
HOUSE BILL 2783

State of Washington

56th Legislature

2000 Regular Session

By Representatives Cox, Poulsen, Haigh, Thomas, Benson, Schoesler, McDonald, Carlson and Woods; by request of Department of Revenue

Read first time 01/20/2000. Referred to Committee on Finance.

1 AN ACT Relating to simplifying the property tax code through
2 revising terminology, correcting mistakes, consolidating sections,
3 streamlining procedures, and deleting obsolete provisions; amending RCW
4 79.01.132, 84.04.030, 84.12.270, 84.12.280, 84.12.310, 84.12.330,
5 84.12.350, 84.12.360, 84.16.040, 84.16.050, 84.16.090, 84.16.110,
6 84.16.120, 84.33.0501, 84.33.200, 84.36.477, 84.40.030, 84.40.040,
7 84.40.045, 84.40.405, 84.41.041, 84.48.010, 84.48.065, 84.48.075,
8 84.48.080, 84.52.063, and 84.70.010; reenacting and amending RCW
9 84.40.020; reenacting RCW 84.36.041; adding a new section to chapter
10 84.52 RCW; creating new sections; repealing RCW 84.04.018, 84.36.031,
11 84.36.140, 84.36.150, 84.36.160, 84.36.161, 84.36.162, 84.36.176,
12 84.36.181, 84.36.190, 84.36.191, 84.36.270, 84.36.280, 84.36.290,
13 84.36.473, 84.36.490, and 84.40.0305; providing effective dates; and
14 providing an expiration date.

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

16 **Sec. 1.** RCW 79.01.132 and 1999 c 51 s 1 are each amended to read
17 as follows:

18 When any timber, fallen timber, stone, gravel, or other valuable
19 material on state lands is sold separate from the land, it may be sold

1 as a lump sum sale or as a scale sale. Lump sum sales under five
2 thousand dollars appraised value shall be paid for in cash. The
3 initial deposits required in RCW 79.01.204, not to exceed twenty-five
4 percent of the actual or projected purchase price, but in the case of
5 lump sum sales over five thousand dollars not less than five thousand
6 dollars, shall be made on the day of the sale, and in the case of those
7 sales appraised below the amount specified in RCW 79.01.200, the
8 department of natural resources may require full cash payment on the
9 day of sale. The purchaser shall notify the department of natural
10 resources before any timber is cut and before removal or processing of
11 any valuable materials on the sale area, at which time the department
12 of natural resources may require, in the amount determined by the
13 department, advance payment for the removal, processing, and/or cutting
14 of timber or other valuable materials, or bank letters of credit,
15 payment bonds, or assignments of savings accounts acceptable to the
16 department as adequate security. The amount of such advance payments
17 and/or security shall at all times equal or exceed the value of timber
18 cut and other valuable materials processed or removed until paid for.
19 The initial deposit shall be maintained until all contract obligations
20 of the purchaser are satisfied: PROVIDED HOWEVER, That all or a
21 portion of said initial deposit may be applied as the final payment for
22 said materials in the event the department of natural resources
23 determines that adequate security exists for the performance or
24 fulfillment of any remaining obligations of the purchaser under the
25 sale contract.

26 In all cases where timber, fallen timber, stone, gravel, or other
27 valuable material is sold separate from the land, the same shall revert
28 to the state if not removed from the land within the period specified
29 in the sale contract. Said specified period shall not exceed five
30 years from the date of the purchase thereof: PROVIDED, That the
31 specified periods in the sale contract for stone, sand, fill material,
32 or building stone shall not exceed twenty years: PROVIDED FURTHER,
33 That in all cases where, in the judgment of the department of natural
34 resources, the purchaser is acting in good faith and endeavoring to
35 remove such materials, the department of natural resources may extend
36 the time for the removal thereof for any period not exceeding twenty
37 years from the date of purchase for the stone, sand, fill material or
38 building stone or for a total of ten years beyond the normal
39 termination date specified in the original sale contract for all other

1 material, upon payment to the state of a sum to be fixed by the
2 department of natural resources, based on the estimated loss of income
3 per acre to the state resulting from the granting of the extension but
4 in no event less than fifty dollars per extension, plus interest on the
5 unpaid portion of the contract. The interest rate shall be fixed, from
6 time to time, by rule adopted by the board of natural resources and
7 shall not be less than six percent per annum. The applicable rate of
8 interest as fixed at the date of sale and the maximum extension payment
9 shall be set forth in the contract. The method for calculating the
10 unpaid portion of the contract upon which such interest shall be paid
11 by the purchaser shall be set forth in the contract. The department of
12 natural resources shall pay into the state treasury all sums received
13 for such extension and the same shall be credited to the fund to which
14 was credited the original purchase price of the material so sold.
15 However, a direct sale of valuable materials may be sold to the
16 applicant for cash at full appraised value without notice or
17 advertising. The board of natural resources shall, by resolution,
18 establish the value amount of a direct sale not to exceed twenty
19 thousand dollars in appraised sale value, and establish procedures to
20 assure that competitive market prices and accountability will be
21 guaranteed.

22 Any time that the department of natural resources sells timber by
23 contract that includes a performance bond, the department shall require
24 the purchaser to present proof of any and all property taxes paid prior
25 to the release of the performance bond. Within thirty days of payment
26 of taxes due by the timber purchaser, the county treasurer shall
27 provide certified evidence of property taxes paid, clearly disclosing
28 the sale contract number.

29 The provisions of this section apply unless otherwise provided by
30 statute.

31 The board of natural resources shall establish procedures to
32 protect against cedar theft and to ensure adequate notice is given for
33 persons interested in purchasing cedar.

34 **Sec. 2.** RCW 84.04.030 and 1997 c 3 s 102 are each amended to read
35 as follows:

36 "Assessed value of property" shall be held and construed to mean
37 the aggregate valuation of the property subject to taxation by any
38 taxing district as (~~determined under RCW 84.40.0305, reduced by the~~

1 value of any applicable exemptions under RCW 84.36.381 or other law,
2 and)) placed on the last completed and balanced tax rolls of the county
3 preceding the date of any tax levy.

4 **Sec. 3.** RCW 84.12.270 and 1997 c 3 s 113 are each amended to read
5 as follows:

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

31 **Sec. 4.** RCW 84.12.280 and 1998 c 335 s 2 are each amended to read
32 as follows:

33 ((+1)) In making the assessment of the operating property of any
34 railroad or logging railroad company and in the apportionment of the
35 values and the taxation thereof, all land occupied and claimed
36 exclusively as the right-of-way for railroads, with all the tracks and
37 substructures and superstructures which support the same, together with

1 all side tracks, second tracks, turn-outs, station houses, depots,
2 round houses, machine shops, or other buildings belonging to the
3 company, used in the operation thereof, without separating the same
4 into land and improvements, shall be assessed as real property. And
5 the rolling stock and other movable property belonging to any railroad
6 or logging railroad company shall be considered as personal property
7 and taxed as such: PROVIDED, That all of the operating property of
8 street railway companies shall be assessed and taxed as personal
9 property.

10 ~~((2))~~ All of the operating property of airplane companies,
11 telegraph companies, pipe line companies, and all of the operating
12 property other than lands and buildings of electric light and power
13 companies, telephone companies, and gas companies shall be assessed and
14 taxed as personal property.

15 ~~((3) Notwithstanding subsections (1) and (2) of this section, the
16 limit provided under RCW 84.40.0305 shall be applied in the assessment
17 of property under this section to the same extent as that limit is
18 generally applied to property not assessed under this chapter.))~~

19 **Sec. 5.** RCW 84.12.310 and 1997 c 3 s 115 are each amended to read
20 as follows:

21 For the purpose of determining the system value of the operating
22 property of any such company, the department of revenue shall deduct
23 from the ~~((assessed))~~ true and fair value of the total assets of such
24 company, the ~~((assessed))~~ actual cash value of all nonoperating
25 property owned by such company. For such purpose the department of
26 revenue may require of the assessors of the various counties within
27 this state a detailed list of such company's properties assessed by
28 them, together with the assessable or assessed value thereof:
29 PROVIDED, That such assessed or assessable value shall be advisory only
30 and not conclusive on the department of revenue as to the value
31 thereof.

32 **Sec. 6.** RCW 84.12.330 and 1998 c 335 s 3 are each amended to read
33 as follows:

34 Upon the assessment roll shall be placed after the name of each
35 company a general description of the operating property of the company,
36 which shall be considered sufficient if described in the language of
37 RCW 84.12.200(12), as applied to the company, following which shall be

1 entered the ((~~assessed~~)) true and fair value of the operating property
2 as determined by the department of revenue. No assessment shall be
3 invalidated by reason of a mistake in the name of the company assessed,
4 or the omission of the name of the owner or by the entry as owner of a
5 name other than that of the true owner. When the department of revenue
6 shall have prepared the assessment roll and entered thereon the
7 ((~~assessed~~)) true and fair value of the operating property of the
8 company, as herein required, it shall notify the company by mail of the
9 valuation determined by it and entered upon the roll.

10 **Sec. 7.** RCW 84.12.350 and 1997 c 3 s 117 are each amended to read
11 as follows:

12 Upon determination by the department of revenue of the ((~~assessed~~))
13 true and fair value of the property appearing on such rolls it shall
14 apportion such value to the respective counties entitled thereto, as
15 hereinafter provided, and shall determine the equalized assessed
16 valuation of such property in each such county and in the several
17 taxing districts therein, by applying to such actual apportioned value
18 the same ratio as the ratio of assessed to ((~~the correct assessed~~))
19 actual value of the general property in such county: PROVIDED, That,
20 whenever the amount of the true and ((~~correct assessed~~)) fair value of
21 the operating property of any company otherwise apportionable to any
22 county or other taxing district shall be less than two hundred fifty
23 dollars, such amount need not be apportioned to such county or taxing
24 district but may be added to the amount apportioned to an adjacent
25 county or taxing district.

26 **Sec. 8.** RCW 84.12.360 and 1998 c 335 s 4 are each amended to read
27 as follows:

28 The true and fair value of the operating property assessed to a
29 company, as fixed and determined by the department of revenue, shall be
30 apportioned by the department of revenue to the respective counties and
31 to the taxing districts thereof wherein such property is located in the
32 following manner:

33 (1) Property of all railroad companies other than street railroad
34 companies, telegraph companies and pipe line companies--upon the basis
35 of that proportion of the value of the total operating property within
36 the state which the mileage of track, as classified by the department
37 of revenue (in case of railroads), mileage of wire (in the case of

1 telegraph companies), and mileage of pipe line (in the case of pipe
2 line companies) within each county or taxing district bears to the
3 total mileage thereof within the state, at the end of the calendar year
4 last past. For the purpose of such apportionment the department may
5 classify railroad track.

6 (2) Property of street railroad companies, telephone companies,
7 electric light and power companies, and gas companies--upon the basis
8 of relative value of the operating property within each county and
9 taxing district to the value of the total operating property within the
10 state to be determined by such factors as the department of revenue
11 shall deem proper.

12 (3) Planes or other aircraft of airplane companies--upon the basis
13 of such factor or factors of allocation, to be determined by the
14 department of revenue, as will secure a substantially fair and
15 equitable division between counties and other taxing districts.

16 All other property of airplane companies--upon the basis set forth
17 in subsection (2) of this section.

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

25 **Sec. 9.** RCW 84.16.040 and 1997 c 3 s 119 are each amended to read
26 as follows:

27 The department of revenue shall annually make an assessment of the
28 operating property of each private car company; and between the first
29 day of May and the first day of July of each (~~of said~~) year(~~s~~)
30 shall prepare an assessment roll upon which it shall enter and assess
31 the (~~assessed~~) true and fair value of all the operating property of
32 each of such companies as of the first day of January of the year in
33 which the assessment is made. For the purpose of determining the
34 (~~assessed~~) true and fair value of such property the department of
35 revenue may take into consideration any information or knowledge
36 obtained by it from an examination and inspection of such property, or
37 of the books, records, and accounts of such companies, the statements
38 filed as required by this chapter, the reports, statements, or returns

1 of such companies filed in the office of any board, office, or
2 commission of this state or any county thereof, the earnings and
3 earning power of such companies, the franchises owned or used by such
4 companies, the ((assessed)) true and fair valuation of any and all
5 property of such companies, whether operating property or nonoperating
6 property, and whether situated within or without the state, and any
7 other facts, evidences, or information that may be obtainable bearing
8 upon the value of the operating property: PROVIDED, That in no event
9 shall any statement or report required from any company by this chapter
10 be conclusive upon the department of revenue in determining the amount,
11 character, and ((assessed)) true and fair value of the operating
12 property of such company.

13 **Sec. 10.** RCW 84.16.050 and 1997 c 3 s 120 are each amended to read
14 as follows:

15 The department of revenue may, in determining the ((assessed)) true
16 and fair value of the operating property to be placed on the assessment
17 roll value the entire property as a unit. If the company owns, leases,
18 operates or uses property partly within and partly without the state,
19 the department of revenue may determine the value of the operating
20 property within this state by the proportion that the value of such
21 property bears to the value of the entire operating property of the
22 company, both within and without this state. In determining the
23 operating property which is located within this state the department of
24 revenue may consider and base such determination on the proportion
25 which the number of car miles of the various classes of cars made in
26 this state bears to the total number of car miles made by the same cars
27 within and without this state, or to the total number of car miles made
28 by all cars of the various classes within and without this state. If
29 the value of the operating property of the company cannot be fairly
30 determined in such manner the department of revenue may use any other
31 reasonable and fair method to determine the value of the operating
32 property of the company within this state.

33 **Sec. 11.** RCW 84.16.090 and 1997 c 3 s 121 are each amended to read
34 as follows:

35 Upon the assessment roll shall be placed after the name of each
36 company a general description of the operating property of the company,
37 which shall be considered sufficient if described in the language of

1 RCW 84.16.010(3) or otherwise, following which shall be entered the
2 ((~~assessed~~)) true and fair value of the operating property as
3 determined by the department of revenue. No assessment shall be
4 invalid by a mistake in the name of the company assessed, by omission
5 of the name of the owner or by the entry of a name other than that of
6 the true owner. When the department of revenue shall have prepared the
7 assessment roll and entered thereon the ((~~assessed~~)) true and fair
8 value of the operating property of the company, as required, it shall
9 notify the company by mail of the valuation determined by it and
10 entered upon the roll; and thereupon such ((~~assessed~~)) valuation shall
11 become the ((~~assessed~~)) true and fair value of the operating property
12 of the company, subject to revision or correction by the department of
13 revenue as hereinafter provided; and shall be the valuation upon which,
14 after equalization by the department of revenue as hereinafter
15 provided, the taxes of such company shall be based and computed.

16 **Sec. 12.** RCW 84.16.110 and 1997 c 3 s 122 are each amended to read
17 as follows:

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

31 **Sec. 13.** RCW 84.16.120 and 1997 c 3 s 123 are each amended to read
32 as follows:

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

1 (1) If all the operating property of the company is situated
2 entirely within a county and none of such property is located within,
3 extends into, or through or is operated into or through any other
4 county, the entire value thereof shall be apportioned to the county
5 within which such property is situated, located, and operated.

6 (2) If the operating property of any company is situated or located
7 within, extends into or is operated into or through more than one
8 county, the value thereof shall be apportioned to the respective
9 counties into or through which its cars are operated in the proportion
10 that the length of main line track of the respective railroads moving
11 such cars in such counties bears to the total length of main line track
12 of such respective railroads in this state.

13 (3) If the property of any company is of such character that it
14 will not be reasonable, feasible or fair to apportion the value as
15 hereinabove provided, the value thereof shall be apportioned between
16 the respective counties into or through which such property extends or
17 is operated or in which the same is located in such manner as may be
18 reasonable, feasible and fair.

19 **Sec. 14.** RCW 84.33.0501 and 1997 c 151 s 1 are each amended to
20 read as follows:

21 (1) A purchaser of privately owned timber in an amount in excess of
22 two hundred thousand board feet in a voluntary sale made in the
23 ordinary course of business shall, on or before the last day of the
24 month following the purchase of the timber, report the particulars of
25 the purchase to the department.

26 (2) The report required in subsection (1) of this section shall
27 contain all information relevant to the value of the timber purchased
28 including, but not limited to, the following, as applicable:
29 Purchaser's name and address, sale date, termination date in sale
30 agreement, total sale price, total acreage involved in the sale, net
31 volume of timber purchased, legal description of the area involved in
32 the sale, road construction or improvements required or completed,
33 timber cruise data, and timber thinning data. A report may be
34 submitted in any reasonable form or, at the purchaser's option, by
35 submitting relevant excerpts of the timber sales contract. A purchaser
36 may comply by submitting the information in the following form:

37 Purchaser's name:
38 Purchaser's address:

1 Sale date:
2 Termination date:
3 Total sale price:
4 Total acreage involved:
5 Net volume of timber purchased:
6 Legal description of sale area:
7 Property improvements:
8 Timber cruise data:
9 Timber thinning data:

10 (3) A purchaser of privately owned timber involved in a purchase
11 described in subsection (1) of this section who fails to report a
12 purchase as required may be liable for a penalty of two hundred fifty
13 dollars for each failure to report, as determined by the department.

14 (4) This section (~~shall~~) expires July 1, (~~2000~~) 2004.

15 **Sec. 15.** RCW 84.33.200 and 1998 c 245 s 170 are each amended to
16 read as follows:

17 (1) The legislature shall review the system of distribution and
18 allocation of all timber excise tax revenues in January 1975 and each
19 year thereafter to provide a uniform and equitable distribution and
20 allocation of such revenues to the state and local taxing districts.

21 (2) In order to allow legislative review of the rules to be adopted
22 by the department of revenue establishing the stumpage values provided
23 for in RCW 84.33.091, such rules shall be effective not less than
24 (~~sixty~~) thirty days after transmitting to the staffs of the senate
25 and house ways and means committees (or their successor committees) the
26 same proposed rules as have been previously filed with the office of
27 the code reviser pursuant to RCW 34.05.320.

28 (3) The department of revenue and the department of natural
29 resources shall make available to the revenue committees of the senate
30 and house of representatives of the state legislature information and
31 data, as it may be available, pertaining to the status of forest land
32 grading throughout the state, the collection of timber excise tax
33 revenues, the distribution and allocation of timber excise tax revenues
34 to the state and local taxing districts, and any other information as
35 may be necessary for the proper legislative review and implementation
36 of the timber excise tax system, and in addition, the departments shall
37 provide an annual report of such matters in January of each year to
38 such committees.

1 **Sec. 16.** RCW 84.36.041 and 1999 c 356 s 1 are each reenacted to
2 read as follows:

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

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

9 (b) The home is subsidized under a federal department of housing
10 and urban development program. The department of revenue shall provide
11 by rule a definition of homes eligible for exemption under this
12 subsection (1)(b), consistent with the purposes of this section.

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

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

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

34 (c) Any particular requirements for continuing care retirement
35 communities.

36 (3) A home for the aging is eligible for a partial exemption on the
37 real property and a total exemption for the home's personal property if
38 the home does not meet the requirements of subsection (1) of this

1 section because fewer than fifty percent of the occupied dwelling units
2 are occupied by eligible residents, as follows:

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

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

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

15 (d) The amount of exemption shall be calculated by multiplying the
16 assessed value of the property reasonably necessary for the purposes of
17 the home, less the assessed value of any area exempt under (c) of this
18 subsection, by a fraction. The numerator of the fraction is the number
19 of dwelling units occupied by eligible residents and by residents
20 requiring assistance with activities of daily living. The denominator
21 of the fraction is the total number of occupied dwelling units as of
22 December 31st of the first assessment year the home becomes operational
23 for which exemption is claimed and January 1st of each subsequent
24 assessment year for which exemption is claimed.

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

28 (5) A home for the aging is exempt from taxation only if the
29 organization operating the home is exempt from income tax under section
30 501(c) of the federal internal revenue code as existing on January 1,
31 1989, or such subsequent date as the director may provide by rule
32 consistent with the purposes of this section.

33 (6) In order for the home to be eligible for exemption under
34 subsections (1)(a) and (3)(b) of this section, each eligible resident
35 of a home for the aging shall submit an income verification form to the
36 county assessor by July 1st of the assessment year for which exemption
37 is claimed. However, during the first year a home becomes operational,
38 the county assessor shall accept income verification forms from
39 eligible residents up to December 31st of the assessment year. The

1 income verification form shall be prescribed and furnished by the
2 department of revenue. An eligible resident who has filed a form for
3 a previous year need not file a new form until there is a change in
4 status affecting the person's eligibility.

5 (7) In determining the true and fair value of a home for the aging
6 for purposes of the partial exemption provided by subsection (3) of
7 this section, the assessor shall apply the computation method provided
8 by RCW 84.34.060 and shall consider only the use to which such property
9 is applied during the years for which such partial exemptions are
10 available and shall not consider potential uses of such property.

11 (8) As used in this section:

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

13 (i) Occupied the dwelling unit as a principal place of residence as
14 of December 31st of the first assessment year the home becomes
15 operational. In each subsequent year, the eligible resident must
16 occupy the dwelling unit as a principal place of residence as of
17 January 1st of the assessment year for which the exemption is claimed.
18 Confinement of the person to a hospital or nursing home does not
19 disqualify the claim of exemption if the dwelling unit is temporarily
20 unoccupied or if the dwelling unit is occupied by a spouse, a person
21 financially dependent on the claimant for support, or both; and

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

29 (iii) Has a combined disposable income of no more than the greater
30 of twenty-two thousand dollars or eighty percent of the median income
31 adjusted for family size as most recently determined by the federal
32 department of housing and urban development for the county in which the
33 person resides. For the purposes of determining eligibility under this
34 section, a "cotenant" means a person who resides with an eligible
35 resident and who shares personal financial resources with the eligible
36 resident.

37 (b) "Combined disposable income" means the disposable income of the
38 person submitting the income verification form, plus the disposable
39 income of his or her spouse, and the disposable income of each cotenant

1 occupying the dwelling unit for the preceding calendar year, less
2 amounts paid by the person submitting the income verification form or
3 his or her spouse or cotenant during the previous year for the
4 treatment or care of either person received in the dwelling unit or in
5 a nursing home. If the person submitting the income verification form
6 was retired for two months or more of the preceding year, the combined
7 disposable income of such person shall be calculated by multiplying the
8 average monthly combined disposable income of such person during the
9 months such person was retired by twelve. If the income of the person
10 submitting the income verification form is reduced for two or more
11 months of the preceding year by reason of the death of the person's
12 spouse, the combined disposable income of such person shall be
13 calculated by multiplying the average monthly combined disposable
14 income of such person after the death of the spouse by twelve.

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

21 (i) Capital gains, other than gain excluded from income under
22 section 121 of the federal internal revenue code to the extent it is
23 reinvested in a new principal residence;

24 (ii) Amounts deducted for loss;

25 (iii) Amounts deducted for depreciation;

26 (iv) Pension and annuity receipts;

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

29 (vi) Veterans benefits other than attendant-care and medical-aid
30 payments;

31 (vii) Federal social security act and railroad retirement benefits;

32 (viii) Dividend receipts; and

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

34 (d) "Resident requiring assistance with activities of daily living"
35 means a person who requires significant assistance with the activities
36 of daily living and who would be at risk of nursing home placement
37 without this assistance.

38 (e) "Home for the aging" means a residential housing facility that
39 (i) provides a housing arrangement chosen voluntarily by the resident,

1 the resident's guardian or conservator, or another responsible person;
2 (ii) has only residents who are at least sixty-one years of age or who
3 have needs for care generally compatible with persons who are at least
4 sixty-one years of age; and (iii) provides varying levels of care and
5 supervision, as agreed to at the time of admission or as determined
6 necessary at subsequent times of reappraisal.

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

12 **Sec. 17.** RCW 84.36.477 and 1983 1st ex.s. c 62 s 6 are each
13 amended to read as follows:

14 (1) Business inventories ((as defined in RCW 84.36.473)) are exempt
15 from property taxation.

16 (2) As used in this section:

17 (a)(i) "Business inventories" means all livestock, inventories of
18 finished goods and work in process, and personal property not under
19 lease or rental, acquired, or produced solely for the purpose of sale
20 or lease or for the purpose of consuming the property in producing for
21 sale or lease a new article of tangible personal property of which the
22 property becomes an ingredient or component.

23 (ii) "Business inventories" also includes:

24 (A) All grains and flour, fruit and fruit products, unprocessed
25 timber, vegetables and vegetable products, and fish and fish products,
26 while being transported to or held in storage in a public or private
27 warehouse or storage area if actually shipped to points outside the
28 state on or before April 30th of the first year for which they would
29 otherwise be taxable;

30 (B) All finished plywood, hardboard, and particleboard panels
31 shipped from outside this state to any processing plant within this
32 state, if the panels are moving under a through freight rate to final
33 destination outside this state and the carrier grants the shipper the
34 privilege of stopping the shipment in transit for the purpose of
35 storing, milling, manufacturing, or other processing, while the panels
36 are in the process of being treated or shaped into flat component parts
37 to be incorporated into finished products outside this state and for
38 thirty days after completion of the processing or treatment;

1 (C) All ore or metal shipped from outside this state to any smelter
2 or refining works within this state, while in process of reduction or
3 refinement and for thirty days after completion of the reduction or
4 refinement; and

5 (D) All metals refined by electrolytic process into cathode or bar
6 form while in this form and held under negotiable warehouse receipt in
7 a public or private warehouse recognized by an established incorporated
8 commodity exchange and for sale through the exchange.

9 (iii) "Business inventories" does not include personal property
10 acquired or produced for the purpose of lease or rental if the property
11 was leased or rented at any time during the calendar year immediately
12 preceding the year of assessment and was not thereafter remanufactured,
13 nor does it include property held within the normal course of business
14 for lease or rental for periods of less than thirty days.

15 (iv) "Business inventories" does not include agricultural or
16 horticultural property fully or partially exempt under RCW 84.36.470.

17 (v) "Business inventories" does not include timber that is standing
18 on public land and that is sold under a contract entered into after
19 August 1, 1982;

20 (b) "Fish and fish products" means all fish and fish products
21 suitable and designed for human consumption, excluding all others;

22 (c) "Fruit and fruit products" means all raw edible fruits,
23 berries, and hops and all processed products of fruits, berries, or
24 hops, suitable and designed for human consumption, while in the hands
25 of the first processor;

26 (d) "Processed" means canning, barreling, bottling, preserving,
27 refining, freezing, packing, milling, or any other method employed to
28 keep any grain, fruit, vegetable, or fish in an edible condition or to
29 put it into more suitable or convenient form for consuming, storing,
30 shipping, or marketing;

31 (e) "Remanufactured" means the restoration of property to
32 essentially its original condition, but does not mean normal
33 maintenance or repairs; and

34 (f) "Vegetables and vegetable products" means all raw edible
35 vegetables such as peas, beans, beets, sugar beets, and other
36 vegetables, and all processed products of vegetables, suitable and
37 designed for human consumption, while in the hands of the first
38 processor.

1 **Sec. 18.** RCW 84.40.020 and 1997 c 239 s 2 and 1997 c 3 s 103 are
2 each reenacted and amended to read as follows:

3 All real property in this state subject to taxation shall be listed
4 and assessed every year, with reference to its ~~((appraised and~~
5 ~~assessed))~~ value((s)) on the first day of January of the year in which
6 it is assessed. Such listing and all supporting documents and records
7 shall be open to public inspection during the regular office hours of
8 the assessor's office: PROVIDED, That confidential income data is
9 hereby exempted from public inspection as noted in RCW 42.17.260 and
10 42.17.310. All personal property in this state subject to taxation
11 shall be listed and assessed every year, with reference to its value
12 and ownership on the first day of January of the year in which it is
13 assessed: PROVIDED, That if the stock of goods, wares, merchandise or
14 material, whether in a raw or finished state or in process of
15 manufacture, owned or held by any taxpayer on January 1 of any year
16 does not fairly represent the average stock carried by such taxpayer,
17 such stock shall be listed and assessed upon the basis of the monthly
18 average of stock owned or held by such taxpayer during the preceding
19 calendar year or during such portion thereof as the taxpayer was
20 engaged in business.

21 **Sec. 19.** RCW 84.40.030 and 1998 c 320 s 9 are each amended to read
22 as follows:

23 All ~~((personal))~~ property shall be valued at one hundred percent of
24 its true and fair value in money and assessed on the same basis unless
25 specifically provided otherwise by law.

26 ~~((All real property shall be appraised at one hundred percent of~~
27 ~~its true and fair value in money and assessed as provided in RCW~~
28 ~~84.40.0305 unless specifically provided otherwise by law.))~~

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

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

35 (1) Any sales of the property being appraised or similar properties
36 with respect to sales made within the past five years. The appraisal
37 shall be consistent with the comprehensive land use plan, development
38 regulations under chapter 36.70A RCW, zoning, and any other

1 governmental policies or practices in effect at the time of appraisal
2 that affect the use of property, as well as physical and environmental
3 influences. An assessment may not be determined by a method that
4 assumes a land usage not permitted, for that property being appraised,
5 under existing zoning or land use planning ordinances or statutes. The
6 appraisal shall also take into account: (a) In the use of sales by
7 real estate contract as similar sales, the extent, if any, to which the
8 stated selling price has been increased by reason of the down payment,
9 interest rate, or other financing terms; and (b) the extent to which
10 the sale of a similar property actually represents the general
11 effective market demand for property of such type, in the geographical
12 area in which such property is located. Sales involving deed releases
13 or similar seller-developer financing arrangements shall not be used as
14 sales of similar property.

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

27 (3) In valuing any tract or parcel of real property, the true and
28 fair value of the land, exclusive of structures thereon shall be
29 determined; also the true and fair value of structures thereon, but the
30 (~~appraised~~) valuation shall not exceed the true and fair value of the
31 total property as it exists. In valuing agricultural land, growing
32 crops shall be excluded.

33 **Sec. 20.** RCW 84.40.040 and 1997 c 3 s 106 are each amended to read
34 as follows:

35 The assessor shall begin the preliminary work for each assessment
36 not later than the first day of December of each year in all counties
37 in the state. The assessor shall also complete the duties of listing
38 and placing valuations on all property by May 31st of each year, except

1 that the listing and valuation of construction and mobile homes under
2 RCW 36.21.080 and 36.21.090 shall be completed by August 31st of each
3 year, and in the following manner, to wit:

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

12 ((The assessor shall determine the assessed value, under RCW
13 84.40.0305, for each tract or lot of land listed for taxation,
14 including improvements located thereon, and shall also enter this value
15 opposite each description of property on the assessment list and tax
16 roll.))

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

1 in the assessment list, the assessor shall give the name and post
2 office address of the party listing the property, and if the party
3 resides in a city the assessor shall give the street and number or
4 other brief description of the party's residence or place of business.
5 The assessor may, after giving written notice of the action to the
6 person to be assessed, add to the assessment list any taxable property
7 which should be included in such list.

8 **Sec. 21.** RCW 84.40.045 and 1997 c 3 s 107 are each amended to read
9 as follows:

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

17 The notice shall contain a statement of both the prior and the new
18 ((~~appraised and assessed values~~)) true and fair value, stating
19 separately land and improvement ((~~appraised~~)) values, and a brief
20 statement of the procedure for appeal to the board of equalization and
21 the time, date, and place of the meetings of the board.

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

23 If any taxpayer, as shown by the tax rolls, holds solely a security
24 interest in the real property which is the subject of the notice,
25 pursuant to a mortgage, contract of sale, or deed of trust, such
26 taxpayer shall, upon written request of the assessor, supply, within
27 thirty days of receipt of such request, to the assessor the name and
28 address of the person making payments pursuant to the mortgage,
29 contract of sale, or deed of trust, and thereafter such person shall
30 also receive a copy of the notice provided for in this section.
31 Willful failure to comply with such request within the time limitation
32 provided for herein shall make such taxpayer subject to a maximum civil
33 penalty of five thousand dollars. The penalties provided for herein
34 shall be recoverable in an action by the county prosecutor, and when
35 recovered shall be deposited in the county current expense fund. The
36 assessor shall make the request provided for by this section during the
37 month of January.

1 **Sec. 22.** RCW 84.40.405 and 1985 c 7 s 156 are each amended to read
2 as follows:

3 The department of revenue shall promulgate such rules and
4 regulations, and prescribe such procedures as it deems necessary to
5 carry out RCW ((82.04.444,~~82.04.445,~~) 84.36.470(~~(,84.36.473,~~
6 84.36.475,)) and 84.36.477(~~(,84.09.080,~~ ~~and~~ ~~84.52.015,~~ ~~and~~ ~~this~~
7 ~~section~~)).

8 **Sec. 23.** RCW 84.41.041 and 1997 c 3 s 108 are each amended to read
9 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
26 adjusted to its current true and fair value, such adjustments to be
27 made once each year and to be based upon appropriate statistical data.
28 ((~~If the appraised valuation is changed, the assessed value shall be~~
29 ~~recalculated under RCW 84.40.0305.~~))

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. 24.** RCW 84.48.010 and 1997 c 3 s 109 are each amended to read
36 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, ~~((and so
18 that the assessed value of each tract or lot of real property is
19 entered on the assessment list at its correct amount))~~ which is
20 presumed to be correct under RCW 84.40.0301, and subject to the
21 following rules:

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

29 Second. They shall reduce the ~~((appraised))~~ valuation of each
30 tract or lot or item which is returned above its true and fair value to
31 such price or sum as to be the true and fair value thereof ~~((and reduce
32 the assessed valuation of each tract or lot or item of real property
33 which 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 (~~appraised~~) assessed values ordered by the county
21 board of equalization. The assessor shall (~~recalculate assessed~~
22 ~~values and~~) correct the real and personal assessment rolls in
23 accordance with the changes made by the said county board of
24 equalization, and the assessor shall make duplicate abstracts of such
25 corrected values, one copy of which shall be retained in the office,
26 and one copy forwarded to the department of revenue on or before the
27 eighteenth day of August next following the meeting of the county board
28 of equalization.

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

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

1 County legislative authorities as such shall at no time have any
2 authority to change the valuation of the property of any person or to
3 release or commute in whole or in part the taxes due on the property of
4 any person.

5 **Sec. 25.** RCW 84.48.065 and 1997 c 3 s 110 are each amended to read
6 as follows:

7 (1) The county assessor or treasurer may cancel or correct
8 assessments on the assessment or tax rolls which are erroneous due to
9 manifest errors in description, double assessments, clerical errors in
10 extending the rolls, (~~clerical errors in calculating the assessed~~
11 ~~value under RCW 84.40.0305,~~) and such manifest errors in the listing
12 of the property which do not involve a revaluation of property, except
13 in the case that a taxpayer produces proof that an authorized land use
14 authority has made a definitive change in the property's land use
15 designation. In such a case, correction of the assessment or tax rolls
16 may be made notwithstanding the fact that the action involves a
17 revaluation of property. Manifest errors that do not involve a
18 revaluation of property include the assessment of property exempted by
19 law from taxation or the failure to deduct the exemption allowed by law
20 to the head of a family. When the county assessor cancels or corrects
21 an assessment, the assessor shall send a notice to the taxpayer in
22 accordance with RCW 84.40.045, advising the taxpayer that the action
23 has been taken and notifying the taxpayer of the right to appeal the
24 cancellation or correction to the county board of equalization, in
25 accordance with RCW 84.40.038. When the county assessor or treasurer
26 cancels or corrects an assessment, a record of such action shall be
27 prepared, setting forth therein the facts relating to the error. The
28 record shall also set forth by legal description all property belonging
29 exclusively to the state, any county, or any municipal corporation
30 whose property is exempt from taxation, upon which there remains,
31 according to the tax roll, any unpaid taxes. No manifest error
32 cancellation or correction, including a cancellation or correction made
33 due to a definitive change of land use designation, shall be made for
34 any period more than three years preceding the year in which the error
35 is discovered.

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

1 (i) The assessor and taxpayer have signed an agreement as to the
2 true and fair value of the taxpayer's property setting forth in the
3 agreement the valuation information upon which the agreement is based;
4 and

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

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

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

13 (ii) The following conditions are met:

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

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

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

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

26 **Sec. 26.** RCW 84.48.075 and 1997 c 3 s 111 are each amended to read
27 as follows:

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

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

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

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

25 **Sec. 27.** RCW 84.48.080 and 1997 c 3 s 112 are each amended to read
26 as follows:

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

36 (~~First.~~) (a) The department shall classify all property, real and
37 personal, and shall raise and lower the (~~assessed~~) valuation of any
38 class of property in any county to a value that shall be equal, so far

1 as possible, to the (~~correct assessed~~) true and fair value of such
2 class as of January 1st of the current year (~~(, after determining the~~
3 ~~correct appraised value, and any adjustment applicable under RCW~~
4 ~~84.40.0305 for the property,)) for the purpose of ascertaining the just~~
5 amount of tax due from each county for state purposes. (~~In equalizing~~
6 ~~personal property as of January 1st of the current year, the department~~
7 ~~shall use the assessment level of the preceding year.)) In equalizing
8 personal property as of January 1st of the current year, the department
9 shall use valuation data with respect to personal property from the
10 three years immediately preceding the current assessment year in a
11 manner it deems appropriate. Such classification may be on the basis
12 of types of property, geographical areas, or both. For purposes of
13 this section, for each county that has not provided the department with
14 an assessment return by December 1st, the department shall proceed,
15 using facts and information and in a manner it deems appropriate, to
16 estimate the value of each class of property in the county.~~

17 (~~Second.~~) (b) The department shall keep a full record of its
18 proceedings and the same shall be published annually by the department.

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

1 provided by a county to the department subsequent to December 1st, or
2 a change in the indicated ratio of a county. Errors in taxable values
3 mean errors corrected by a final reviewing body.

4 In addition to computing a levy under this subsection that is
5 reduced under RCW 84.55.012, the department shall compute a
6 hypothetical levy without regard to the reduction under RCW 84.55.012.
7 This hypothetical levy shall also be apportioned among the several
8 counties in proportion to the valuation of the taxable property of the
9 county for the year, as equalized by the department, in the same manner
10 as the actual levy and shall be used by the county assessors for the
11 purpose of recomputing and establishing a consolidated levy under RCW
12 84.52.010.

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

17 (4) After the completion of the duties prescribed in this section,
18 the director of the department shall certify the record of the
19 proceedings of the department under this section, the tax levies made
20 for state purposes and the apportionment thereof among the counties,
21 and the certification shall be available for public inspection.

22 **Sec. 28.** RCW 84.52.063 and 1997 c 3 s 125 are each amended to read
23 as follows:

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

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

5 NEW SECTION. **Sec. 29.** A new section is added to chapter 84.52 RCW
6 to read as follows:

7 (1) If an error has occurred in the levy of property taxes that has
8 caused all taxpayers within a taxing district, other than the state, to
9 pay an incorrect amount of property tax, the assessor shall correct the
10 error by making an appropriate adjustment to the levy for that taxing
11 district in the succeeding year. The adjustment shall be made without
12 including any interest. If the governing authority of the taxing
13 district determines that the amount of the adjustment in the succeeding
14 year is so large as to cause a hardship for the taxing district or the
15 taxpayers within the district, the adjustment may be made on a
16 proportional basis over a period of not more than three consecutive
17 years.

18 (a) A correction of an error in the levying of property taxes shall
19 not be made for any period more than three years preceding the year in
20 which the error is discovered.

21 (b) When calculating the levy limitation under chapter 84.55 RCW
22 for levies made following the discovery of an error, the assessor shall
23 determine and use the correct levy amount for the year or years being
24 corrected as though the error had not occurred. The amount of the
25 adjustment determined under this subsection (1) shall not be considered
26 when calculating the levy limitation.

27 (c) If the taxing district in which a levy error has occurred does
28 not levy property taxes in the year the error is discovered, or for a
29 period of more than three years subsequent to the year the error was
30 discovered, an adjustment shall not be made.

31 (2) If an error has occurred in the distribution of property taxes
32 so that property tax collected has been incorrectly distributed to a
33 taxing district or taxing districts wholly or partially within a
34 county, the treasurer of the county in which the error occurred shall
35 correct the error by making an appropriate adjustment to the amount
36 distributed to that taxing district or districts in the succeeding
37 year. The adjustment shall be made without including any interest. If
38 the treasurer, in consultation with the governing authority of the

1 taxing district or districts affected, determines that the amount of
2 the adjustment in the succeeding year is so large as to cause a
3 hardship for the taxing district or districts, the adjustment may be
4 made on a proportional basis over a period of not more than three
5 consecutive years. A correction of an error in the distribution of
6 property taxes shall not be made for any period more than three years
7 preceding the year in which the error is discovered.

8 **Sec. 30.** RCW 84.70.010 and 1999 1st sp.s. c 8 s 1 are each amended
9 to read as follows:

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

20 (2) Taxes levied for collection in the year in which the
21 ((assessed)) true and fair value has been reduced under subsection (1)
22 of this section shall be abated in whole or in part as provided in this
23 subsection. The amount of taxes to be abated shall be determined by
24 first multiplying the amount deducted from ((assessed)) the true and
25 fair value under subsection (1) of this section by the rate of levy
26 applicable to the property in the tax year. Then divide the product by
27 the number of days in the year and multiply the quotient by the number
28 of days remaining in the calendar year after the date of the
29 destruction or reduction in value of the property. If taxes abated
30 under this section have been paid, the amount paid shall be refunded
31 under RCW 84.69.020. For taxes levied for collection in 1998 and 1999,
32 this subsection (2) applies to property that is destroyed in whole or
33 in part, or is in an area that has been declared a disaster area by the
34 governor and has been reduced in value by more than twenty percent as
35 a result of a natural disaster. For taxes levied for collection in
36 2000 through 2004, this subsection (2) applies to property that is
37 destroyed in whole or in part, or is in an area that has been declared
38 a federal disaster area and has been reduced in value by more than

1 twenty percent as a result of a natural disaster. This subsection (2)
2 does not apply to taxes levied for collection in 2005 and thereafter.

3 (3) No reduction in the ((assessed)) true and fair value or
4 abatements shall be made more than three years after the date of
5 destruction or reduction in value.

6 (4) The assessor shall make such reduction on his or her own
7 motion; however, the taxpayer may make application for reduction on
8 forms prepared by the department and provided by the assessor. The
9 assessor shall notify the taxpayer of the amount of reduction.

10 (5) If destroyed property is replaced prior to the valuation dates
11 contained in RCW 36.21.080 and 36.21.090, the total taxable value for
12 that assessment year shall not exceed the value as of the appropriate
13 valuation date in RCW 36.21.080 or 36.21.090, whichever is appropriate.

14 (6) The taxpayer may appeal the amount of reduction to the county
15 board of equalization within thirty days of notification or July 1st of
16 the year of reduction, whichever is later. The board shall reconvene,
17 if necessary, to hear the appeal.

18 NEW SECTION. Sec. 31. Section 29 of this act takes effect January
19 1, 2001, and applies to errors that occur on and after January 1, 2001.

20 NEW SECTION. Sec. 32. The following acts or parts of acts are
21 each repealed:

22 (1) RCW 84.04.018 ("Appraised value of property") and 1997 c 3 s
23 101;

24 (2) RCW 84.36.031 (Property used for character building,
25 benevolent, protective or rehabilitative social services--Property not
26 exempt) and 1969 c 137 s 2;

27 (3) RCW 84.36.140 (Exemption of grains, flour, fruit, vegetables,
28 fish, and unprocessed timber--Limitation--Proof of shipment) and 1972
29 ex.s. c 30 s 2 & 1961 c 15 s 84.36.140;

30 (4) RCW 84.36.150 (Exemption of grains, flour, fruit, vegetables,
31 fish, and unprocessed timber--Listing and subsequent cancellation--
32 Proof) and 1967 ex.s. c 149 s 32 & 1961 c 15 s 84.36.150;

33 (5) RCW 84.36.160 (Exemption of grains, flour, fruit, vegetables,
34 fish, and unprocessed timber--Definitions) and 1972 ex.s. c 30 s 1,
35 1971 ex.s. c 137 s 1, & 1961 c 15 s 84.36.160;

36 (6) RCW 84.36.161 (Exemption of grains, flour, fruit, vegetables,
37 fish, and unprocessed timber--Construction of RCW 84.36.140, 84.36.150,

1 84.36.160 and 84.36.162--Effect on other acts) and 1998 c 311 s 21 &
2 1961 c 15 s 84.36.161;

3 (7) RCW 84.36.162 (Exemption of grains, flour, fruit, vegetables,
4 fish, and unprocessed timber--Purpose) and 1961 c 15 s 84.36.162;

5 (8) RCW 84.36.176 (Plywood, hardboard and particle board panels in
6 transit) and 1967 ex.s. c 149 s 34;

7 (9) RCW 84.36.181 (Ores, metals from out-of-state in process of
8 reduction or refinement) and 1961 c 168 s 2;

9 (10) RCW 84.36.190 (Metals in cathode or bar form for sale and held
10 under negotiable warehouse receipt) and 1961 c 15 s 84.36.190;

11 (11) RCW 84.36.191 (Metals in cathode or bar form for sale and held
12 under negotiable warehouse receipt--Purpose and construction) and 1961
13 c 15 s 84.36.191;

14 (12) RCW 84.36.270 (Real property beneath air space dedicated to
15 public body for stadium facilities) and 1973 1st ex.s. c 195 s 95 &
16 1967 ex.s. c 117 s 1;

17 (13) RCW 84.36.280 (Real property beneath air space dedicated to
18 public body for stadium facilities--Exemption effective only on
19 completion of construction of facility) and 1967 ex.s. c 117 s 2;

20 (14) RCW 84.36.290 (Real property beneath air space dedicated to
21 public body for stadium facilities--Taxes for school purposes not
22 affected) and 1967 ex.s. c 117 s 3;

23 (15) RCW 84.36.473 ("Business inventories" and "successor" defined)
24 and 1998 c 311 s 23, 1983 1st ex.s. c 62 s 2, 1982 c 174 s 1, 1975 1st
25 ex.s. c 291 s 8, & 1974 ex.s. c 169 s 4;

26 (16) RCW 84.36.490 (Land, buildings, machinery, etc., used to
27 manufacture alcohol fuel--Exceptions--Limitations--Claims--
28 Administrative rules) and 1985 c 371 s 7 & 1980 c 157 s 1; and

29 (17) RCW 84.40.0305 (Assessed value--Determination--Limited value)
30 and 1997 c 3 s 105.

31 NEW SECTION. **Sec. 33.** The repeals in section 32 of this act do
32 not affect any existing right acquired or liability or obligation
33 incurred under the sections repealed or under any rule or order adopted
34 under those sections, nor do they affect any proceeding instituted
35 under those sections.

1 NEW SECTION. **Sec. 34.** Sections 1 through 28, 30, 32, and 33 of
2 this act apply for taxes levied in 2000 for collection in 2001 and
3 thereafter.

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