpayer's property setting forth in the
37 agreement the valuation information upon which the agreement is based;
38 and

1 (ii) The assessment roll has previously been certified in
2 accordance with RCW 84.40.320.

3 (b) In all other cases, an assessor shall make corrections that
4 involve a revaluation of property to the assessment roll when:

5 (i) The assessor and taxpayer have signed an agreement as to the
6 true and fair value of the taxpayer's property setting forth in the
7 agreement the valuation information upon which the agreement is based;
8 and

9 (ii) The following conditions are met:

10 (A) The assessment roll has previously been certified in accordance
11 with RCW 84.40.320;

12 (B) The taxpayer has timely filed a petition with the county board
13 of equalization pursuant to RCW 84.40.038 for the current assessment
14 year;

15 (C) The county board of equalization has not yet held a hearing on
16 the merits of the taxpayer's petition.

17 (3) The assessor shall issue a supplementary roll or rolls
18 including such cancellations and corrections, and the assessment and
19 levy shall have the same force and effect as if made in the first
20 instance, and the county treasurer shall proceed to collect the taxes
21 due on the rolls as modified.

22 **Sec. 111.** RCW 84.48.075 and 1988 c 222 s 23 are each amended to
23 read as follows:

24 (1) The department of revenue shall annually, prior to the first
25 Monday in September, determine and submit to each assessor a
26 preliminary indicated ratio for each county: PROVIDED, That the
27 department shall establish rules and regulations pertinent to the
28 determination of the indicated ratio, the indicated real property ratio
29 and the indicated personal property ratio: PROVIDED FURTHER, That
30 these rules and regulations may provide that data, as is necessary for
31 said determination, which is available from the county assessor of any
32 county and which has been audited as to its validity by the department,
33 shall be utilized by the department in determining the indicated ratio.

34 (2) To such extent as is reasonable, the department may define use
35 classes of property for the purposes of determination of the indicated
36 ratio. Such use classes may be defined with respect to property use
37 and may include agricultural, open space, timber and forest lands.

1 (3) The department shall review each county's preliminary ratio
2 with the assessor, a landowner, or an owner of an intercounty public
3 utility or private car company of that county, if requested by the
4 assessor, a landowner, or an owner of an intercounty public utility or
5 private car company of that county, respectively, between the first and
6 third Mondays of September. Prior to equalization of assessments
7 pursuant to RCW 84.48.080 and after the third Monday of September, the
8 department shall certify to each county assessor the real and personal
9 property ratio for that county.

10 (4) The department of revenue shall also examine procedures used by
11 the assessor to assess real and personal property in the county,
12 including calculations, use of prescribed value schedules, and efforts
13 to locate all taxable property in the county. If any examination by
14 the department discloses other than market value is being listed as as
15 appraised value on the county assessment rolls of the county by the
16 assessor and, after due notification by the department, is not
17 corrected, the department of revenue shall, in accordance with rules
18 adopted by the department, adjust the ratio of that type of property,
19 which adjustment shall be used for determining the county's indicated
20 ratio.

21 **Sec. 112.** RCW 84.48.080 and 1995 2nd sp.s. c 13 s 3 are each
22 amended to read as follows:

23 (1) Annually during the months of September and October, the
24 department of revenue shall examine and compare the returns of the
25 assessment of the property in the several counties of the state, and
26 the assessment of the property of railroad and other companies assessed
27 by the department, and proceed to equalize the same, so that each
28 county in the state shall pay its due and just proportion of the taxes
29 for state purposes for such assessment year, according to the ratio the
30 assessed valuation of the property in each county bears to the correct
31 total assessed valuation of all property in the state.

32 First. The department shall classify all property, real and
33 personal, and shall raise and lower the assessed valuation of any class
34 of property in any county to a value that shall be equal, so far as
35 possible, to the (~~true and fair~~) correct assessed value of such class
36 as of January 1st of the current year, after determining the correct
37 appraised value, and any adjustment applicable under section 105 of
38 this act for the property, for the purpose of ascertaining the just

1 amount of tax due from each county for state purposes. In equalizing
2 personal property as of January 1st of the current year, the department
3 shall use the assessment level of the preceding year. Such
4 classification may be on the basis of types of property, geographical
5 areas, or both. For purposes of this section, for each county that has
6 not provided the department with an assessment return by December 1st,
7 the department shall proceed, using facts and information and in a
8 manner it deems appropriate, to estimate the value of each class of
9 property in the county.

10 Second. The department shall keep a full record of its proceedings
11 and the same shall be published annually by the department.

12 (2) The department shall levy the state taxes authorized by law.
13 The amount levied in any one year for general state purposes shall not
14 exceed the lawful dollar rate on the dollar of the assessed value of
15 the property of the entire state(~~(, which assessed value shall be one~~
16 ~~hundred percent of the true and fair value of such property in money))~~
17 as equalized under this section. The department shall apportion the
18 amount of tax for state purposes levied by the department, among the
19 several counties, in proportion to the assessed valuation of the
20 taxable property of the county for the year as equalized by the
21 department: PROVIDED, That for purposes of this apportionment, the
22 department shall recompute the previous year's levy and the
23 apportionment thereof to correct for changes and errors in taxable
24 values reported to the department after October 1 of the preceding year
25 and shall adjust the apportioned amount of the current year's state
26 levy for each county by the difference between the apportioned amounts
27 established by the original and revised levy computations for the
28 previous year. For purposes of this section, changes in taxable values
29 mean a final adjustment made by a county board of equalization, the
30 state board of tax appeals, or a court of competent jurisdiction and
31 shall include additions of omitted property, other additions or
32 deletions from the assessment or tax rolls, any assessment return
33 provided by a county to the department subsequent to December 1st, or
34 a change in the indicated ratio of a county. Errors in taxable values
35 mean errors corrected by a final reviewing body.

36 In addition to computing a levy under this subsection that is
37 reduced under RCW 84.55.012, the department shall compute a
38 hypothetical levy without regard to the reduction under RCW 84.55.012.
39 This hypothetical levy shall also be apportioned among the several

1 counties in proportion to the valuation of the taxable property of the
2 county for the year, as equalized by the department, in the same manner
3 as the actual levy and shall be used by the county assessors for the
4 purpose of recomputing and establishing a consolidated levy under RCW
5 84.52.010.

6 (3) The department shall have authority to adopt rules and
7 regulations to enforce obedience to its orders in all matters in
8 relation to the returns of county assessments, the equalization of
9 values, and the apportionment of the state levy by the department.

10 (4) After the completion of the duties prescribed in this section,
11 the director of the department shall certify the record of the
12 proceedings of the department under this section, the tax levies made
13 for state purposes and the apportionment thereof among the counties,
14 and the certification shall be available for public inspection.

15 **Sec. 113.** RCW 84.12.270 and 1994 c 301 s 20 are each amended to
16 read as follows:

17 The department of revenue shall annually make an assessment of the
18 operating property of all companies; and between the fifteenth day of
19 March and the first day of July of each of said years shall prepare an
20 assessment roll upon which it shall enter (~~and assess~~) the (~~true and~~
21 ~~fair~~) assessed value of all the operating property of each of such
22 companies as of the first day of January of the year in which the
23 assessment is made. For the purpose of determining the (~~true and~~
24 ~~fair~~) assessed value of such property the department of revenue may
25 inspect the property belonging to said companies and may take into
26 consideration any information or knowledge obtained by it from such
27 examination and inspection of such property, or of the books, records
28 and accounts of such companies, the statements filed as required by
29 this chapter, the reports, statements or returns of such companies
30 filed in the office of any board, office or commission of this state or
31 any county thereof, the earnings and earning power of such companies,
32 the franchises owned or used by such companies, the assessed valuation
33 of any and all property of such companies, whether operating or
34 nonoperating property, and whether situated within or outside the
35 state, and any other facts, evidence or information that may be
36 obtainable bearing upon the value of the operating property: PROVIDED,
37 That in no event shall any statement or report required from any
38 company by this chapter be conclusive upon the department of revenue

1 in determining the amount, character and (~~true and fair~~) assessed
2 value of the operating property of such company.

3 **Sec. 114.** RCW 84.12.280 and 1987 c 153 s 2 are each amended to
4 read as follows:

5 (1) In making the assessment of the operating property of any
6 railroad or logging railroad company and in the apportionment of the
7 values and the taxation thereof, all land occupied and claimed
8 exclusively as the right-of-way for railroads, with all the tracks and
9 substructures and superstructures which support the same, together with
10 all side tracks, second tracks, turn-outs, station houses, depots,
11 round houses, machine shops, or other buildings belonging to the
12 company, used in the operation thereof, without separating the same
13 into land and improvements, shall be assessed as real property. And
14 the rolling stock and other movable property belonging to any railroad
15 or logging railroad company shall be considered as personal property
16 and taxed as such: PROVIDED, That all of the operating property of
17 street railway companies shall be assessed and taxed as personal
18 property.

19 (2) All of the operating property of airplane companies, telegraph
20 companies, pipe line companies, water companies and toll bridge
21 companies; the floating equipment of steamboat companies, and all of
22 the operating property other than lands and buildings of electric light
23 and power companies, telephone companies, gas companies and heating
24 companies shall be assessed and taxed as personal property.

25 (3) Notwithstanding subsections (1) and (2) of this section, the
26 limit provided under section 105 of this act shall be applied in the
27 assessment of property under this section to the same extent as that
28 limit is generally applied to property not assessed under this chapter.

29 **Sec. 115.** RCW 84.12.310 and 1994 c 301 s 21 are each amended to
30 read as follows:

31 For the purpose of determining the system value of the operating
32 property of any such company, the department of revenue shall deduct
33 from the (~~true and fair~~) assessed value of the total assets of such
34 company, the (~~actual cash~~) assessed value of all nonoperating
35 property owned by such company. For such purpose the department of
36 revenue may require of the assessors of the various counties within
37 this state a detailed list of such company's properties assessed by

1 them, together with the assessable or assessed value thereof:
2 PROVIDED, That such assessed or assessable value shall be advisory only
3 and not conclusive on the department of revenue as to the value
4 thereof.

5 **Sec. 116.** RCW 84.12.330 and 1994 c 301 s 22 are each amended to
6 read as follows:

7 Upon the assessment roll shall be placed after the name of each
8 company a general description of the operating property of the company,
9 which shall be considered sufficient if described in the language of
10 (~~subdivision (17) of~~) RCW 84.12.200(14), as applied to (~~said~~) the
11 company, following which shall be entered the (~~true and fair~~)
12 assessed value of the operating property as determined by the
13 department of revenue. No assessment shall be invalidated by reason of
14 a mistake in the name of the company assessed, or the omission of the
15 name of the owner or by the entry as owner of a name other than that of
16 the true owner. When the department of revenue shall have prepared the
17 assessment roll and entered thereon the (~~true and fair~~) assessed
18 value of the operating property of the company, as herein required, it
19 shall notify the company by mail of the valuation determined by it and
20 entered upon (~~said~~) the roll.

21 **Sec. 117.** RCW 84.12.350 and 1994 c 301 s 23 are each amended to
22 read as follows:

23 Upon determination by the department of revenue of the (~~true and~~
24 ~~fair~~) assessed value of the property appearing on such rolls it shall
25 apportion such value to the respective counties entitled thereto, as
26 hereinafter provided, and shall determine the equalized assessed
27 valuation of such property in each such county and in the several
28 taxing districts therein, by applying to such actual apportioned value
29 the same ratio as the ratio of assessed to (~~actual~~) the correct
30 assessed value of the general property in such county: PROVIDED, That,
31 whenever the amount of the true and correct assessed value of the
32 operating property of any company otherwise apportionable to any county
33 or other taxing district shall be less than two hundred fifty dollars,
34 such amount need not be apportioned to such county or taxing district
35 but may be added to the amount apportioned to an adjacent county or
36 taxing district.

1 **Sec. 118.** RCW 84.12.360 and 1994 c 301 s 24 are each amended to
2 read as follows:

3 The (~~true and fair~~) value of the operating property assessed to
4 a company, as fixed and determined by the department of revenue, shall
5 be apportioned by the department of revenue to the respective counties
6 and to the taxing districts thereof wherein such property is located in
7 the following manner:

8 (1) Property of all railroad companies other than street railroad
9 companies, telegraph companies and pipe line companies«upon the basis
10 of that proportion of the value of the total operating property within
11 the state which the mileage of track, as classified by the department
12 of revenue (in case of railroads), mileage of wire (in the case of
13 telegraph companies), and mileage of pipe line (in the case of pipe
14 line companies) within each county or taxing district bears to the
15 total mileage thereof within the state, at the end of the calendar year
16 last past. For the purpose of such apportionment the department may
17 classify railroad track.

18 (2) Property of street railroad companies, telephone companies,
19 electric light and power companies, gas companies, water companies,
20 heating companies and toll bridge companies«upon the basis of relative
21 value of the operating property within each county and taxing district
22 to the value of the total operating property within the state to be
23 determined by such factors as the department of revenue shall deem
24 proper.

25 (3) Planes or other aircraft of airplane companies and watercraft
26 of steamboat companies«upon the basis of such factor or factors of
27 allocation, to be determined by the department of revenue, as will
28 secure a substantially fair and equitable division between counties and
29 other taxing districts.

30 All other property of airplane companies and steamboat companies«
31 upon the basis set forth in subsection (2) of this section.

32 The basis of apportionment with reference to all public utility
33 companies above prescribed shall not be deemed exclusive and the
34 department of revenue in apportioning values of such companies may also
35 take into consideration such other information, facts, circumstances,
36 or allocation factors as will enable it to make a substantially just
37 and correct valuation of the operating property of such companies
38 within the state and within each county thereof.

1 **Sec. 119.** RCW 84.16.040 and 1994 c 301 s 26 are each amended to
2 read as follows:

3 The department of revenue shall annually make an assessment of the
4 operating property of each private car company; and between the first
5 day of May and the first day of July of each of said years shall
6 prepare an assessment roll upon which it shall enter (~~(and assess)~~) the
7 (~~(true and fair)~~) assessed value of all the operating property of each
8 of such companies as of the first day of January of the year in which
9 the assessment is made. For the purpose of determining the (~~(true and~~
10 ~~fair)~~) assessed value of such property the department of revenue may
11 take into consideration any information or knowledge obtained by it
12 from an examination and inspection of such property, or of the books,
13 records and accounts of such companies, the statements filed as
14 required by this chapter, the reports, statements or returns of such
15 companies filed in the office of any board, office or commission of
16 this state or any county thereof, the earnings and earning power of
17 such companies, the franchises owned or used by such companies, the
18 assessed valuation of any and all property of such companies, whether
19 operating property or nonoperating property, and whether situated
20 within or without the state, and any other facts, evidences or
21 information that may be obtainable bearing upon the value of the
22 operating property: PROVIDED, That in no event shall any statement or
23 report required from any company by this chapter be conclusive upon the
24 department of revenue in determining the amount, character and (~~(true~~
25 ~~and fair)~~) assessed value of the operating property of such company.

26 **Sec. 120.** RCW 84.16.050 and 1994 c 301 s 27 are each amended to
27 read as follows:

28 The department of revenue may, in determining the (~~(true and fair)~~)
29 assessed value of the operating property to be placed on the assessment
30 roll value the entire property as a unit. If the company owns, leases,
31 operates or uses property partly within and partly without the state,
32 the department of revenue may determine the value of the operating
33 property within this state by the proportion that the value of such
34 property bears to the value of the entire operating property of the
35 company, both within and without this state. In determining the
36 operating property which is located within this state the department of
37 revenue may consider and base such determination on the proportion
38 which the number of car miles of the various classes of cars made in

1 this state bears to the total number of car miles made by the same cars
2 within and without this state, or to the total number of car miles made
3 by all cars of the various classes within and without this state. If
4 the value of the operating property of the company cannot be fairly
5 determined in such manner the department of revenue may use any other
6 reasonable and fair method to determine the value of the operating
7 property of the company within this state.

8 **Sec. 121.** RCW 84.16.090 and 1994 c 301 s 28 are each amended to
9 read as follows:

10 Upon the assessment roll shall be placed after the name of each
11 company a general description of the operating property of the company,
12 which shall be considered sufficient if described in the language of
13 (~~subsection (3) of~~) RCW 84.16.010(3) or otherwise, following which
14 shall be entered the (~~true and fair~~) assessed value of the operating
15 property as determined by the department of revenue. No assessment
16 shall be invalid by a mistake in the name of the company assessed, by
17 omission of the name of the owner or by the entry of a name other than
18 that of the true owner. When the department of revenue shall have
19 prepared the assessment roll and entered thereon the (~~true and fair~~)
20 assessed value of the operating property of the company, as (~~herein~~)
21 required, it shall notify the company by mail of the valuation
22 determined by it and entered upon (~~said~~) the roll; and thereupon such
23 assessed valuation shall become the (~~true and fair~~) assessed value of
24 the operating property of the company, subject to revision or
25 correction by the department of revenue as hereinafter provided; and
26 shall be the valuation upon which, after equalization by the department
27 of revenue as hereinafter provided, the taxes of such company shall be
28 based and computed.

29 **Sec. 122.** RCW 84.16.110 and 1994 c 301 s 29 are each amended to
30 read as follows:

31 Upon determination by the department of revenue of the true and
32 (~~fair~~) correct assessed value of the property appearing on such rolls
33 the department shall apportion such value to the respective counties
34 entitled thereto as hereinafter provided, and shall determine the
35 equalized or assessed valuation of such property in such counties by
36 applying the county-indicated ratio to such actual apportioned value
37 (~~the same ratio as the ratio of assessed to actual value of the~~

1 ~~general property of the respective counties~~): PROVIDED, That,
2 whenever the amount of the true and correct assessed value of the
3 operating property of any company otherwise apportionable to any county
4 shall be less than two hundred fifty dollars, such amount need not be
5 apportioned to such county but may be added to the amount apportioned
6 to an adjacent county.

7 **Sec. 123.** RCW 84.16.120 and 1994 c 301 s 30 are each amended to
8 read as follows:

9 The (~~true and fair~~) assessed value of the property of each
10 company as fixed and determined by the department of revenue as herein
11 provided shall be apportioned to the respective counties in the
12 following manner:

13 (1) If all the operating property of the company is situated
14 entirely within a county and none of such property is located within,
15 extends into, or through or is operated into or through any other
16 county, the entire value thereof shall be apportioned to the county
17 within which such property is (~~situate [situated]~~) situated, located,
18 and operated.

19 (2) If the operating property of any company is situated or located
20 within, extends into or is operated into or through more than one
21 county, the value thereof shall be apportioned to the respective
22 counties into or through which its cars are operated in the proportion
23 that the length of main line track of the respective railroads moving
24 such cars in such counties bears to the total length of main line track
25 of such respective railroads in this state.

26 (3) If the property of any company is of such character that it
27 will not be reasonable, feasible or fair to apportion the value as
28 hereinabove provided, the value thereof shall be apportioned between
29 the respective counties into or through which such property extends or
30 is operated or in which the same is located in such manner as may be
31 reasonable, feasible and fair.

32 **Sec. 124.** RCW 84.36.041 and 1993 c 151 s 1 are each amended to
33 read as follows:

34 (1) All real and personal property used by a nonprofit home for the
35 aging that is reasonably necessary for the purposes of the home is
36 exempt from taxation if the benefit of the exemption inures to the home
37 and:

1 (a) At least fifty percent of the occupied dwelling units in the
2 home are occupied by eligible residents; or

3 (b) The home is subsidized under a federal department of housing
4 and urban development program. The department of revenue shall provide
5 by rule a definition of homes eligible for exemption under this
6 subsection (b), consistent with the purposes of this section.

7 (2) All real and personal property used by a nonprofit home for the
8 aging that is reasonably necessary for the purposes of the home is
9 exempt from taxation if the benefit of the exemption inures to the home
10 and the construction, rehabilitation, acquisition, or refinancing of
11 the home is financed under a program using bonds exempt from federal
12 income tax if at least seventy-five percent of the total amount
13 financed uses the tax exempt bonds and the financing program requires
14 the home to reserve a percentage of all dwelling units so financed for
15 low-income residents. The initial term of the exemption under this
16 subsection shall equal the term of the tax exempt bond used in
17 connection with the financing program, or the term of the requirement
18 to reserve dwelling units for low-income residents, whichever is
19 shorter. If the financing program involves less than the entire home,
20 only those dwelling units included in the financing program are
21 eligible for total exemption. The department of revenue shall provide
22 by rule the requirements for monitoring compliance with the provisions
23 of this subsection and the requirements for exemption including:

24 (a) The number or percentage of dwelling units required to be
25 occupied by low-income residents, and a definition of low income;

26 (b) The type and character of the dwelling units, whether
27 independent units or otherwise; and

28 (c) Any particular requirements for continuing care retirement
29 communities.

30 (3) A home for the aging is eligible for a partial exemption on the
31 real property and a total exemption for the home's personal property if
32 the home does not meet the requirements of subsection (1) of this
33 section because fewer than fifty percent of the occupied dwelling units
34 are occupied by eligible residents, as follows:

35 (a) A partial exemption shall be allowed for each dwelling unit in
36 a home occupied by a resident requiring assistance with activities of
37 daily living.

38 (b) A partial exemption shall be allowed for each dwelling unit in
39 a home occupied by an eligible resident.

1 (c) A partial exemption shall be allowed for an area jointly used
2 by a home for the aging and by a nonprofit organization, association,
3 or corporation currently exempt from property taxation under one of the
4 other provisions of this chapter. The shared area must be reasonably
5 necessary for the purposes of the nonprofit organization, association,
6 or corporation exempt from property taxation under one of the other
7 provisions of this chapter, such as kitchen, dining, and laundry areas.

8 (d) The amount of exemption shall be calculated by multiplying the
9 assessed value of the property reasonably necessary for the purposes of
10 the home, less the assessed value of any area exempt under (c) of this
11 subsection, by a fraction. The numerator of the fraction is the number
12 of dwelling units occupied by eligible residents and by residents
13 requiring assistance with activities of daily living. The denominator
14 of the fraction is the total number of occupied dwelling units as of
15 January 1st of the year for which exemption is claimed.

16 (4) To be exempt under this section, the property must be used
17 exclusively for the purposes for which the exemption is granted, except
18 as provided in RCW 84.36.805.

19 (5) A home for the aging is exempt from taxation only if the
20 organization operating the home is exempt from income tax under section
21 501(c) of the federal internal revenue code as existing on January 1,
22 1989, or such subsequent date as the director may provide by rule
23 consistent with the purposes of this section.

24 (6) In order for the home to be eligible for exemption under
25 subsections (1)(a) and (2)(b) of this section, each eligible resident
26 of a home for the aging shall submit an income verification form to the
27 county assessor by July 1st of the assessment year in which the
28 application for exemption is made. The income verification form shall
29 be prescribed and furnished by the department of revenue. An eligible
30 resident who has filed a form for a previous year need not file a new
31 form until there is a change in status affecting the person's
32 eligibility.

33 (7) In determining the (~~true and fair~~) assessed value of a home
34 for the aging for purposes of the partial exemption provided by
35 subsection (3) of this section, the assessor shall apply the
36 computation method provided by RCW 84.34.060 and shall consider only
37 the use to which such property is applied during the years for which
38 such partial exemptions are available and shall not consider potential
39 uses of such property.

1 (8) A home for the aging that was exempt or partially exempt for
2 taxes levied in 1993 for collection in 1994 is partially exempt for
3 taxes levied in 1994 for collection in 1995, has an increase in taxable
4 value for taxes levied in 1994 for collection in 1995 due to the change
5 prescribed by chapter 151, Laws of 1993 with respect to the numerator
6 of the fraction used to determine the amount of a partial exemption,
7 and is not fully exempt under this section is entitled to partial
8 exemptions as follows:

9 (a) For taxes levied in 1994 for collection in 1995, the home shall
10 pay taxes based upon the taxable value in 1993 plus one-third of the
11 increase in the taxable value from 1993 to the nonexempt value
12 calculated under subsection (3)(d) of this section for 1994.

13 (b) For taxes levied in 1995 for collection in 1996, the home shall
14 pay taxes based upon the taxable value for 1994 as calculated in (a) of
15 this subsection plus one-half of the increase in the taxable value from
16 1994 to the nonexempt value calculated under subsection (3)(d) of this
17 section for 1995. For taxes levied in 1996 for collection in 1997 and
18 for taxes levied thereafter, this subsection (8) does not apply, and
19 the home shall pay taxes without reference to this subsection (8).

20 (c) For purposes of this subsection (8), "taxable value" means the
21 value of the home upon which the tax rate is applied in order to
22 determine the amount of taxes due.

23 (9) As used in this section:

24 (a) "Eligible resident" means a person who:

25 (i) Occupied the dwelling unit as a principal place of residence as
26 of January 1st of the year for which the exemption is claimed.
27 Confinement of the person to a hospital or nursing home does not
28 disqualify the claim of exemption if the dwelling unit is temporarily
29 unoccupied or if the dwelling unit is occupied by a spouse, a person
30 financially dependent on the claimant for support, or both; and

31 (ii) Is sixty-one years of age or older on December 31st of the
32 year in which the exemption claim is filed, or is, at the time of
33 filing, retired from regular gainful employment by reason of physical
34 disability. Any surviving spouse of a person who was receiving an
35 exemption at the time of the person's death shall qualify if the
36 surviving spouse is fifty-seven years of age or older and otherwise
37 meets the requirements of this subsection; and

38 (iii) Has a combined disposable income of no more than the greater
39 of twenty-two thousand dollars or eighty percent of the median income

1 adjusted for family size as most recently determined by the federal
2 department of housing and urban development for the county in which the
3 person resides. For the purposes of determining eligibility under this
4 section, a "cotentant" means a person who resides with an eligible
5 resident and who shares personal financial resources with the eligible
6 resident.

7 (b) "Combined disposable income" means the disposable income of the
8 person submitting the income verification form, plus the disposable
9 income of his or her spouse, and the disposable income of each cotenant
10 occupying the dwelling unit for the preceding calendar year, less
11 amounts paid by the person submitting the income verification form or
12 his or her spouse or cotenant during the previous year for the
13 treatment or care of either person received in the dwelling unit or in
14 a nursing home. If the person submitting the income verification form
15 was retired for two months or more of the preceding year, the combined
16 disposable income of such person shall be calculated by multiplying the
17 average monthly combined disposable income of such person during the
18 months such person was retired by twelve. If the income of the person
19 submitting the income verification form is reduced for two or more
20 months of the preceding year by reason of the death of the person's
21 spouse, the combined disposable income of such person shall be
22 calculated by multiplying the average monthly combined disposable
23 income of such person after the death of the spouse by twelve.

24 (c) "Disposable income" means adjusted gross income as defined in
25 the federal internal revenue code, as amended prior to January 1, 1989,
26 or such subsequent date as the director may provide by rule consistent
27 with the purpose of this section, plus all of the following items to
28 the extent they are not included in or have been deducted from adjusted
29 gross income:

30 (i) Capital gains, other than nonrecognized gain on the sale of a
31 principal residence under section 1034 of the federal internal revenue
32 code, or gain excluded from income under section 121 of the federal
33 internal revenue code to the extent it is reinvested in a new principal
34 residence;

35 (ii) Amounts deducted for loss;

36 (iii) Amounts deducted for depreciation;

37 (iv) Pension and annuity receipts;

38 (v) Military pay and benefits other than attendant-care and
39 medical-aid payments;

1 (vi) Veterans benefits other than attendant-care and medical-aid
2 payments;

3 (vii) Federal social security act and railroad retirement benefits;
4 (viii) Dividend receipts; and

5 (ix) Interest received on state and municipal bonds.

6 (d) "Resident requiring assistance with activities of daily living"
7 means a person who requires significant assistance with the activities
8 of daily living and who would be at risk of nursing home placement
9 without this assistance.

10 (e) "Home for the aging" means a residential housing facility that
11 (i) provides a housing arrangement chosen voluntarily by the resident,
12 the resident's guardian or conservator, or another responsible person;
13 (ii) has only residents who are at least sixty-one years of age or who
14 have needs for care generally compatible with persons who are at least
15 sixty-one years of age; and (iii) provides varying levels of care and
16 supervision, as agreed to at the time of admission or as determined
17 necessary at subsequent times of reappraisal.

18 (10) A for-profit home for the aging that converts to nonprofit
19 status after June 11, 1992, and would otherwise be eligible for tax
20 exemption under this section may not receive the tax exemption until
21 five years have elapsed since the conversion. The exemption shall then
22 be ratably granted over the next five years.

23 **Sec. 125.** RCW 84.52.063 and 1973 1st ex.s. c 195 s 105 are each
24 amended to read as follows:

25 A rural library district may impose a regular property tax levy in
26 an amount equal to that which would be produced by a levy of fifty
27 cents per thousand dollars of assessed value multiplied by an equalized
28 assessed valuation (~~equal to one hundred percent of the true and fair~~
29 ~~value of the taxable property in the rural library district~~), as
30 determined by the department of revenue's indicated county ratio:
31 PROVIDED, That when any county assessor shall find that the aggregate
32 rate of levy on any property will exceed the limitation set forth in
33 RCW 84.52.043 and ((RCW)) 84.52.050, as now or hereafter amended,
34 before recomputing and establishing a consolidated levy in the manner
35 set forth in RCW 84.52.010, the assessor shall first reduce the levy of
36 any rural library district, by such amount as may be necessary, but the
37 levy of any rural library district shall not be reduced to less than
38 fifty cents per thousand dollars against the value of the taxable

1 property, as determined by the county, prior to any further adjustments
2 pursuant to RCW 84.52.010. For purposes of this section "regular
3 property tax levy" shall mean a levy subject to the limitations
4 provided for in Article VII, section 2 of the state Constitution and/or
5 by statute.

6 **Sec. 126.** RCW 84.70.010 and 1994 c 301 s 56 are each amended to
7 read as follows:

8 (1) If, on or before December 31 in any calendar year, any real or
9 personal property placed upon the assessment roll of that year is
10 destroyed in whole or in part, or is in an area that has been declared
11 a disaster area by the governor and has been reduced in value by more
12 than twenty percent as a result of a natural disaster, the (~~true and~~
13 ~~fair~~) assessed value of such property shall be reduced for that year
14 by an amount determined as follows:

15 (a) First take the (~~true and fair~~) assessed value of such taxable
16 property before destruction or reduction in value and deduct therefrom
17 the true and fair value of the remaining property after destruction or
18 reduction in value.

19 (b) Then divide any amount remaining by the number of days in the
20 year and multiply the quotient by the number of days remaining in the
21 calendar year after the date of the destruction or reduction in value
22 of the property.

23 (2) No reduction in the (~~true and fair~~) assessed value shall be
24 made more than three years after the date of destruction or reduction
25 in value.

26 (3) The assessor shall make such reduction on his or her own
27 motion; however, the taxpayer may make application for reduction on
28 forms prepared by the department and provided by the assessor. The
29 assessor shall notify the taxpayer of the amount of reduction.

30 (4) If destroyed property is replaced prior to the valuation dates
31 contained in RCW 36.21.080 and 36.21.090, the total taxable value for
32 that year shall not exceed the value as of the appropriate valuation
33 date in RCW 36.21.080 or 36.21.090, whichever is appropriate.

34 (5) The taxpayer may appeal the amount of reduction to the county
35 board of equalization within thirty days of notification or July 1st of
36 the year of reduction, whichever is later. The board shall reconvene,
37 if necessary, to hear the appeal.

PART II
106 PERCENT LIMIT

Sec. 201. RCW 84.55.005 and 1994 c 301 s 49 are each amended to read as follows:

As used in this chapter(~~(, the term)~~):

(1) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce in September of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred six percent;

(b) For taxing districts for which a one hundred six percent limit is authorized under section 204 of this act, one hundred six percent;

(c) For all other districts, the lesser of one hundred six percent or one hundred percent plus inflation; and

(3) "Regular property taxes" has the meaning given it in RCW 84.04.140, and also includes amounts received in lieu of regular property taxes.

Sec. 202. RCW 84.55.010 and 1979 ex.s. c 218 s 2 are each amended to read as follows:

Except as provided in this chapter, the levy for a taxing district in any year shall be set so that the regular property taxes payable in the following year shall not exceed (~~(one hundred six percent of)~~) the limit factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction, improvements to property, and any increase in the assessed value of state-assessed property by the regular property tax levy rate of that district for the preceding year.

Sec. 203. RCW 84.55.020 and 1971 ex.s. c 288 s 21 are each amended to read as follows:

1 Notwithstanding the limitation set forth in RCW 84.55.010, the
2 first levy for a taxing district created from consolidation of similar
3 taxing districts shall be set so that the regular property taxes
4 payable in the following year shall not exceed ((one hundred six
5 percent of)) the limit factor multiplied by the sum of the amount of
6 regular property taxes lawfully levied for each component taxing
7 district in the highest of the three most recent years in which such
8 taxes were levied for such district plus the additional dollar amount
9 calculated by multiplying the increase in assessed value in each
10 component district resulting from new construction and improvements to
11 property by the regular property tax rate of each component district
12 for the preceding year.

13 NEW SECTION. **Sec. 204.** A new section is added to chapter 84.55
14 RCW to read as follows:

15 Upon a finding of substantial need, the legislative authority of a
16 taxing district, by majority vote plus one additional vote, may provide
17 for the use of a limit factor under this chapter of one hundred six
18 percent instead of the lesser of one hundred six percent or one hundred
19 percent plus inflation. The new limit factor shall be effective for
20 taxes collected in the following year only.

21 **Sec. 205.** RCW 35.61.210 and 1990 c 234 s 3 are each amended to
22 read as follows:

23 The board of park commissioners may levy or cause to be levied a
24 general tax on all the property located in said park district each year
25 not to exceed fifty cents per thousand dollars of assessed value of the
26 property in such park district. In addition, the board of park
27 commissioners may levy or cause to be levied a general tax on all
28 property located in said park district each year not to exceed twenty-
29 five cents per thousand dollars of assessed valuation. Although park
30 districts are authorized to impose two separate regular property tax
31 levies, the levies shall be considered to be a single levy for purposes
32 of the ((one hundred six percent)) limitation provided for in chapter
33 84.55 RCW.

34 The board is hereby authorized to levy a general tax in excess of
35 its regular property tax levy or levies when authorized so to do at a
36 special election conducted in accordance with and subject to all the
37 requirements of the Constitution and laws of the state now in force or

1 hereafter enacted governing the limitation of tax levies. The board is
2 hereby authorized to call a special election for the purpose of
3 submitting to the qualified voters of the park district a proposition
4 to levy a tax in excess of the seventy-five cents per thousand dollars
5 of assessed value herein specifically authorized. The manner of
6 submitting any such proposition, of certifying the same, and of giving
7 or publishing notice thereof, shall be as provided by law for the
8 submission of propositions by cities or towns.

9 The board shall include in its general tax levy for each year a
10 sufficient sum to pay the interest on all outstanding bonds and may
11 include a sufficient amount to create a sinking fund for the redemption
12 of all outstanding bonds. The levy shall be certified to the proper
13 county officials for collection the same as other general taxes and
14 when collected, the general tax shall be placed in a separate fund in
15 the office of the county treasurer to be known as the "metropolitan
16 park district fund" and paid out on warrants.

17 **Sec. 206.** RCW 70.44.060 and 1990 c 234 s 2 are each amended to
18 read as follows:

19 All public hospital districts organized under the provisions of
20 this chapter shall have power:

21 (1) To make a survey of existing hospital and other health care
22 facilities within and without such district.

23 (2) To construct, condemn and purchase, purchase, acquire, lease,
24 add to, maintain, operate, develop and regulate, sell and convey all
25 lands, property, property rights, equipment, hospital and other health
26 care facilities and systems for the maintenance of hospitals,
27 buildings, structures, and any and all other facilities, and to
28 exercise the right of eminent domain to effectuate the foregoing
29 purposes or for the acquisition and damaging of the same or property of
30 any kind appurtenant thereto, and such right of eminent domain shall be
31 exercised and instituted pursuant to a resolution of the commission and
32 conducted in the same manner and by the same procedure as in or may be
33 provided by law for the exercise of the power of eminent domain by
34 incorporated cities and towns of the state of Washington in the
35 acquisition of property rights: PROVIDED, That no public hospital
36 district shall have the right of eminent domain and the power of
37 condemnation against any health care facility.

1 (3) To lease existing hospital and other health care facilities and
2 equipment and/or other property used in connection therewith, including
3 ambulances, and to pay such rental therefor as the commissioners shall
4 deem proper; to provide hospital and other health care services for
5 residents of said district by facilities located outside the boundaries
6 of said district, by contract or in any other manner said commissioners
7 may deem expedient or necessary under the existing conditions; and said
8 hospital district shall have the power to contract with other
9 communities, corporations, or individuals for the services provided by
10 said hospital district; and they may further receive in said hospitals
11 and other health care facilities and furnish proper and adequate
12 services to all persons not residents of said district at such
13 reasonable and fair compensation as may be considered proper:
14 PROVIDED, That it must at all times make adequate provision for the
15 needs of the district and residents of said district shall have prior
16 rights to the available hospital and other health care facilities of
17 said district, at rates set by the district commissioners.

18 (4) For the purpose aforesaid, it shall be lawful for any district
19 so organized to take, condemn and purchase, lease, or acquire, any and
20 all property, and property rights, including state and county lands,
21 for any of the purposes aforesaid, and any and all other facilities
22 necessary or convenient, and in connection with the construction,
23 maintenance, and operation of any such hospitals and other health care
24 facilities, subject, however, to the applicable limitations provided in
25 subsection (2) of this section.

26 (5) To contract indebtedness or borrow money for corporate purposes
27 on the credit of the corporation or the revenues of the hospitals
28 thereof, and the revenues of any other facilities or services that the
29 district is or hereafter may be authorized by law to provide, and to
30 issue and sell: (a) Revenue bonds, revenue warrants, or other revenue
31 obligations therefor payable solely out of a special fund or funds into
32 which the district may pledge such amount of the revenues of the
33 hospitals thereof, and the revenues of any other facilities or services
34 that the district is or hereafter may be authorized by law to provide,
35 to pay the same as the commissioners of the district may determine,
36 such revenue bonds, warrants, or other obligations to be issued and
37 sold in the same manner and subject to the same provisions as provided
38 for the issuance of revenue bonds, warrants, or other obligations by
39 cities or towns under the Municipal Revenue Bond Act, chapter 35.41

1 RCW, as may hereafter be amended; (b) general obligation bonds therefor
2 in the manner and form as provided in RCW 70.44.110 and 70.44.130, as
3 may hereafter be amended; or (c) interest-bearing warrants to be drawn
4 on a fund pending deposit in such fund of money sufficient to redeem
5 such warrants and to be issued and paid in such manner and upon such
6 terms and conditions as the board of commissioners may deem to be in
7 the best interest of the district; and to assign or sell hospital
8 accounts receivable, and accounts receivable for the use of other
9 facilities or services that the district is or hereafter may be
10 authorized by law to provide, for collection with or without recourse.
11 General obligation bonds shall be issued and sold in accordance with
12 chapter 39.46 RCW. Revenue bonds, revenue warrants, or other revenue
13 obligations may be issued and sold in accordance with chapter 39.46
14 RCW.

15 (6) To raise revenue by the levy of an annual tax on all taxable
16 property within such public hospital district not to exceed fifty cents
17 per thousand dollars of assessed value, and an additional annual tax on
18 all taxable property within such public hospital district not to exceed
19 twenty-five cents per thousand dollars of assessed value, or such
20 further amount as has been or shall be authorized by a vote of the
21 people. Although public hospital districts are authorized to impose
22 two separate regular property tax levies, the levies shall be
23 considered to be a single levy for purposes of the (~~one hundred six~~
24 ~~percent~~) limitation provided for in chapter 84.55 RCW. Public
25 hospital districts are authorized to levy such a general tax in excess
26 of their regular property taxes when authorized so to do at a special
27 election conducted in accordance with and subject to all of the
28 requirements of the Constitution and the laws of the state of
29 Washington now in force or hereafter enacted governing the limitation
30 of tax levies. The said board of district commissioners is authorized
31 and empowered to call a special election for the purpose of submitting
32 to the qualified voters of the hospital district a proposition or
33 propositions to levy taxes in excess of its regular property taxes.
34 The superintendent shall prepare a proposed budget of the contemplated
35 financial transactions for the ensuing year and file the same in the
36 records of the commission on or before the first Monday in September.
37 Notice of the filing of said proposed budget and the date and place of
38 hearing on the same shall be published for at least two consecutive
39 weeks in a newspaper printed and of general circulation in said county.

1 On the first Monday in October the commission shall hold a public
2 hearing on said proposed budget at which any taxpayer may appear and be
3 heard against the whole or any part of the proposed budget. Upon the
4 conclusion of said hearing, the commission shall, by resolution, adopt
5 the budget as finally determined and fix the final amount of
6 expenditures for the ensuing year. Taxes levied by the commission
7 shall be certified to and collected by the proper county officer of the
8 county in which such public hospital district is located in the same
9 manner as is or may be provided by law for the certification and
10 collection of port district taxes. The commission is authorized, prior
11 to the receipt of taxes raised by levy, to borrow money or issue
12 warrants of the district in anticipation of the revenue to be derived
13 by such district from the levy of taxes for the purpose of such
14 district, and such warrants shall be redeemed from the first money
15 available from such taxes when collected, and such warrants shall not
16 exceed the anticipated revenues of one year, and shall bear interest at
17 a rate or rates as authorized by the commission.

18 (7) To enter into any contract with the United States government or
19 any state, municipality, or other hospital district, or any department
20 of those governing bodies, for carrying out any of the powers
21 authorized by this chapter.

22 (8) To sue and be sued in any court of competent jurisdiction:
23 PROVIDED, That all suits against the public hospital district shall be
24 brought in the county in which the public hospital district is located.

25 (9) To pay actual necessary travel expenses and living expenses
26 incurred while in travel status for (a) qualified physicians who are
27 candidates for medical staff positions, and (b) other qualified persons
28 who are candidates for superintendent or other managerial and technical
29 positions, when the district finds that hospitals or other health care
30 facilities owned and operated by it are not adequately staffed and
31 determines that personal interviews with said candidates to be held in
32 the district are necessary or desirable for the adequate staffing of
33 said facilities.

34 (10) To make contracts, employ superintendents, attorneys, and
35 other technical or professional assistants and all other employees; to
36 make contracts with private or public institutions for employee
37 retirement programs; to print and publish information or literature;
38 and to do all other things necessary to carry out the provisions of
39 this chapter.

1 **Sec. 207.** RCW 84.08.115 and 1991 c 218 s 2 are each amended to
2 read as follows:

3 (1) The department shall prepare a clear and succinct explanation
4 of the property tax system, including but not limited to:

5 (a) The standard of true and fair value as the basis of the
6 property tax.

7 (b) How the assessed value for particular parcels is determined.

8 (c) The procedures and timing of the assessment process.

9 (d) How district levy rates are determined, including the ((~~one~~
10 ~~hundred six percent~~)) limit under chapter 84.55 RCW.

11 (e) How the composite tax rate is determined.

12 (f) How the amount of tax is calculated.

13 (g) How a taxpayer may appeal an assessment, and what issues are
14 appropriate as a basis of appeal.

15 (h) A summary of tax exemption and relief programs, along with the
16 eligibility standards and application processes.

17 (2) Each county assessor shall provide copies of the explanation to
18 taxpayers on request, free of charge. Each revaluation notice shall
19 include information regarding the availability of the explanation.

20 NEW SECTION. **Sec. 208.** It is the intent of sections 201 through
21 207 of this act to lower the one hundred six percent limit while still
22 allowing taxing districts to raise revenues in excess of the limit if
23 approved by a majority of the voters as provided in RCW 84.55.050.

24 **Sec. 209.** RCW 84.55.120 and 1995 c 251 s 1 are each amended to
25 read as follows:

26 A taxing district, other than the state, that collects regular
27 levies shall hold a public hearing on revenue sources for the
28 district's following year's current expense budget. The hearing must
29 include consideration of possible increases in property tax revenues
30 and shall be held prior to the time the taxing district levies the
31 taxes or makes the request to have the taxes levied. The county
32 legislative authority, or the taxing district's governing body if the
33 district is a city, town, or other type of district, shall hold the
34 hearing. For purposes of this section, "current expense budget" means
35 that budget which is primarily funded by taxes and charges and reflects
36 the provision of ongoing services. It does not mean the capital,

1 enterprise, or special assessment budgets of cities, towns, counties,
2 or special purpose districts.

3 If the taxing district is otherwise required to hold a public
4 hearing on its proposed regular tax levy, a single public hearing may
5 be held on this matter.

6 No increase in property tax revenue, other than that resulting from
7 the addition of new construction and improvements to property and any
8 increase in the value of state-assessed property, may be authorized by
9 a taxing district except by adoption of a separate ordinance or
10 resolution, pursuant to notice, specifically authorizing the increase
11 in terms of both dollars and percentage. The ordinance or resolution
12 may cover a period of up to two years, but the ordinance shall
13 specifically state for each year the dollar increase and percentage
14 change in the levy from the previous year.

15 **PART III**

16 **MISCELLANEOUS**

17 NEW SECTION. **Sec. 301.** (1) Sections 101 through 126 of this act
18 apply to taxes levied for collection in 1999 and thereafter.

19 (2) Sections 201 through 207 of this act apply to taxes levied for
20 collection in 1998 and thereafter.

21 NEW SECTION. **Sec. 302.** If any provision of this act or its
22 application to any person or circumstance is held invalid, the
23 remainder of the act or the application of the provision to other
24 persons or circumstances is not affected.

25 NEW SECTION. **Sec. 303.** Part headings used in this act are not any
26 part of the law.

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