
SUBSTITUTE HOUSE BILL 1467

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Reardon, Cairnes and Santos; by request of Department of Revenue)

Read first time . Referred to Committee on .

1 AN ACT Relating to improving property tax administration by
2 correcting terminology and deleting obsolete provisions; amending RCW
3 79.01.132, 84.04.030, 84.12.270, 84.12.280, 84.12.310, 84.12.330,
4 84.12.350, 84.12.360, 84.16.040, 84.16.050, 84.16.090, 84.16.110,
5 84.16.120, 84.36.477, 84.40.030, 84.40.040, 84.40.045, 84.40.405,
6 84.41.041, 84.48.010, 84.48.065, 84.48.075, 84.52.063, 84.70.010, and
7 84.70.010; reenacting and amending RCW 84.40.020; reenacting RCW
8 84.36.041; creating new sections; repealing RCW 84.04.018, 84.36.140,
9 84.36.150, 84.36.160, 84.36.161, 84.36.162, 84.36.176, 84.36.181,
10 84.36.190, 84.36.191, 84.36.270, 84.36.280, 84.36.290, 84.36.473,
11 84.36.490, 84.40.0305, 84.36.140, 84.36.150, 84.36.160, 84.36.161,
12 84.36.162, 84.36.176, 84.36.181, 84.36.190, 84.36.191, 84.36.270,
13 84.36.280, 84.36.290, 84.36.473, and 84.36.490; and providing a
14 contingent effective 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 84.36.041 and 1999 c 358 s 16 and 1999 c 356 s 1 are
20 each reenacted to read as follows:

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

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

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

31 (2) All real and personal property used by a nonprofit home for the
32 aging that is reasonably necessary for the purposes of the home is
33 exempt from taxation if the benefit of the exemption inures to the home
34 and the construction, rehabilitation, acquisition, or refinancing of
35 the home is financed under a program using bonds exempt from federal
36 income tax if at least seventy-five percent of the total amount
37 financed uses the tax exempt bonds and the financing program requires
38 the home to reserve a percentage of all dwelling units so financed for

1 low-income residents. The initial term of the exemption under this
2 subsection shall equal the term of the tax exempt bond used in
3 connection with the financing program, or the term of the requirement
4 to reserve dwelling units for low-income residents, whichever is
5 shorter. If the financing program involves less than the entire home,
6 only those dwelling units included in the financing program are
7 eligible for total exemption. The department of revenue shall provide
8 by rule the requirements for monitoring compliance with the provisions
9 of this subsection and the requirements for exemption including:

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

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

14 (c) Any particular requirements for continuing care retirement
15 communities.

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

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

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

26 (c) A partial exemption shall be allowed for an area jointly used
27 by a home for the aging and by a nonprofit organization, association,
28 or corporation currently exempt from property taxation under one of the
29 other provisions of this chapter. The shared area must be reasonably
30 necessary for the purposes of the nonprofit organization, association,
31 or corporation exempt from property taxation under one of the other
32 provisions of this chapter, such as kitchen, dining, and laundry areas.

33 (d) The amount of exemption shall be calculated by multiplying the
34 assessed value of the property reasonably necessary for the purposes of
35 the home, less the assessed value of any area exempt under (c) of this
36 subsection, by a fraction. The numerator of the fraction is the number
37 of dwelling units occupied by eligible residents and by residents
38 requiring assistance with activities of daily living. The denominator
39 of the fraction is the total number of occupied dwelling units as of

1 December 31st of the first assessment year the home becomes operational
2 for which exemption is claimed and January 1st of each subsequent
3 assessment year for which exemption is claimed.

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

7 (5) A home for the aging is exempt from taxation only if the
8 organization operating the home is exempt from income tax under section
9 501(c) of the federal internal revenue code as existing on January 1,
10 1989, or such subsequent date as the director may provide by rule
11 consistent with the purposes of this section.

12 (6) In order for the home to be eligible for exemption under
13 subsections (1)(a) and (3)(b) of this section, each eligible resident
14 of a home for the aging shall submit an income verification form to the
15 county assessor by July 1st of the assessment year for which exemption
16 is claimed. However, during the first year a home becomes operational,
17 the county assessor shall accept income verification forms from
18 eligible residents up to December 31st of the assessment year. The
19 income verification form shall be prescribed and furnished by the
20 department of revenue. An eligible resident who has filed a form for
21 a previous year need not file a new form until there is a change in
22 status affecting the person's eligibility.

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

29 (8) As used in this section:

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

31 (i) Occupied the dwelling unit as a principal place of residence as
32 of December 31st of the first assessment year the home becomes
33 operational. In each subsequent year, the eligible resident must
34 occupy the dwelling unit as a principal place of residence as of
35 January 1st of the assessment year for which the exemption is claimed.
36 Confinement of the person to a hospital or nursing home does not
37 disqualify the claim of exemption if the dwelling unit is temporarily
38 unoccupied or if the dwelling unit is occupied by a spouse, a person
39 financially dependent on the claimant for support, or both; and

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

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

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

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

- 1 (i) Capital gains, other than gain excluded from income under
2 section 121 of the federal internal revenue code to the extent it is
3 reinvested in a new principal residence;
4 (ii) Amounts deducted for loss;
5 (iii) Amounts deducted for depreciation;
6 (iv) Pension and annuity receipts;
7 (v) Military pay and benefits other than attendant-care and
8 medical-aid payments;
9 (vi) Veterans benefits other than attendant-care and medical-aid
10 payments;
11 (vii) Federal social security act and railroad retirement benefits;
12 (viii) Dividend receipts; and
13 (ix) Interest received on state and municipal bonds.

14 (d) "Resident requiring assistance with activities of daily living"
15 means a person who requires significant assistance with the activities
16 of daily living and who would be at risk of nursing home placement
17 without this assistance.

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

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

31 **Sec. 15.** RCW 84.36.477 and 1983 1st ex.s. c 62 s 6 are each
32 amended to read as follows:

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

35 (2) As used in this section:

36 (a)(i) "Business inventories" means all livestock, inventories of
37 finished goods and work in process, and personal property not under
38 lease or rental, acquired, or produced solely for the purpose of sale

1 or lease or for the purpose of consuming the property in producing for
2 sale or lease a new article of tangible personal property of which the
3 property becomes an ingredient or component.

4 (ii) "Business inventories" also includes:

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

11 (B) All finished plywood, hardboard, and particleboard panels
12 shipped from outside this state to any processing plant within this
13 state, if the panels are moving under a through freight rate to final
14 destination outside this state and the carrier grants the shipper the
15 privilege of stopping the shipment in transit for the purpose of
16 storing, milling, manufacturing, or other processing, while the panels
17 are in the process of being treated or shaped into flat component parts
18 to be incorporated into finished products outside this state and for
19 thirty days after completion of the processing or treatment;

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

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

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

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

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

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

3 (c) "Fruit and fruit products" means all raw edible fruits,
4 berries, and hops and all processed products of fruits, berries, or
5 hops, suitable and designed for human consumption, while in the hands
6 of the first processor;

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

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

15 (f) "Vegetables and vegetable products" means all raw edible
16 vegetables such as peas, beans, beets, sugar beets, and other
17 vegetables, and all processed products of vegetables, suitable and
18 designed for human consumption, while in the hands of the first
19 processor.

20 **Sec. 16.** RCW 84.40.020 and 1997 c 239 s 2 and 1997 c 3 s 103 are
21 each reenacted and amended to read as follows:

22 All real property in this state subject to taxation shall be listed
23 and assessed every year, with reference to its (~~appraised and~~
24 ~~assessed~~) value(~~s~~) on the first day of January of the year in which
25 it is assessed. Such listing and all supporting documents and records
26 shall be open to public inspection during the regular office hours of
27 the assessor's office: PROVIDED, That confidential income data is
28 hereby exempted from public inspection as noted in RCW 42.17.260 and
29 42.17.310. All personal property in this state subject to taxation
30 shall be listed and assessed every year, with reference to its value
31 and ownership on the first day of January of the year in which it is
32 assessed: PROVIDED, That if the stock of goods, wares, merchandise or
33 material, whether in a raw or finished state or in process of
34 manufacture, owned or held by any taxpayer on January 1 of any year
35 does not fairly represent the average stock carried by such taxpayer,
36 such stock shall be listed and assessed upon the basis of the monthly
37 average of stock owned or held by such taxpayer during the preceding

1 calendar year or during such portion thereof as the taxpayer was
2 engaged in business.

3 **Sec. 17.** RCW 84.40.030 and 1998 c 320 s 9 are each amended to read
4 as follows:

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

8 ~~((All real property shall be appraised at one hundred percent of
9 its true and fair value in money and assessed as provided in RCW
10 84.40.0305 unless specifically provided otherwise by law.))~~

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

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

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

35 (2) In addition to sales as defined in subsection (1) of this
36 section, consideration may be given to cost, cost less depreciation,
37 reconstruction cost less depreciation, or capitalization of income that
38 would be derived from prudent use of the property. In the case of

1 property of a complex nature, or being used under terms of a franchise
2 from a public agency, or operating as a public utility, or property not
3 having a record of sale within five years and not having a significant
4 number of sales of similar property in the general area, the provisions
5 of this subsection shall be the dominant factors in valuation. When
6 provisions of this subsection are relied upon for establishing values
7 the property owner shall be advised upon request of the factors used in
8 arriving at such value.

9 (3) In valuing any tract or parcel of real property, the true and
10 fair value of the land, exclusive of structures thereon shall be
11 determined; also the true and fair value of structures thereon, but the
12 (~~appraised~~) valuation shall not exceed the true and fair value of the
13 total property as it exists. In valuing agricultural land, growing
14 crops shall be excluded.

15 **Sec. 18.** RCW 84.40.040 and 1997 c 3 s 106 are each amended to read
16 as follows:

17 The assessor shall begin the preliminary work for each assessment
18 not later than the first day of December of each year in all counties
19 in the state. The assessor shall also complete the duties of listing
20 and placing valuations on all property by May 31st of each year, except
21 that the listing and valuation of construction and mobile homes under
22 RCW 36.21.080 and 36.21.090 shall be completed by August 31st of each
23 year, and in the following manner, to wit:

24 The assessor shall actually determine as nearly as practicable the
25 true and fair value of each tract or lot of land listed for taxation
26 and of each improvement located thereon and shall enter (~~as the~~
27 ~~appraised value~~) one hundred percent of the true and fair value of
28 such land and (~~of the total true and fair~~) value of such
29 improvements, together with the total of such one hundred percent
30 valuations, opposite each description of property on the assessment
31 list and tax roll.

32 (~~The assessor shall determine the assessed value, under RCW~~
33 ~~84.40.0305, for each tract or lot of land listed for taxation,~~
34 ~~including improvements located thereon, and shall also enter this value~~
35 ~~opposite each description of property on the assessment list and tax~~
36 ~~roll.~~)

37 The assessor shall make an alphabetical list of the names of all
38 persons in the county liable to assessment of personal property, and

1 require each person to make a correct list and statement of such
2 property according to the standard form prescribed by the department of
3 revenue, which statement and list shall include, if required by the
4 form, the year of acquisition and total original cost of personal
5 property in each category of the prescribed form, and shall be signed
6 and verified under penalty of perjury by the person listing the
7 property: PROVIDED, That the assessor may list and value improvements
8 on publicly owned land in the same manner as real property is listed
9 and valued, including conformance with the revaluation program required
10 under chapter 84.41 RCW. Such list and statement shall be filed on or
11 before the last day of April. The assessor shall on or before the 1st
12 day of January of each year mail a notice to all such persons at their
13 last known address that such statement and list is required, such
14 notice to be accompanied by the form on which the statement or list is
15 to be made: PROVIDED, That the notice mailed by the assessor to each
16 taxpayer each year shall, if practicable, include the statement and
17 list of personal property of the taxpayer for the preceding year. Upon
18 receipt of such statement and list the assessor shall thereupon
19 determine the true and fair value of the property included in such
20 statement and enter one hundred percent of the same on the assessment
21 roll opposite the name of the party assessed; and in making such entry
22 in the assessment list, the assessor shall give the name and post
23 office address of the party listing the property, and if the party
24 resides in a city the assessor shall give the street and number or
25 other brief description of the party's residence or place of business.
26 The assessor may, after giving written notice of the action to the
27 person to be assessed, add to the assessment list any taxable property
28 which should be included in such list.

29 **Sec. 19.** RCW 84.40.045 and 1997 c 3 s 107 are each amended to read
30 as follows:

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

1 The notice shall contain a statement of both the prior and the new
2 (~~appraised and assessed values~~) true and fair value, stating
3 separately land and improvement (~~appraised~~) values, and a brief
4 statement of the procedure for appeal to the board of equalization and
5 the time, date, and place of the meetings of the board.

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

7 If any taxpayer, as shown by the tax rolls, holds solely a security
8 interest in the real property which is the subject of the notice,
9 pursuant to a mortgage, contract of sale, or deed of trust, such
10 taxpayer shall, upon written request of the assessor, supply, within
11 thirty days of receipt of such request, to the assessor the name and
12 address of the person making payments pursuant to the mortgage,
13 contract of sale, or deed of trust, and thereafter such person shall
14 also receive a copy of the notice provided for in this section.
15 Willful failure to comply with such request within the time limitation
16 provided for herein shall make such taxpayer subject to a maximum civil
17 penalty of five thousand dollars. The penalties provided for herein
18 shall be recoverable in an action by the county prosecutor, and when
19 recovered shall be deposited in the county current expense fund. The
20 assessor shall make the request provided for by this section during the
21 month of January.

22 **Sec. 20.** RCW 84.40.405 and 2000 c 103 s 28 are each amended to
23 read as follows:

24 The department of revenue shall promulgate such rules and
25 regulations, and prescribe such procedures as it deems necessary to
26 carry out RCW 84.36.470(~~(, 84.36.473,)~~) and 84.36.477(~~(, and this~~
27 ~~section)~~)).

28 **Sec. 21.** RCW 84.41.041 and 1997 c 3 s 108 are each amended to read
29 as follows:

30 Each county assessor shall cause taxable real property to be
31 physically inspected and valued at least once every six years in
32 accordance with RCW 84.41.030, and in accordance with a plan filed with
33 and approved by the department of revenue. Such revaluation plan shall
34 provide that a reasonable portion of all taxable real property within
35 a county shall be revalued and these newly-determined values placed on
36 the assessment rolls each year. The department may approve a plan that
37 provides that all property in the county be revalued every two years.

1 If the revaluation plan provides for physical inspection at least once
2 each four years, during the intervals between each physical inspection
3 of real property, the (~~appraised~~) valuation of such property may be
4 adjusted to its current true and fair value, such adjustments to be
5 based upon appropriate statistical data. If the revaluation plan
6 provides for physical inspection less frequently than once each four
7 years, during the intervals between each physical inspection of real
8 property, the (~~appraised~~) valuation of such property shall be
9 adjusted to its current true and fair value, such adjustments to be
10 made once each year and to be based upon appropriate statistical data.
11 (~~If the appraised valuation is changed, the assessed value shall be~~
12 ~~recalculated under RCW 84.40.0305.~~)

13 The assessor may require property owners to submit pertinent data
14 respecting taxable property in their control including data respecting
15 any sale or purchase of said property within the past five years, the
16 cost and characteristics of any improvement on the property and other
17 facts necessary for appraisal of the property.

18 **Sec. 22.** RCW 84.48.010 and 1997 c 3 s 109 are each amended to read
19 as follows:

20 Prior to July 15th, the county legislative authority shall form a
21 board for the equalization of the assessment of the property of the
22 county. The members of said board shall receive a per diem amount as
23 set by the county legislative authority for each day of actual
24 attendance of the meeting of the board of equalization to be paid out
25 of the current expense fund of the county: PROVIDED, That when the
26 county legislative authority constitute the board they shall only
27 receive their compensation as members of the county legislative
28 authority. The board of equalization shall meet in open session for
29 this purpose annually on the 15th day of July and, having each taken an
30 oath fairly and impartially to perform their duties as members of such
31 board, they shall examine and compare the returns of the assessment of
32 the property of the county and proceed to equalize the same, so that
33 (~~the appraised value of~~) each tract or lot of real property and each
34 article or class of personal property shall be entered on the
35 assessment list at its true and fair value, according to the measure of
36 value used by the county assessor in such assessment year, (~~and so~~
37 ~~that the assessed value of each tract or lot of real property is~~
38 ~~entered on the assessment list at its correct amount)) which is~~

1 presumed to be correct under RCW 84.40.0301, and subject to the
2 following rules:

3 First. They shall raise the (~~appraised~~) valuation of each tract
4 or lot or item of real property which is returned below its true and
5 fair value to such price or sum as to be the true and fair value
6 thereof, (~~and raise the assessed valuation of each tract or lot or~~
7 ~~item of real property which is returned below its correct amount to the~~
8 ~~correct amount~~)) after at least five days' notice shall have been given
9 in writing to the owner or agent.

10 Second. They shall reduce the (~~appraised~~) valuation of each
11 tract or lot or item which is returned above its true and fair value to
12 such price or sum as to be the true and fair value thereof (~~and reduce~~
13 ~~the assessed valuation of each tract or lot or item of real property~~
14 ~~which is returned above its correct amount to the correct amount~~)).

15 Third. They shall raise the valuation of each class of personal
16 property which is returned below its true and fair value to such price
17 or sum as to be the true and fair value thereof, and they shall raise
18 the aggregate value of the personal property of each individual
19 whenever the aggregate value is less than the true valuation of the
20 taxable personal property possessed by such individual, to such sum or
21 amount as to be the true value thereof, after at least five days'
22 notice shall have been given in writing to the owner or agent thereof.

23 Fourth. They shall reduce the valuation of each class of personal
24 property enumerated on the detail and assessment list of the current
25 year, which is returned above its true and fair value, to such price or
26 sum as to be the true and fair value thereof; and they shall reduce the
27 aggregate valuation of the personal property of such individual who has
28 been assessed at too large a sum to such sum or amount as was the true
29 and fair value of the personal property.

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

35 The clerk of the board shall keep an accurate journal or record of
36 the proceedings and orders of said board showing the facts and evidence
37 upon which their action is based, and the said record shall be
38 published the same as other proceedings of county legislative
39 authority, and shall make a true record of the changes of the

1 descriptions and (~~appraised~~) assessed values ordered by the county
2 board of equalization. The assessor shall (~~recalculate assessed~~
3 ~~values and~~) correct the real and personal assessment rolls in
4 accordance with the changes made by the said county board of
5 equalization, and the assessor shall make duplicate abstracts of such
6 corrected values, one copy of which shall be retained in the office,
7 and one copy forwarded to the department of revenue on or before the
8 eighteenth day of August next following the meeting of the county board
9 of equalization.

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

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

20 County legislative authorities as such shall at no time have any
21 authority to change the valuation of the property of any person or to
22 release or commute in whole or in part the taxes due on the property of
23 any person.

24 **Sec. 23.** RCW 84.48.065 and 1997 c 3 s 110 are each amended to read
25 as follows:

26 (1) The county assessor or treasurer may cancel or correct
27 assessments on the assessment or tax rolls which are erroneous due to
28 manifest errors in description, double assessments, clerical errors in
29 extending the rolls, (~~clerical errors in calculating the assessed~~
30 ~~value under RCW 84.40.0305,~~) and such manifest errors in the listing
31 of the property which do not involve a revaluation of property, except
32 in the case that a taxpayer produces proof that an authorized land use
33 authority has made a definitive change in the property's land use
34 designation. In such a case, correction of the assessment or tax rolls
35 may be made notwithstanding the fact that the action involves a
36 revaluation of property. Manifest errors that do not involve a
37 revaluation of property include the assessment of property exempted by
38 law from taxation or the failure to deduct the exemption allowed by law

1 to the head of a family. When the county assessor cancels or corrects
2 an assessment, the assessor shall send a notice to the taxpayer in
3 accordance with RCW 84.40.045, advising the taxpayer that the action
4 has been taken and notifying the taxpayer of the right to appeal the
5 cancellation or correction to the county board of equalization, in
6 accordance with RCW 84.40.038. When the county assessor or treasurer
7 cancels or corrects an assessment, a record of such action shall be
8 prepared, setting forth therein the facts relating to the error. The
9 record shall also set forth by legal description all property belonging
10 exclusively to the state, any county, or any municipal corporation
11 whose property is exempt from taxation, upon which there remains,
12 according to the tax roll, any unpaid taxes. No manifest error
13 cancellation or correction, including a cancellation or correction made
14 due to a definitive change of land use designation, shall be made for
15 any period more than three years preceding the year in which the error
16 is discovered.

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

20 (i) The assessor and taxpayer have signed an agreement as to the
21 true and fair value of the taxpayer's property setting forth in the
22 agreement the valuation information upon which the agreement is based;
23 and

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

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

28 (i) The assessor and taxpayer have signed an agreement as to the
29 true and fair value of the taxpayer's property setting forth in the
30 agreement the valuation information upon which the agreement is based;
31 and

32 (ii) The following conditions are met:

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

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

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

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

6 **Sec. 24.** RCW 84.48.075 and 1997 c 3 s 111 are each amended to read
7 as follows:

8 (1) The department of revenue shall annually, prior to the first
9 Monday in September, determine and submit to each assessor a
10 preliminary indicated ratio for each county: PROVIDED, That the
11 department shall establish rules and regulations pertinent to the
12 determination of the indicated ratio, the indicated real property ratio
13 and the indicated personal property ratio: PROVIDED FURTHER, That
14 these rules and regulations may provide that data, as is necessary for
15 said determination, which is available from the county assessor of any
16 county and which has been audited as to its validity by the department,
17 shall be utilized by the department in determining the indicated ratio.

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

22 (3) The department shall review each county's preliminary ratio
23 with the assessor, a landowner, or an owner of an intercounty public
24 utility or private car company of that county, if requested by the
25 assessor, a landowner, or an owner of an intercounty public utility or
26 private car company of that county, respectively, between the first and
27 third Mondays of September. Prior to equalization of assessments
28 pursuant to RCW 84.48.080 and after the third Monday of September, the
29 department shall certify to each county assessor the real and personal
30 property ratio for that county.

31 (4) The department of revenue shall also examine procedures used by
32 the assessor to assess real and personal property in the county,
33 including calculations, use of prescribed value schedules, and efforts
34 to locate all taxable property in the county. If any examination by
35 the department discloses other than market value is being listed (~~as~~
36 ~~appraised value~~) on the county assessment rolls of the county by the
37 assessor and, after due notification by the department, is not
38 corrected, the department of revenue shall, in accordance with rules

1 adopted by the department, adjust the ratio of that type of property,
2 which adjustment shall be used for determining the county's indicated
3 ratio.

4 **Sec. 25.** RCW 84.52.063 and 1997 c 3 s 125 are each amended to read
5 as follows:

6 A rural library district may impose a regular property tax levy in
7 an amount equal to that which would be produced by a levy of fifty
8 cents per thousand dollars of assessed value multiplied by an
9 ((equalized)) assessed valuation equal to one hundred percent of the
10 true and fair value of the taxable property in the rural library
11 district, as determined by the department of revenue's indicated county
12 ratio: PROVIDED, That when any county assessor shall find that the
13 aggregate rate of levy on any property will exceed the limitation set
14 forth in RCW 84.52.043 and 84.52.050, as now or hereafter amended,
15 before recomputing and establishing a consolidated levy in the manner
16 set forth in RCW 84.52.010, the assessor shall first reduce the levy of
17 any rural library district, by such amount as may be necessary, but the
18 levy of any rural library district shall not be reduced to less than
19 fifty cents per thousand dollars against the value of the taxable
20 property, as determined by the county, prior to any further adjustments
21 pursuant to RCW 84.52.010. For purposes of this section "regular
22 property tax levy" shall mean a levy subject to the limitations
23 provided for in Article VII, section 2 of the state Constitution and/or
24 by statute.

25 **Sec. 26.** RCW 84.70.010 and 1999 sp.s. c 8 s 1 are each amended to
26 read as follows:

27 (1) If, on or before December 31 in any calendar year, any real or
28 personal property placed upon the assessment roll of that year is
29 destroyed in whole or in part, or is in an area that has been declared
30 a disaster area by the governor and has been reduced in value by more
31 than twenty percent as a result of a natural disaster, the ((assessed))
32 true and fair value of such property shall be reduced for that
33 assessment year by an amount determined by taking the ((assessed)) true
34 and fair value of such taxable property before destruction or reduction
35 in value and deduct therefrom the true and fair value of the remaining
36 property after destruction or reduction in value.

1 (2) Taxes levied for collection in the year in which the
2 ((assessed)) true and fair value has been reduced under subsection (1)
3 of this section shall be abated in whole or in part as provided in this
4 subsection. The amount of taxes to be abated shall be determined by
5 first multiplying the amount deducted from ((assessed)) the true and
6 fair value under subsection (1) of this section by the rate of levy
7 applicable to the property in the tax year. Then divide the product by
8 the number of days in the year and multiply the quotient by the number
9 of days remaining in the calendar year after the date of the
10 destruction or reduction in value of the property. If taxes abated
11 under this section have been paid, the amount paid shall be refunded
12 under RCW 84.69.020. For taxes levied for collection in 1998 and 1999,
13 this subsection (2) applies to property that is destroyed in whole or
14 in part, or is in an area that has been declared a disaster area by the
15 governor and has been reduced in value by more than twenty percent as
16 a result of a natural disaster. For taxes levied for collection in
17 2000 through 2004, this subsection (2) applies to property that is
18 destroyed in whole or in part, or is in an area that has been declared
19 a federal disaster area and has been reduced in value by more than
20 twenty percent as a result of a natural disaster. This subsection (2)
21 does not apply to taxes levied for collection in 2005 and thereafter.

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

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

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

33 (6) The taxpayer may appeal the amount of reduction to the county
34 board of equalization (~~((within thirty days of notification or July 1st~~
35 ~~of the year of reduction, whichever is later))~~) in accordance with the
36 provisions of RCW 84.40.038. The board shall reconvene, if necessary,
37 to hear the appeal.

1 NEW SECTION. **Sec. 27.** The following acts or parts of acts are
2 each repealed:

3 (1) RCW 84.04.018 ("Appraised value of property") and 1997 c 3 s
4 101;

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

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

11 (4) RCW 84.36.160 (Exemption of grains, flour, fruit, vegetables,
12 fish, and unprocessed timber--Definitions) and 1972 ex.s. c 30 s 1,
13 1971 ex.s. c 137 s 1, & 1961 c 15 s 84.36.160;

14 (5) RCW 84.36.161 (Exemption of grains, flour, fruit, vegetables,
15 fish, and unprocessed timber--Construction of RCW 84.36.140, 84.36.150,
16 84.36.160 and 84.36.162--Effect on other acts) and 1998 c 311 s 21 &
17 1961 c 15 s 84.36.161;

18 (6) RCW 84.36.162 (Exemption of grains, flour, fruit, vegetables,
19 fish, and unprocessed timber--Purpose) and 1961 c 15 s 84.36.162;

20 (7) RCW 84.36.176 (Plywood, hardboard and particle board panels in
21 transit) and 1967 ex.s. c 149 s 34;

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

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

26 (10) RCW 84.36.191 (Metals in cathode or bar form for sale and held
27 under negotiable warehouse receipt--Purpose and construction) and 1961
28 c 15 s 84.36.191;

29 (11) RCW 84.36.270 (Real property beneath air space dedicated to
30 public body for stadium facilities) and 1973 1st ex.s. c 195 s 95 &
31 1967 ex.s. c 117 s 1;

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

35 (13) RCW 84.36.290 (Real property beneath air space dedicated to
36 public body for stadium facilities--Taxes for school purposes not
37 affected) and 1967 ex.s. c 117 s 3;

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

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

7 (16) RCW 84.40.0305 (Assessed value--Determination--Limited value)
8 and 1997 c 3 s 105.

9 NEW SECTION. **Sec. 28.** The repeals in section 27 of this act do
10 not affect any existing right acquired or liability or obligation
11 incurred under the sections repealed or under any rule or order adopted
12 under those sections, nor do they affect any proceeding instituted
13 under those sections.

14 **Sec. 29.** RCW 84.70.010 and 1999 sp.s. c 8 s 1 are each amended to
15 read as follows:

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

26 (2) Taxes levied for collection in the year in which the assessed
27 value has been reduced under subsection (1) of this section shall be
28 abated in whole or in part as provided in this subsection. The amount
29 of taxes to be abated shall be determined by first multiplying the
30 amount deducted from assessed value under subsection (1) of this
31 section by the rate of levy applicable to the property in the tax year.
32 Then divide the product by the number of days in the year and multiply
33 the quotient by the number of days remaining in the calendar year after
34 the date of the destruction or reduction in value of the property. If
35 taxes abated under this section have been paid, the amount paid shall
36 be refunded under RCW 84.69.020. For taxes levied for collection in
37 1998 and 1999, this subsection (2) applies to property that is

1 destroyed in whole or in part, or is in an area that has been declared
2 a disaster area by the governor and has been reduced in value by more
3 than twenty percent as a result of a natural disaster. For taxes
4 levied for collection in 2000 through 2004, this subsection (2) applies
5 to property that is destroyed in whole or in part, or is in an area
6 that has been declared a federal disaster area and has been reduced in
7 value by more than twenty percent as a result of a natural disaster.
8 This subsection (2) does not apply to taxes levied for collection in
9 2005 and thereafter.

10 (3) No reduction in the assessed value or abatements shall be made
11 more than three years after the date of destruction or reduction in
12 value.

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

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

21 (6) The taxpayer may appeal the amount of reduction to the county
22 board of equalization (~~((within thirty days of notification or July 1st~~
23 ~~of the year of reduction, whichever is later))~~) in accordance with the
24 provisions of RCW 84.40.038. The board shall reconvene, if necessary,
25 to hear the appeal.

26 NEW SECTION. **Sec. 30.** The following acts or parts of acts are
27 each repealed:

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

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

34 (3) RCW 84.36.160 (Exemption of grains, flour, fruit, vegetables,
35 fish, and unprocessed timber--Definitions) and 1972 ex.s. c 30 s 1,
36 1971 ex.s. c 137 s 1, & 1961 c 15 s 84.36.160;

37 (4) RCW 84.36.161 (Exemption of grains, flour, fruit, vegetables,
38 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 (5) 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 (6) RCW 84.36.176 (Plywood, hardboard and particle board panels in
6 transit) and 1967 ex.s. c 149 s 34;

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

9 (8) 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 (9) 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 (10) 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 (11) 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 (12) 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 (13) 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; and

26 (14) 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.

29 NEW SECTION. **Sec. 31.** The repeals in section 30 of this act do
30 not affect any existing right acquired or liability or obligation
31 incurred under the sections repealed or under any rule or order adopted
32 under those sections, nor do they affect any proceeding instituted
33 under those sections.

34 NEW SECTION. **Sec. 32.** Sections 29, 30, and 31 of this act take
35 effect for taxes levied in 2001 for collection in 2002 and thereafter
36 if the proposed amendment to Article VII, section 1 of the state
37 Constitution providing for valuation increases to be phased in over a

1 period of four years is validly submitted to and is approved and
2 ratified by voters at the next general election. If the proposed
3 amendment is not approved and ratified, sections 29, 30, and 31 of this
4 act are null and void. If such proposed amendment is approved and
5 ratified, sections 2 through 13, 16 through 19, and 21 through 28 of
6 this act are null and void.

7 NEW SECTION. **Sec. 33.** This act applies for taxes levied in 2001
8 for collection in 2002 and thereafter.

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