

SENATE BILL 5835

State of Washington 55th Legislature 1997 Regular Session

By Senators Swecker, McDonald, Benton, McCaslin, Zarelli, Horn, Sellar, Stevens, Deccio, Johnson, Newhouse, Winsley, Oke, Long, Anderson, Rossi, Roach and Hochstatter

Read first time 02/14/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to limiting property taxes by reducing the state
2 levy, reducing the one hundred six percent limit calculation, and
3 allowing for valuation increases to be spread over time; amending RCW
4 84.04.030, 84.40.020, 84.40.030, 84.40.040, 84.40.045, 84.41.041,
5 84.48.010, 84.48.065, 84.48.075, 84.48.080, 84.12.270, 84.12.280,
6 84.12.310, 84.12.330, 84.12.350, 84.12.360, 84.16.040, 84.16.050,
7 84.16.090, 84.16.110, 84.16.120, 84.36.041, 84.52.063, 84.70.010,
8 84.55.005, 84.55.010, 84.55.020, 35.61.210, 70.44.060, 84.08.115, and
9 84.55.120; adding a new section to chapter 84.04 RCW; adding a new
10 section to chapter 84.40 RCW; adding new sections to chapter 84.55 RCW;
11 creating new sections; repealing RCW 84.55.---; repealing 1997 c 2 s 5
12 (uncodified); and providing for submission of this act to a vote of the
13 people.

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

15 PART I
16 VALUE AVERAGING

17 NEW SECTION. Sec. 101. A new section is added to chapter 84.04
18 RCW to read as follows:

1 "Appraised value of property" means the aggregate true and fair  
2 value of the property as last determined by the county assessor  
3 according to the revaluation program approved under chapter 84.41 RCW,  
4 including revaluations based on statistical data between physical  
5 inspections.

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

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

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

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

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

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

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

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

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

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

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

1 (3) In valuing any tract or parcel of real property, the true and  
2 fair value of the land, exclusive of structures thereon shall be  
3 determined; also the true and fair value of structures thereon, but the  
4 appraised valuation shall not exceed the true and fair value of the  
5 total property as it exists. In valuing agricultural land, growing  
6 crops shall be excluded.

7 NEW SECTION. **Sec. 105.** A new section is added to chapter 84.40  
8 RCW to read as follows:

9 (1) As used in this section:

10 (a) "Previous assessed value" means the assessed value for the year  
11 immediately preceding the year for which a calculation is being made  
12 under this section.

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

15 (c) "Total value increase" means the current appraised value minus  
16 the previous assessed value. Total value increase can never be less  
17 than zero.

18 (d) "Improvement increase" means the portion of the total value  
19 increase attributable to any physical improvements made to the property  
20 since the previous assessment, other than improvements exempt under RCW  
21 84.36.400 for the year for which a calculation is being made under this  
22 section. Improvement increase can never be less than zero.

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

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

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

30 (b) The sum of:

31 (i) The previous assessed value;

32 (ii) The improvement increase; and

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

34 (3) Upon loss of preferential tax treatment for property that  
35 qualifies for preferential tax treatment under chapter 84.14, 84.26,  
36 84.33, 84.34, or 84.36 RCW, the previous assessed value shall be the  
37 assessed value the property would have had without the preferential tax  
38 treatment.

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

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

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

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

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

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

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

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

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

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

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

1 Willful failure to comply with such request within the time limitation  
2 provided for herein shall make such taxpayer subject to a maximum civil  
3 penalty of five thousand dollars. The penalties provided for herein  
4 shall be recoverable in an action by the county prosecutor, and when  
5 recovered shall be deposited in the county current expense fund. The  
6 assessor shall make the request provided for by this section during the  
7 month of January.

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

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

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

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

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

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

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

34 Third. They shall raise the valuation of each class of personal  
35 property which is returned below its true and fair value to such price  
36 or sum as to be the true and fair value thereof, and they shall raise  
37 the aggregate value of the personal property of each individual  
38 whenever the aggregate value is less than the true valuation of the  
39 taxable personal property possessed by such individual, to such sum or



1 amount as to be the true value thereof, after at least five days'  
2 notice shall have been given in writing to the owner or agent thereof.

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

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

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

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

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

38 County legislative authorities as such shall at no time have any  
39 authority to change the valuation of the property of any person or to

1 release or commute in whole or in part the taxes due on the property of  
2 any person.

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

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

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

37 (i) The assessor and taxpayer have signed an agreement as to the  
38 true and fair value of the taxpayer's property setting forth in the

1 agreement the valuation information upon which the agreement is based;  
2 and

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

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

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

11 (ii) The following conditions are met:

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

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

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

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

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

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

36 (2) To such extent as is reasonable, the department may define use  
37 classes of property for the purposes of determination of the indicated

1 ratio. Such use classes may be defined with respect to property use  
2 and may include agricultural, open space, timber and forest lands.

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

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

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

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

34 First. The department shall classify all property, real and  
35 personal, and shall raise and lower the assessed valuation of any class  
36 of property in any county to a value that shall be equal, so far as  
37 possible, to the (~~true and fair~~) correct assessed value of such class  
38 as of January 1st of the current year, after determining the correct

1 appraised value, and any adjustment applicable under section 105 of  
2 this act for the property, for the purpose of ascertaining the just  
3 amount of tax due from each county for state purposes. In equalizing  
4 personal property as of January 1st of the current year, the department  
5 shall use the assessment level of the preceding year. Such  
6 classification may be on the basis of types of property, geographical  
7 areas, or both. For purposes of this section, for each county that has  
8 not provided the department with an assessment return by December 1st,  
9 the department shall proceed, using facts and information and in a  
10 manner it deems appropriate, to estimate the value of each class of  
11 property in the county.

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

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

38 In addition to computing a levy under this subsection that is  
39 reduced under RCW 84.55.012, the department shall compute a

1 hypothetical levy without regard to the reduction under RCW 84.55.012.  
2 This hypothetical levy shall also be apportioned among the several  
3 counties in proportion to the valuation of the taxable property of the  
4 county for the year, as equalized by the department, in the same manner  
5 as the actual levy and shall be used by the county assessors for the  
6 purpose of recomputing and establishing a consolidated levy under RCW  
7 84.52.010.

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

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

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

19 The department of revenue shall annually make an assessment of the  
20 operating property of all companies; and between the fifteenth day of  
21 March and the first day of July of each of said years shall prepare an  
22 assessment roll upon which it shall enter (~~(and assess)~~) the (~~(true and~~  
23 ~~fair)~~) assessed value of all the operating property of each of such  
24 companies as of the first day of January of the year in which the  
25 assessment is made. For the purpose of determining the (~~(true and~~  
26 ~~fair)~~) assessed value of such property the department of revenue may  
27 inspect the property belonging to said companies and may take into  
28 consideration any information or knowledge obtained by it from such  
29 examination and inspection of such property, or of the books, records  
30 and accounts of such companies, the statements filed as required by  
31 this chapter, the reports, statements or returns of such companies  
32 filed in the office of any board, office or commission of this state or  
33 any county thereof, the earnings and earning power of such companies,  
34 the franchises owned or used by such companies, the assessed valuation  
35 of any and all property of such companies, whether operating or  
36 nonoperating property, and whether situated within or outside the  
37 state, and any other facts, evidence or information that may be  
38 obtainable bearing upon the value of the operating property: PROVIDED,

1 That in no event shall any statement or report required from any  
2 company by this chapter be conclusive upon the department of revenue  
3 in determining the amount, character and (~~true and fair~~) assessed  
4 value of the operating property of such company.

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

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

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

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

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

33 For the purpose of determining the system value of the operating  
34 property of any such company, the department of revenue shall deduct  
35 from the (~~true and fair~~) assessed value of the total assets of such  
36 company, the (~~actual cash~~) assessed value of all nonoperating  
37 property owned by such company. For such purpose the department of

1 revenue may require of the assessors of the various counties within  
2 this state a detailed list of such company's properties assessed by  
3 them, together with the assessable or assessed value thereof:  
4 PROVIDED, That such assessed or assessable value shall be advisory only  
5 and not conclusive on the department of revenue as to the value  
6 thereof.

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

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

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

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



1 but may be added to the amount apportioned to an adjacent county or  
2 taxing district.

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

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

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

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

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

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

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

1 and correct valuation of the operating property of such companies  
2 within the state and within each county thereof.

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

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

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

30 The department of revenue may, in determining the (~~true and fair~~)  
31 assessed value of the operating property to be placed on the assessment  
32 roll value the entire property as a unit. If the company owns, leases,  
33 operates or uses property partly within and partly without the state,  
34 the department of revenue may determine the value of the operating  
35 property within this state by the proportion that the value of such  
36 property bears to the value of the entire operating property of the  
37 company, both within and without this state. In determining the

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

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

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

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

34 Upon determination by the department of revenue of the true and  
35 (~~fair~~) correct assessed value of the property appearing on such rolls  
36 the department shall apportion such value to the respective counties  
37 entitled thereto as hereinafter provided, and shall determine the

1 equalized or assessed valuation of such property in such counties by  
2 applying to such actual apportioned value the same ratio as the ratio  
3 of assessed to (~~actual~~) the correct assessed value of the general  
4 property of the respective counties: PROVIDED, That, whenever the  
5 amount of the true and correct assessed value of the operating property  
6 of any company otherwise apportionable to any county shall be less than  
7 two hundred fifty dollars, such amount need not be apportioned to such  
8 county but may be added to the amount apportioned to an adjacent  
9 county.

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

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

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

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

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

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

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

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

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

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

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

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

32 (c) Any particular requirements for continuing care retirement  
33 communities.

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

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

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

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

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

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

24 (5) A home for the aging is exempt from taxation only if the  
25 organization operating the home is exempt from income tax under section  
26 501(c) of the federal internal revenue code as existing on January 1,  
27 1989, or such subsequent date as the director may provide by rule  
28 consistent with the purposes of this section.

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

38 (7) In determining the (~~true and fair~~) assessed value of a home  
39 for the aging for purposes of the partial exemption provided by

1 subsection (3) of this section, the assessor shall apply the  
2 computation method provided by RCW 84.34.060 and shall consider only  
3 the use to which such property is applied during the years for which  
4 such partial exemptions are available and shall not consider potential  
5 uses of such property.

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

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

18 (b) For taxes levied in 1995 for collection in 1996, the home shall  
19 pay taxes based upon the taxable value for 1994 as calculated in (a) of  
20 this subsection plus one-half of the increase in the taxable value from  
21 1994 to the nonexempt value calculated under subsection (3)(d) of this  
22 section for 1995. For taxes levied in 1996 for collection in 1997 and  
23 for taxes levied thereafter, this subsection (8) does not apply, and  
24 the home shall pay taxes without reference to this subsection (8).

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

28 (9) As used in this section:

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

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

36 (ii) Is sixty-one years of age or older on December 31st of the  
37 year in which the exemption claim is filed, or is, at the time of  
38 filing, retired from regular gainful employment by reason of physical  
39 disability. Any surviving spouse of a person who was receiving an

1 exemption at the time of the person's death shall qualify if the  
2 surviving spouse is fifty-seven years of age or older and otherwise  
3 meets the requirements of this subsection; and

4 (iii) Has a combined disposable income of no more than the greater  
5 of twenty-two thousand dollars or eighty percent of the median income  
6 adjusted for family size as most recently determined by the federal  
7 department of housing and urban development for the county in which the  
8 person resides. For the purposes of determining eligibility under this  
9 section, a "cotentant" means a person who resides with an eligible  
10 resident and who shares personal financial resources with the eligible  
11 resident.

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

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

35 (i) Capital gains, other than nonrecognized gain on the sale of a  
36 principal residence under section 1034 of the federal internal revenue  
37 code, or gain excluded from income under section 121 of the federal  
38 internal revenue code to the extent it is reinvested in a new principal  
39 residence;



- 1 (ii) Amounts deducted for loss;
- 2 (iii) Amounts deducted for depreciation;
- 3 (iv) Pension and annuity receipts;
- 4 (v) Military pay and benefits other than attendant-care and
- 5 medical-aid payments;
- 6 (vi) Veterans benefits other than attendant-care and medical-aid
- 7 payments;
- 8 (vii) Federal social security act and railroad retirement benefits;
- 9 (viii) Dividend receipts; and
- 10 (ix) Interest received on state and municipal bonds.

11 (d) "Resident requiring assistance with activities of daily living"

12 means a person who requires significant assistance with the activities

13 of daily living and who would be at risk of nursing home placement

14 without this assistance.

15 (e) "Home for the aging" means a residential housing facility that

16 (i) provides a housing arrangement chosen voluntarily by the resident,

17 the resident's guardian or conservator, or another responsible person;

18 (ii) has only residents who are at least sixty-one years of age or who

19 have needs for care generally compatible with persons who are at least

20 sixty-one years of age; and (iii) provides varying levels of care and

21 supervision, as agreed to at the time of admission or as determined

22 necessary at subsequent times of reappraisal.

23 (10) A for-profit home for the aging that converts to nonprofit

24 status after June 11, 1992, and would otherwise be eligible for tax

25 exemption under this section may not receive the tax exemption until

26 five years have elapsed since the conversion. The exemption shall then

27 be ratably granted over the next five years.

28 **Sec. 125.** RCW 84.52.063 and 1973 1st ex.s. c 195 s 105 are each

29 amended to read as follows:

30 A rural library district may impose a regular property tax levy in

31 an amount equal to that which would be produced by a levy of fifty

32 cents per thousand dollars of assessed value multiplied by an equalized

33 assessed valuation (~~equal to one hundred percent of the true and fair~~

34 ~~value of the taxable property in the rural library district~~), as

35 determined by the department of revenue's indicated county ratio:

36 PROVIDED, That when any county assessor shall find that the aggregate

37 rate of levy on any property will exceed the limitation set forth in

38 RCW 84.52.043 and ((RCW)) 84.52.050, as now or hereafter amended,

1 before recomputing and establishing a consolidated levy in the manner  
2 set forth in RCW 84.52.010, the assessor shall first reduce the levy of  
3 any rural library district, by such amount as may be necessary, but the  
4 levy of any rural library district shall not be reduced to less than  
5 fifty cents per thousand dollars against the value of the taxable  
6 property, as determined by the county, prior to any further adjustments  
7 pursuant to RCW 84.52.010. For purposes of this section "regular  
8 property tax levy" shall mean a levy subject to the limitations  
9 provided for in Article VII, section 2 of the state Constitution and/or  
10 by statute.

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

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

20 (a) First take the (~~true and fair~~) assessed value of such taxable  
21 property before destruction or reduction in value and deduct therefrom  
22 the true and fair value of the remaining property after destruction or  
23 reduction in value.

24 (b) Then divide any amount remaining by the number of days in the  
25 year and multiply the quotient by the number of days remaining in the  
26 calendar year after the date of the destruction or reduction in value  
27 of the property.

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

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

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

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

5 **PART II**  
6 **106 PERCENT LIMIT**

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

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

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

15 (2) "Limit factor" means:

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

19 (b) For taxing districts for which a limit factor is authorized  
20 under section 204 of this act, the lesser of the limit factor  
21 authorized under that section or one hundred six percent;

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

24 (3) "Regular property taxes" has the meaning given it in RCW  
25 84.04.140, and also includes amounts received in lieu of regular  
26 property taxes.

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

29 Except as provided in this chapter, the levy for a taxing district  
30 in any year shall be set so that the regular property taxes payable in  
31 the following year shall not exceed (~~(one hundred six percent of)~~) the  
32 limit factor multiplied by the amount of regular property taxes  
33 lawfully levied for such district in the highest of the three most  
34 recent years in which such taxes were levied for such district plus an  
35 additional dollar amount calculated by multiplying the increase in  
36 assessed value in that district resulting from new construction,

1 improvements to property, and any increase in the assessed value of  
2 state-assessed property by the regular property tax levy rate of that  
3 district for the preceding year.

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

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

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

20 Upon a finding of substantial need, the legislative authority of a  
21 taxing district other than the state may provide for the use of a limit  
22 factor under this chapter of one hundred six percent or less. In  
23 districts with legislative authorities of four members or less, two-  
24 thirds of the members must approve an ordinance or resolution under  
25 this section. In districts with more than four members, a majority  
26 plus one vote must approve an ordinance or resolution under this  
27 section. The new limit factor shall be effective for taxes collected  
28 in the following year only.

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

31 The board of park commissioners may levy or cause to be levied a  
32 general tax on all the property located in said park district each year  
33 not to exceed fifty cents per thousand dollars of assessed value of the  
34 property in such park district. In addition, the board of park  
35 commissioners may levy or cause to be levied a general tax on all  
36 property located in said park district each year not to exceed twenty-

1 five cents per thousand dollars of assessed valuation. Although park  
2 districts are authorized to impose two separate regular property tax  
3 levies, the levies shall be considered to be a single levy for purposes  
4 of the ((one hundred six percent)) limitation provided for in chapter  
5 84.55 RCW.

6 The board is hereby authorized to levy a general tax in excess of  
7 its regular property tax levy or levies when authorized so to do at a  
8 special election conducted in accordance with and subject to all the  
9 requirements of the Constitution and laws of the state now in force or  
10 hereafter enacted governing the limitation of tax levies. The board is  
11 hereby authorized to call a special election for the purpose of  
12 submitting to the qualified voters of the park district a proposition  
13 to levy a tax in excess of the seventy-five cents per thousand dollars  
14 of assessed value herein specifically authorized. The manner of  
15 submitting any such proposition, of certifying the same, and of giving  
16 or publishing notice thereof, shall be as provided by law for the  
17 submission of propositions by cities or towns.

18 The board shall include in its general tax levy for each year a  
19 sufficient sum to pay the interest on all outstanding bonds and may  
20 include a sufficient amount to create a sinking fund for the redemption  
21 of all outstanding bonds. The levy shall be certified to the proper  
22 county officials for collection the same as other general taxes and  
23 when collected, the general tax shall be placed in a separate fund in  
24 the office of the county treasurer to be known as the "metropolitan  
25 park district fund" and paid out on warrants.

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

28 All public hospital districts organized under the provisions of  
29 this chapter shall have power:

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

32 (2) To construct, condemn and purchase, purchase, acquire, lease,  
33 add to, maintain, operate, develop and regulate, sell and convey all  
34 lands, property, property rights, equipment, hospital and other health  
35 care facilities and systems for the maintenance of hospitals,  
36 buildings, structures, and any and all other facilities, and to  
37 exercise the right of eminent domain to effectuate the foregoing  
38 purposes or for the acquisition and damaging of the same or property of

1 any kind appurtenant thereto, and such right of eminent domain shall be  
2 exercised and instituted pursuant to a resolution of the commission and  
3 conducted in the same manner and by the same procedure as in or may be  
4 provided by law for the exercise of the power of eminent domain by  
5 incorporated cities and towns of the state of Washington in the  
6 acquisition of property rights: PROVIDED, That no public hospital  
7 district shall have the right of eminent domain and the power of  
8 condemnation against any health care facility.

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

26 (4) For the purpose aforesaid, it shall be lawful for any district  
27 so organized to take, condemn and purchase, lease, or acquire, any and  
28 all property, and property rights, including state and county lands,  
29 for any of the purposes aforesaid, and any and all other facilities  
30 necessary or convenient, and in connection with the construction,  
31 maintenance, and operation of any such hospitals and other health care  
32 facilities, subject, however, to the applicable limitations provided in  
33 subsection (2) of this section.

34 (5) To contract indebtedness or borrow money for corporate purposes  
35 on the credit of the corporation or the revenues of the hospitals  
36 thereof, and the revenues of any other facilities or services that the  
37 district is or hereafter may be authorized by law to provide, and to  
38 issue and sell: (a) Revenue bonds, revenue warrants, or other revenue  
39 obligations therefor payable solely out of a special fund or funds into

1 which the district may pledge such amount of the revenues of the  
2 hospitals thereof, and the revenues of any other facilities or services  
3 that the district is or hereafter may be authorized by law to provide,  
4 to pay the same as the commissioners of the district may determine,  
5 such revenue bonds, warrants, or other obligations to be issued and  
6 sold in the same manner and subject to the same provisions as provided  
7 for the issuance of revenue bonds, warrants, or other obligations by  
8 cities or towns under the Municipal Revenue Bond Act, chapter 35.41  
9 RCW, as may hereafter be amended; (b) general obligation bonds therefor  
10 in the manner and form as provided in RCW 70.44.110 and 70.44.130, as  
11 may hereafter be amended; or (c) interest-bearing warrants to be drawn  
12 on a fund pending deposit in such fund of money sufficient to redeem  
13 such warrants and to be issued and paid in such manner and upon such  
14 terms and conditions as the board of commissioners may deem to be in  
15 the best interest of the district; and to assign or sell hospital  
16 accounts receivable, and accounts receivable for the use of other  
17 facilities or services that the district is or hereafter may be  
18 authorized by law to provide, for collection with or without recourse.  
19 General obligation bonds shall be issued and sold in accordance with  
20 chapter 39.46 RCW. Revenue bonds, revenue warrants, or other revenue  
21 obligations may be issued and sold in accordance with chapter 39.46  
22 RCW.

23 (6) To raise revenue by the levy of an annual tax on all taxable  
24 property within such public hospital district not to exceed fifty cents  
25 per thousand dollars of assessed value, and an additional annual tax on  
26 all taxable property within such public hospital district not to exceed  
27 twenty-five cents per thousand dollars of assessed value, or such  
28 further amount as has been or shall be authorized by a vote of the  
29 people. Although public hospital districts are authorized to impose  
30 two separate regular property tax levies, the levies shall be  
31 considered to be a single levy for purposes of the (~~one hundred six~~  
32 ~~percent~~) limitation provided for in chapter 84.55 RCW. Public  
33 hospital districts are authorized to levy such a general tax in excess  
34 of their regular property taxes when authorized so to do at a special  
35 election conducted in accordance with and subject to all of the  
36 requirements of the Constitution and the laws of the state of  
37 Washington now in force or hereafter enacted governing the limitation  
38 of tax levies. The said board of district commissioners is authorized  
39 and empowered to call a special election for the purpose of submitting

1 to the qualified voters of the hospital district a proposition or  
2 propositions to levy taxes in excess of its regular property taxes.  
3 The superintendent shall prepare a proposed budget of the contemplated  
4 financial transactions for the ensuing year and file the same in the  
5 records of the commission on or before the first Monday in September.  
6 Notice of the filing of said proposed budget and the date and place of  
7 hearing on the same shall be published for at least two consecutive  
8 weeks in a newspaper printed and of general circulation in said county.  
9 On the first Monday in October the commission shall hold a public  
10 hearing on said proposed budget at which any taxpayer may appear and be  
11 heard against the whole or any part of the proposed budget. Upon the  
12 conclusion of said hearing, the commission shall, by resolution, adopt  
13 the budget as finally determined and fix the final amount of  
14 expenditures for the ensuing year. Taxes levied by the commission  
15 shall be certified to and collected by the proper county officer of the  
16 county in which such public hospital district is located in the same  
17 manner as is or may be provided by law for the certification and  
18 collection of port district taxes. The commission is authorized, prior  
19 to the receipt of taxes raised by levy, to borrow money or issue  
20 warrants of the district in anticipation of the revenue to be derived  
21 by such district from the levy of taxes for the purpose of such  
22 district, and such warrants shall be redeemed from the first money  
23 available from such taxes when collected, and such warrants shall not  
24 exceed the anticipated revenues of one year, and shall bear interest at  
25 a rate or rates as authorized by the commission.

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

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

33 (9) To pay actual necessary travel expenses and living expenses  
34 incurred while in travel status for (a) qualified physicians who are  
35 candidates for medical staff positions, and (b) other qualified persons  
36 who are candidates for superintendent or other managerial and technical  
37 positions, when the district finds that hospitals or other health care  
38 facilities owned and operated by it are not adequately staffed and  
39 determines that personal interviews with said candidates to be held in



1 the district are necessary or desirable for the adequate staffing of  
2 said facilities.

3 (10) To make contracts, employ superintendents, attorneys, and  
4 other technical or professional assistants and all other employees; to  
5 make contracts with private or public institutions for employee  
6 retirement programs; to print and publish information or literature;  
7 and to do all other things necessary to carry out the provisions of  
8 this chapter.

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

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

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

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

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

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

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

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

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

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

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

28 NEW SECTION. **Sec. 208.** It is the intent of sections 201 through  
29 207 of this act to lower the one hundred six percent limit while still  
30 allowing taxing districts to raise revenues in excess of the limit if  
31 approved by a majority of the voters as provided in RCW 84.55.050.

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

34 A taxing district, other than the state, that collects regular  
35 levies shall hold a public hearing on revenue sources for the  
36 district's following year's current expense budget. The hearing must

1 include consideration of possible increases in property tax revenues  
2 and shall be held prior to the time the taxing district levies the  
3 taxes or makes the request to have the taxes levied. The county  
4 legislative authority, or the taxing district's governing body if the  
5 district is a city, town, or other type of district, shall hold the  
6 hearing. For purposes of this section, "current expense budget" means  
7 that budget which is primarily funded by taxes and charges and reflects  
8 the provision of ongoing services. It does not mean the capital,  
9 enterprise, or special assessment budgets of cities, towns, counties,  
10 or special purpose districts.

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

14 No increase in property tax revenue, other than that resulting from  
15 the addition of new construction and improvements to property and any  
16 increase in the value of state-assessed property, may be authorized by  
17 a taxing district, other than the state, except by adoption of a  
18 separate ordinance or resolution, pursuant to notice, specifically  
19 authorizing the increase in terms of both dollars and percentage. The  
20 ordinance or resolution may cover a period of up to two years, but the  
21 ordinance shall specifically state for each year the dollar increase  
22 and percentage change in the levy from the previous year.

23 **PART III**

24 **PERMANENT STATE LEVY REDUCTION**

25 NEW SECTION. **Sec. 301.** A new section is added to chapter 84.55  
26 RCW to read as follows:

27 The state property tax levy for collection in 1998 shall be reduced  
28 by 4.7187 percent of the levy amount that would otherwise be allowed  
29 under this chapter without regard to this section.

30 **PART IV**

31 **REPEAL OF PERMANENT STATE LEVY REDUCTION**

32 **UNDER ENGROSSED HOUSE BILL NO. 1417**

33 NEW SECTION. **Sec. 401.** The following acts or parts of acts are  
34 each repealed:

35 (1) RCW 84.55.--- and 1997 c 2 s 2; and

1 (2) 1997 c 2 s 5 (uncodified).

2 **PART V**  
3 **MISCELLANEOUS**

4 NEW SECTION. **Sec. 501.** (1) Sections 101 through 126 of this act  
5 apply to taxes levied for collection in 1999 and thereafter.

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

8 NEW SECTION. **Sec. 502.** If any provision of this act or its  
9 application to any person or circumstance is held invalid, the  
10 remainder of the act or the application of the provision to other  
11 persons or circumstances is not affected.

12 NEW SECTION. **Sec. 503.** Part headings used in this act are not any  
13 part of the law.

14 NEW SECTION. **Sec. 504.** Except for section 401 of this act, the  
15 secretary of state shall submit this act to the people for their  
16 adoption and ratification, or rejection, at the next general election  
17 to be held in this state, in accordance with Article II, section 1 of  
18 the state Constitution and the laws adopted to facilitate its  
19 operation.

--- END ---