

SENATE BILL REPORT

SB 5472

As Reported By Senate Committee On:
Land Use & Planning, February 17, 2003

Title: An act relating to a tax exemption for property that has declined in value due to shoreline regulation.

Brief Description: Providing a tax exemption for property that has declined in value due to shoreline regulation.

Sponsors: Senators Mulliken, Hewitt, Morton, McCaslin, T. Sheldon and Rasmussen.

Brief History:

Committee Activity: Land Use & Planning: 2/3/03, 2/17/03 [DPS, DNP].
Ways & Means: 2/19/03.

SENATE COMMITTEE ON LAND USE & PLANNING

Majority Report: That Substitute Senate Bill No. 5472 be substituted therefor, and the substitute bill do pass.

Signed by Senators Mulliken, Chair; McCaslin, Morton and T. Sheldon.

Minority Report: Do not pass.

Signed by Senator Kline.

Staff: Jennifer Arnold (786-7471)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: The Shoreline Management Act (SMA) governs the uses of state shorelines. The SMA requires counties and cities with shorelines of the state to adopt local shoreline master programs regulating land use activities in shoreline areas of the state and to enforce those master programs within their jurisdictions. All 39 counties and more than 200 cities have enacted master programs.

All real property and personal property in Washington is subject to property tax each year based on its value, unless a specific exemption is provided by law. The property tax liability is determined by multiplying the assessed value of real property, including the land itself, and all buildings, structures, or improvements or other fixtures upon the land, by the tax rate for each taxing district in which the property is located. Several exemptions from property tax exist in statute.

Summary of Substitute Bill: Property is exempt from state property taxes if the property's value has been reduced by at least 25 percent after November 20, 2002, as a result of shoreline master program regulation. This property tax exemption continues until the cumulative tax savings equals or exceeds the reduction in property value.

A process is specified for filing exemption claims and to establish the amount of the value reduction. Value reduction determinations may be made by either a county assessor or a state-certified general real estate appraiser and such determinations may be appealed to a county board of equalization. Value reduction determinations made by a county assessor are presumed correct, unless there is clear, cogent, and convincing evidence otherwise.

Taxing district levies must be reduced as needed to prevent exemptions from resulting in a higher tax rate.

Substitute Bill Compared to Original Bill: It is clarified that the county assessor's burden of proof remains the same as under current law. Any value reductions established by the county assessor in relation to tax exemptions for property that has declined in value are presumed correct, unless a party challenging the amount of the value reduction can establish by clear, cogent, and convincing evidence otherwise.

Appropriation: None.

Fiscal Note: Requested on January 28, 2003.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Land Use & Planning): None.

Testimony Against (Land Use & Planning): County assessors are concerned that (1) developed property is likely to be affected and this bill will result in shifting the tax burden and (2) the burden of proof for county assessors is changed, placing the burden of the amount of the value reduction on the assessment official, rather than the taxpayer.

Testified (Land Use & Planning): Scott Noble, WSACA King County Assessor (con).

Testimony For (Ways & Means): This issue arises anytime the 39 counties or 200 cities adopt regulation that result in devaluation of property. We cannot write them a check. This provides some relief.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Senator Mulliken, prime sponsor (pro).