
SUBSTITUTE HOUSE BILL 1846

State of Washington

59th Legislature

2005 Regular Session

By House Committee on Finance (originally sponsored by Representative McIntire; by request of Department of Revenue)

READ FIRST TIME 03/07/05.

1 AN ACT Relating to the clarification of property tax statutes;
2 amending RCW 84.33.140, 84.34.108, 84.52.020, 84.52.054, 84.52.070,
3 84.69.020, and 84.70.010; reenacting and amending RCW 84.52.010;
4 creating a new section; and repealing RCW 84.55.012 and 84.55.0121.

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

6 **Sec. 1.** RCW 84.33.140 and 2003 c 170 s 5 are each amended to read
7 as follows:

8 (1) When land has been designated as forest land under RCW
9 84.33.130, a notation of the designation shall be made each year upon
10 the assessment and tax rolls. A copy of the notice of approval
11 together with the legal description or assessor's parcel numbers for
12 the land shall, at the expense of the applicant, be filed by the
13 assessor in the same manner as deeds are recorded.

14 (2) In preparing the assessment roll as of January 1, 2002, for
15 taxes payable in 2003 and each January 1st thereafter, the assessor
16 shall list each parcel of designated forest land at a value with
17 respect to the grade and class provided in this subsection and adjusted
18 as provided in subsection (3) of this section. The assessor shall
19 compute the assessed value of the land using the same assessment ratio

1 applied generally in computing the assessed value of other property in
2 the county. Values for the several grades of bare forest land shall be
3 as follows:

| 4 | LAND | OPERABILITY | VALUES |
|----|-------|-------------|----------|
| 5 | GRADE | CLASS | PER ACRE |
| 6 | | 1 | \$234 |
| 7 | 1 | 2 | 229 |
| 8 | | 3 | 217 |
| 9 | | 4 | 157 |
| 10 | | 1 | 198 |
| 11 | 2 | 2 | 190 |
| 12 | | 3 | 183 |
| 13 | | 4 | 132 |
| 14 | | 1 | 154 |
| 15 | 3 | 2 | 149 |
| 16 | | 3 | 148 |
| 17 | | 4 | 113 |
| 18 | | 1 | 117 |
| 19 | 4 | 2 | 114 |
| 20 | | 3 | 113 |
| 21 | | 4 | 86 |
| 22 | | 1 | 85 |
| 23 | 5 | 2 | 78 |
| 24 | | 3 | 77 |
| 25 | | 4 | 52 |
| 26 | | 1 | 43 |
| 27 | 6 | 2 | 39 |
| 28 | | 3 | 39 |
| 29 | | 4 | 37 |
| 30 | | 1 | 21 |
| 31 | 7 | 2 | 21 |
| 32 | | 3 | 20 |
| 33 | | 4 | 20 |
| 34 | 8 | | 1 |

35 (3) On or before December 31, 2001, the department shall adjust by
36 rule under chapter 34.05 RCW, the forest land values contained in

1 subsection (2) of this section in accordance with this subsection, and
2 shall certify the adjusted values to the assessor who will use these
3 values in preparing the assessment roll as of January 1, 2002. For the
4 adjustment to be made on or before December 31, 2001, for use in the
5 2002 assessment year, the department shall:

6 (a) Divide the aggregate value of all timber harvested within the
7 state between July 1, 1996, and June 30, 2001, by the aggregate harvest
8 volume for the same period, as determined from the harvester excise tax
9 returns filed with the department under RCW 84.33.074; and

10 (b) Divide the aggregate value of all timber harvested within the
11 state between July 1, 1995, and June 30, 2000, by the aggregate harvest
12 volume for the same period, as determined from the harvester excise tax
13 returns filed with the department under RCW 84.33.074; and

14 (c) Adjust the forest land values contained in subsection (2) of
15 this section by a percentage equal to one-half of the percentage change
16 in the average values of harvested timber reflected by comparing the
17 resultant values calculated under (a) and (b) of this subsection.

18 (4) For the adjustments to be made on or before December 31, 2002,
19 and each succeeding year thereafter, the same procedure described in
20 subsection (3) of this section shall be followed using harvester excise
21 tax returns filed under RCW 84.33.074. However, this adjustment shall
22 be made to the prior year's adjusted value, and the five-year periods
23 for calculating average harvested timber values shall be successively
24 one year more recent.

25 (5) Land graded, assessed, and valued as forest land shall continue
26 to be so graded, assessed, and valued until removal of designation by
27 the assessor upon the occurrence of any of the following:

28 (a) Receipt of notice from the owner to remove the designation;

29 (b) Sale or transfer to an ownership making the land exempt from ad
30 valorem taxation;

31 (c) Sale or transfer of all or a portion of the land to a new
32 owner, unless the new owner has signed a notice of forest land
33 designation continuance, except transfer to an owner who is an heir or
34 devisee of a deceased owner, shall not, by itself, result in removal of
35 designation. The signed notice of continuance shall be attached to the
36 real estate excise tax affidavit provided for in RCW 82.45.150. The
37 notice of continuance shall be on a form prepared by the department.
38 If the notice of continuance is not signed by the new owner and

1 attached to the real estate excise tax affidavit, all compensating
2 taxes calculated under subsection (11) of this section shall become due
3 and payable by the seller or transferor at time of sale. The auditor
4 shall not accept an instrument of conveyance regarding designated
5 forest land for filing or recording unless the new owner has signed the
6 notice of continuance or the compensating tax has been paid, as
7 evidenced by the real estate excise tax stamp affixed thereto by the
8 treasurer. The seller, transferor, or new owner may appeal the new
9 assessed valuation calculated under subsection (11) of this section to
10 the county board of equalization in accordance with the provisions of
11 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of
12 equalization to hear these appeals;

13 (d) Determination by the assessor, after giving the owner written
14 notice and an opportunity to be heard, that:

15 (i) The land is no longer primarily devoted to and used for growing
16 and harvesting timber. However, land shall not be removed from
17 designation if a governmental agency, organization, or other recipient
18 identified in subsection (13) or (14) of this section as exempt from
19 the payment of compensating tax has manifested its intent in writing or
20 by other official action to acquire a property interest in the
21 designated forest land by means of a transaction that qualifies for an
22 exemption under subsection (13) or (14) of this section. The
23 governmental agency, organization, or recipient shall annually provide
24 the assessor of the county in which the land is located reasonable
25 evidence in writing of the intent to acquire the designated land as
26 long as the intent continues or within sixty days of a request by the
27 assessor. The assessor may not request this evidence more than once in
28 a calendar year;

29 (ii) The owner has failed to comply with a final administrative or
30 judicial order with respect to a violation of the restocking, forest
31 management, fire protection, insect and disease control, and forest
32 debris provisions of Title 76 RCW or any applicable rules under Title
33 76 RCW; or

34 (iii) Restocking has not occurred to the extent or within the time
35 specified in the application for designation of such land.

36 (6) Land shall not be removed from designation if there is a
37 governmental restriction that prohibits, in whole or in part, the owner
38 from harvesting timber from the owner's designated forest land. If

1 only a portion of the parcel is impacted by governmental restrictions
2 of this nature, the restrictions cannot be used as a basis to remove
3 the remainder of the forest land from designation under this chapter.
4 For the purposes of this section, "governmental restrictions" includes:
5 (a) Any law, regulation, rule, ordinance, program, or other action
6 adopted or taken by a federal, state, county, city, or other
7 governmental entity; or (b) the land's zoning or its presence within an
8 urban growth area designated under RCW 36.70A.110.

9 (7) The assessor shall have the option of requiring an owner of
10 forest land to file a timber management plan with the assessor upon the
11 occurrence of one of the following:

12 (a) An application for designation as forest land is submitted; or

13 (b) Designated forest land is sold or transferred and a notice of
14 continuance, described in subsection (5)(c) of this section, is signed.

15 (8) If land is removed from designation because of any of the
16 circumstances listed in subsection (5)(a) through (c) of this section,
17 the removal shall apply only to the land affected. If land is removed
18 from designation because of subsection (5)(d) of this section, the
19 removal shall apply only to the actual area of land that is no longer
20 primarily devoted to the growing and harvesting of timber, without
21 regard to any other land that may have been included in the application
22 and approved for designation, as long as the remaining designated
23 forest land meets the definition of forest land contained in RCW
24 84.33.035.

25 (9) Within thirty days after the removal of designation as forest
26 land, the assessor shall notify the owner in writing, setting forth the
27 reasons for the removal. The seller, transferor, or owner may appeal
28 the removal to the county board of equalization in accordance with the
29 provisions of RCW 84.40.038.

30 (10) Unless the removal is reversed on appeal a copy of the notice
31 of removal with a notation of the action, if any, upon appeal, together
32 with the legal description or assessor's parcel numbers for the land
33 removed from designation shall, at the expense of the applicant, be
34 filed by the assessor in the same manner as deeds are recorded and a
35 notation of removal from designation shall immediately be made upon the
36 assessment and tax rolls. The assessor shall revalue the land to be
37 removed with reference to its true and fair value as of January 1st of
38 the year of removal from designation. Both the assessed value before

1 and after the removal of designation shall be listed. Taxes based on
2 the value of the land as forest land shall be assessed and payable up
3 until the date of removal and taxes based on the true and fair value of
4 the land shall be assessed and payable from the date of removal from
5 designation.

6 (11) Except as provided in subsection (5)(c), (13), or (14) of this
7 section, a compensating tax shall be imposed on land removed from
8 designation as forest land. The compensating tax shall be due and
9 payable to the treasurer thirty days after the owner is notified of the
10 amount of this tax. As soon as possible after the land is removed from
11 designation, the assessor shall compute the amount of compensating tax
12 and mail a notice to the owner of the amount of compensating tax owed
13 and the date on which payment of this tax is due. The amount of
14 compensating tax shall be equal to the difference between the amount of
15 tax last levied on the land as designated forest land and an amount
16 equal to the new assessed value of the land multiplied by the dollar
17 rate of the last levy extended against the land, multiplied by a
18 number, in no event greater than nine, equal to the number of years for
19 which the land was designated as forest land, plus compensating taxes
20 on the land at forest land values up until the date of removal and the
21 prorated taxes on the land at true and fair value from the date of
22 removal to the end of the current tax year.

23 (12) Compensating tax, together with applicable interest thereon,
24 shall become a lien on the land which shall attach at the time the land
25 is removed from designation as forest land and shall have priority to
26 and shall be fully paid and satisfied before any recognizance,
27 mortgage, judgment, debt, obligation, or responsibility to or with
28 which the land may become charged or liable. The lien may be
29 foreclosed upon expiration of the same period after delinquency and in
30 the same manner provided by law for foreclosure of liens for delinquent
31 real property taxes as provided in RCW 84.64.050. Any compensating tax
32 unpaid on its due date shall thereupon become delinquent. From the
33 date of delinquency until paid, interest shall be charged at the same
34 rate applied by law to delinquent ad valorem property taxes.

35 (13) The compensating tax specified in subsection (11) of this
36 section shall not be imposed if the removal of designation under
37 subsection (5) of this section resulted solely from:

1 (a) Transfer to a government entity in exchange for other forest
2 land located within the state of Washington;

3 (b) A taking through the exercise of the power of eminent domain,
4 or sale or transfer to an entity having the power of eminent domain in
5 anticipation of the exercise of such power;

6 (c) A donation of fee title, development rights, or the right to
7 harvest timber, to a government agency or organization qualified under
8 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
9 sections, or the sale or transfer of fee title to a governmental entity
10 or a nonprofit nature conservancy corporation, as defined in RCW
11 64.04.130, exclusively for the protection and conservation of lands
12 recommended for state natural area preserve purposes by the natural
13 heritage council and natural heritage plan as defined in chapter 79.70
14 RCW. At such time as the land is not used for the purposes enumerated,
15 the compensating tax specified in subsection (11) of this section shall
16 be imposed upon the current owner;

17 (d) The sale or transfer of fee title to the parks and recreation
18 commission for park and recreation purposes;

19 (e) Official action by an agency of the state of Washington or by
20 the county or city within which the land is located that disallows the
21 present use of the land;

22 (f) The creation, sale, or transfer of forestry riparian easements
23 under RCW 76.13.120;

24 (g) The creation, sale, or transfer of a fee interest or a
25 conservation easement for the riparian open space program under RCW
26 76.09.040; or

27 (h) The sale or transfer of land within two years after the death
28 of the owner of at least a fifty percent interest in the land if the
29 land has been assessed and valued as classified forest land, designated
30 as forest land under this chapter, or classified under chapter 84.34
31 RCW continuously since 1993. The date of death shown on a death
32 certificate is the date used for the purposes of this subsection
33 (13)(h)((~~;~~ ~~or~~

34 ~~(i) The sale or transfer of land after the death of the owner of at~~
35 ~~least a fifty percent interest in the land if the land has been~~
36 ~~assessed and valued as classified forest land, designated as forest~~
37 ~~land under this chapter, or classified under chapter 84.34 RCW~~
38 ~~continuously since 1993 and the sale or transfer takes place after July~~

1 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
2 ~~occurred after January 1, 1991. The date of death shown on a death~~
3 ~~certificate is the date used for the purposes of this subsection~~
4 ~~(13)(i)).~~

5 (14) In a county with a population of more than one million
6 inhabitants, the compensating tax specified in subsection (11) of this
7 section shall not be imposed if the removal of designation as forest
8 land under subsection (5) of this section resulted solely from:

9 (a) An action described in subsection (13) of this section; or

10 (b) A transfer of a property interest to a government entity, or to
11 a nonprofit historic preservation corporation or nonprofit nature
12 conservancy corporation, as defined in RCW 64.04.130, to protect or
13 enhance public resources, or to preserve, maintain, improve, restore,
14 limit the future use of, or otherwise to conserve for public use or
15 enjoyment, the property interest being transferred. At such time as
16 the property interest is not used for the purposes enumerated, the
17 compensating tax shall be imposed upon the current owner.

18 **Sec. 2.** RCW 84.34.108 and 2003 c 170 s 6 are each amended to read
19 as follows:

20 (1) When land has once been classified under this chapter, a
21 notation of the classification shall be made each year upon the
22 assessment and tax rolls and the land shall be valued pursuant to RCW
23 84.34.060 or 84.34.065 until removal of all or a portion of the
24 classification by the assessor upon occurrence of any of the following:

25 (a) Receipt of notice from the owner to remove all or a portion of
26 the classification;

27 (b) Sale or transfer to an ownership, except a transfer that
28 resulted from a default in loan payments made to or secured by a
29 governmental agency that intends to or is required by law or regulation
30 to resell the property for the same use as before, making all or a
31 portion of the land exempt from ad valorem taxation;

32 (c) Sale or transfer of all or a portion of the land to a new
33 owner, unless the new owner has signed a notice of classification
34 continuance, except transfer to an owner who is an heir or devisee of
35 a deceased owner shall not, by itself, result in removal of
36 classification. The notice of continuance shall be on a form prepared
37 by the department. If the notice of continuance is not signed by the

1 new owner and attached to the real estate excise tax affidavit, all
2 additional taxes calculated pursuant to subsection (4) of this section
3 shall become due and payable by the seller or transferor at time of
4 sale. The auditor shall not accept an instrument of conveyance
5 regarding classified land for filing or recording unless the new owner
6 has signed the notice of continuance or the additional tax has been
7 paid, as evidenced by the real estate excise tax stamp affixed thereto
8 by the treasurer. The seller, transferor, or new owner may appeal the
9 new assessed valuation calculated under subsection (4) of this section
10 to the county board of equalization in accordance with the provisions
11 of RCW 84.40.038. Jurisdiction is hereby conferred on the county board
12 of equalization to hear these appeals;

13 (d) Determination by the assessor, after giving the owner written
14 notice and an opportunity to be heard, that all or a portion of the
15 land no longer meets the criteria for classification under this
16 chapter. The criteria for classification pursuant to this chapter
17 continue to apply after classification has been granted.

18 The granting authority, upon request of an assessor, shall provide
19 reasonable assistance to the assessor in making a determination whether
20 the land continues to meet the qualifications of RCW 84.34.020 (1) or
21 (3). The assistance shall be provided within thirty days of receipt of
22 the request.

23 (2) Land may not be removed from classification because of:

24 (a) The creation, sale, or transfer of forestry riparian easements
25 under RCW 76.13.120; or

26 (b) The creation, sale, or transfer of a fee interest or a
27 conservation easement for the riparian open space program under RCW
28 76.09.040.

29 (3) Within thirty days after such removal of all or a portion of
30 the land from current use classification, the assessor shall notify the
31 owner in writing, setting forth the reasons for the removal. The
32 seller, transferor, or owner may appeal the removal to the county board
33 of equalization in accordance with the provisions of RCW 84.40.038.

34 (4) Unless the removal is reversed on appeal, the assessor shall
35 revalue the affected land with reference to its true and fair value on
36 January 1st of the year of removal from classification. Both the
37 assessed valuation before and after the removal of classification shall
38 be listed and taxes shall be allocated according to that part of the

1 year to which each assessed valuation applies. Except as provided in
2 subsection (6) of this section, an additional tax, applicable interest,
3 and penalty shall be imposed which shall be due and payable to the
4 treasurer thirty days after the owner is notified of the amount of the
5 additional tax. As soon as possible, the assessor shall compute the
6 amount of additional tax, applicable interest, and penalty and the
7 treasurer shall mail notice to the owner of the amount thereof and the
8 date on which payment is due. The amount of the additional tax,
9 applicable interest, and penalty shall be determined as follows:

10 (a) The amount of additional tax shall be equal to the difference
11 between the property tax paid as "open space land", "farm and
12 agricultural land", or "timber land" and the amount of property tax
13 otherwise due and payable for the seven years last past had the land
14 not been so classified;

15 (b) The amount of applicable interest shall be equal to the
16 interest upon the amounts of the additional tax paid at the same
17 statutory rate charged on delinquent property taxes from the dates on
18 which the additional tax could have been paid without penalty if the
19 land had been assessed at a value without regard to this chapter;

20 (c) The amount of the penalty shall be as provided in RCW
21 84.34.080. The penalty shall not be imposed if the removal satisfies
22 the conditions of RCW 84.34.070.

23 (5) Additional tax, applicable interest, and penalty, shall become
24 a lien on the land which shall attach at the time the land is removed
25 from classification under this chapter and shall have priority to and
26 shall be fully paid and satisfied before any recognizance, mortgage,
27 judgment, debt, obligation or responsibility to or with which the land
28 may become charged or liable. This lien may be foreclosed upon
29 expiration of the same period after delinquency and in the same manner
30 provided by law for foreclosure of liens for delinquent real property
31 taxes as provided in RCW 84.64.050 now or as hereafter amended. Any
32 additional tax unpaid on its due date shall thereupon become
33 delinquent. From the date of delinquency until paid, interest shall be
34 charged at the same rate applied by law to delinquent ad valorem
35 property taxes.

36 (6) The additional tax, applicable interest, and penalty specified
37 in subsection (4) of this section shall not be imposed if the removal

1 of classification pursuant to subsection (1) of this section resulted
2 solely from:

3 (a) Transfer to a government entity in exchange for other land
4 located within the state of Washington;

5 (b)(i) A taking through the exercise of the power of eminent
6 domain, or (ii) sale or transfer to an entity having the power of
7 eminent domain in anticipation of the exercise of such power, said
8 entity having manifested its intent in writing or by other official
9 action;

10 (c) A natural disaster such as a flood, windstorm, earthquake, or
11 other such calamity rather than by virtue of the act of the landowner
12 changing the use of the property;

13 (d) Official action by an agency of the state of Washington or by
14 the county or city within which the land is located which disallows the
15 present use of the land;

16 (e) Transfer of land to a church when the land would qualify for
17 exemption pursuant to RCW 84.36.020;

18 (f) Acquisition of property interests by state agencies or agencies
19 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
20 purposes enumerated in those sections. At such time as these property
21 interests are not used for the purposes enumerated in RCW 84.34.210 and
22 64.04.130 the additional tax specified in subsection (4) of this
23 section shall be imposed;

24 (g) Removal of land classified as farm and agricultural land under
25 RCW 84.34.020(2)(e);

26 (h) Removal of land from classification after enactment of a
27 statutory exemption that qualifies the land for exemption and receipt
28 of notice from the owner to remove the land from classification;

29 (i) The creation, sale, or transfer of forestry riparian easements
30 under RCW 76.13.120;

31 (j) The creation, sale, or transfer of a fee interest or a
32 conservation easement for the riparian open space program under RCW
33 76.09.040; or

34 (k) The sale or transfer of land within two years after the death
35 of the owner of at least a fifty percent interest in the land if the
36 land has been assessed and valued as classified forest land, designated
37 as forest land under chapter 84.33 RCW, or classified under this

1 chapter continuously since 1993. The date of death shown on a death
2 certificate is the date used for the purposes of this subsection
3 (6)(k)(~~i~~ or

4 ~~(1) The sale or transfer of land after the death of the owner of at~~
5 ~~least a fifty percent interest in the land if the land has been~~
6 ~~assessed and valued as classified forest land, designated as forest~~
7 ~~land under chapter 84.33 RCW, or classified under this chapter~~
8 ~~continuously since 1993 and the sale or transfer takes place after July~~
9 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
10 ~~occurred after January 1, 1991. The date of death shown on a death~~
11 ~~certificate is the date used for the purpose of this subsection~~
12 ~~(6)(1)))).~~

13 **Sec. 3.** RCW 84.52.010 and 2004 c 129 s 21 and 2004 c 80 s 3 are
14 each reenacted and amended to read as follows:

15 Except as is permitted under RCW 84.55.050, all taxes shall be
16 levied or voted in specific amounts.

17 The rate percent of all taxes for state and county purposes, and
18 purposes of taxing districts coextensive with the county, shall be
19 determined, calculated and fixed by the county assessors of the
20 respective counties, within the limitations provided by law, upon the
21 assessed valuation of the property of the county, as shown by the
22 completed tax rolls of the county, and the rate percent of all taxes
23 levied for purposes of taxing districts within any county shall be
24 determined, calculated and fixed by the county assessors of the
25 respective counties, within the limitations provided by law, upon the
26 assessed valuation of the property of the taxing districts
27 respectively.

28 When a county assessor finds that the aggregate rate of tax levy on
29 any property, that is subject to the limitations set forth in RCW
30 84.52.043 or 84.52.050, exceeds the limitations provided in either of
31 these sections, the assessor shall recompute and establish a
32 consolidated levy in the following manner:

33 (1) The full certified rates of tax levy for state, county, county
34 road district, and city or town purposes shall be extended on the tax
35 rolls in amounts not exceeding the limitations established by law;
36 however any state levy shall take precedence over all other levies and
37 shall not be reduced for any purpose other than that required by RCW

1 84.55.010. If, as a result of the levies imposed under RCW 84.52.135,
2 36.54.130, 84.52.069, 84.34.230, the portion of the levy by a
3 metropolitan park district that was protected under RCW 84.52.120, and
4 84.52.105, the combined rate of regular property tax levies that are
5 subject to the one percent limitation exceeds one percent of the true
6 and fair value of any property, then these levies shall be reduced as
7 follows:

8 (a) The levy imposed by a county under RCW 84.52.135 must be
9 reduced until the combined rate no longer exceeds one percent of the
10 true and fair value of any property or must be eliminated;

11 (b) If the combined rate of regular property tax levies that are
12 subject to the one percent limitation still exceeds one percent of the
13 true and fair value of any property, the levy imposed by a ferry
14 district under RCW 36.54.130 must be reduced until the combined rate no
15 longer exceeds one percent of the true and fair value of any property
16 or must be eliminated;

17 (c) If the combined rate of regular property tax levies that are
18 subject to the one percent limitation still exceeds one percent of the
19 true and fair value of any property, the portion of the levy by a
20 metropolitan park district that is protected under RCW 84.52.120 shall
21 be reduced until the combined rate no longer exceeds one percent of the
22 true and fair value of any property or shall be eliminated;

23 (d) If the combined rate of regular property tax levies that are
24 subject to the one percent limitation still exceeds one percent of the
25 true and fair value of any property, then the levies imposed under RCW
26 84.34.230, 84.52.105, and any portion of the levy imposed under RCW
27 84.52.069 that is in excess of thirty cents per thousand dollars of
28 assessed value, shall be reduced on a pro rata basis until the combined
29 rate no longer exceeds one percent of the true and fair value of any
30 property or shall be eliminated; and

31 (e) If the combined rate of regular property tax levies that are
32 subject to the one percent limitation still exceeds one percent of the
33 true and fair value of any property, then the thirty cents per thousand
34 dollars of assessed value of tax levy imposed under RCW 84.52.069 shall
35 be reduced until the combined rate no longer exceeds one percent of the
36 true and fair value of any property or eliminated.

37 (2) The certified rates of tax levy subject to these limitations by

1 all junior taxing districts imposing taxes on such property shall be
2 reduced or eliminated as follows to bring the consolidated levy of
3 taxes on such property within the provisions of these limitations:

4 (a) First, the certified property tax levy rates of those junior
5 taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100,
6 and 67.38.130 shall be reduced on a pro rata basis or eliminated;

7 (b) Second, if the consolidated tax levy rate still exceeds these
8 limitations, the certified property tax levy rates of flood control
9 zone districts shall be reduced on a pro rata basis or eliminated;

10 (c) Third, if the consolidated tax levy rate still exceeds these
11 limitations, the certified property tax levy rates of all other junior
12 taxing districts, other than fire protection districts, regional fire
13 protection service authorities, library districts, the first fifty cent
14 per thousand dollars of assessed valuation levies for metropolitan park
15 districts, and the first fifty cent per thousand dollars of assessed
16 valuation levies for public hospital districts, shall be reduced on a
17 pro rata basis or eliminated;

18 (d) Fourth, if the consolidated tax levy rate still exceeds these
19 limitations, the first fifty cent per thousand dollars of assessed
20 valuation levies for metropolitan park districts created on or after
21 January 1, 2002, shall be reduced on a pro rata basis or eliminated;

22 (e) Fifth, if the consolidated tax levy rate still exceeds these
23 limitations, the certified property tax levy rates authorized (~~to~~
24 ~~regional fire protection service authorities under RCW 52.26.140(1) (b)~~
25 ~~and (c) and~~) for fire protection districts under RCW 52.16.140 and
26 52.16.160 and regional fire protection service authorities under RCW
27 52.26.140(1) (b) and (c) shall be reduced on a pro rata basis or
28 eliminated; and

29 (f) Sixth, if the consolidated tax levy rate still exceeds these
30 limitations, the certified property tax levy rates authorized for
31 (~~regional fire protection service authorities under RCW~~
32 ~~52.26.140(1)(a),~~) fire protection districts under RCW 52.16.130,
33 regional fire protection service authorities under RCW 52.26.140(1)(a),
34 library districts, metropolitan park districts created before January
35 1, 2002, under their first fifty cent per thousand dollars of assessed
36 valuation levy, and public hospital districts under their first fifty
37 cent per thousand dollars of assessed valuation levy, shall be reduced
38 on a pro rata basis or eliminated.

1 **Sec. 4.** RCW 84.52.020 and 1994 c 81 s 85 are each amended to read
2 as follows:

3 It shall be the duty of the city council or other governing body of
4 every city, other than a city having a population of three hundred
5 thousand or more, the board of directors of school districts of the
6 first class, the superintendent of each educational service district
7 for each constituent second class school district, commissioners of
8 port districts, commissioners of metropolitan park districts, and of
9 all officials or boards of taxing districts within or coextensive with
10 any county required by law to certify to the county legislative
11 authority, for the purpose of levying district taxes, budgets or
12 estimates of the amounts to be raised by taxation on the assessed
13 valuation of the property in the city or district, through their chair
14 and clerk, or secretary, to make and file such certified budget or
15 estimates with the clerk of the county legislative authority on or
16 before the fifteenth day of November. However, if a statute specifies
17 a date other than the fifteenth day of November by which a taxing
18 district is required to file such information with the clerk of the
19 county legislative authority, the budget or estimates of the amounts to
20 be raised by taxation in the district shall be filed with the clerk on
21 or before the date in that statute, rather than the fifteenth of
22 November as provided in this section.

23 **Sec. 5.** RCW 84.52.054 and 1986 c 133 s 2 are each amended to read
24 as follows:

25 The additional tax provided for in ~~((subparagraph (a) of the~~
26 ~~seventeenth amendment to)) Article VII, section 2 of the state~~
27 ~~Constitution ((as amended by Amendment 59 and as thereafter amended)),~~
28 and specifically authorized by RCW 84.52.052, ~~((as now or hereafter~~
29 ~~amended, and RCW)) 84.52.053 ((and)), 84.52.0531, and 84.52.130 shall~~
30 be set forth in terms of dollars on the ballot of the proposition to be
31 submitted to the voters, together with an estimate of the dollar rate
32 of tax levy that will be required to produce the dollar amount; and the
33 county assessor, in spreading this tax upon the rolls, shall determine
34 the eventual dollar rate required to produce the amount of dollars so
35 voted upon, regardless of the estimate of dollar rate of tax levy
36 carried in said proposition. In the case of a school district or fire
37 protection district proposition for a particular period, the dollar

1 amount and the corresponding estimate of the dollar rate of tax levy
2 shall be set forth for each of the years in that period. The dollar
3 amount for each annual levy in the particular period may be equal or in
4 different amounts.

5 **Sec. 6.** RCW 84.52.070 and 1994 c 81 s 86 are each amended to read
6 as follows:

7 It shall be the duty of the county legislative authority of each
8 county, on or before the thirtieth day of November in each year, to
9 certify to the county assessor of the county the amount of taxes levied
10 upon the property in the county for county purposes, and the respective
11 amounts of taxes levied by the board for each taxing district, within
12 or coextensive with the county, for district purposes, and it shall be
13 the duty of the council of each city having a population of three
14 hundred thousand or more, and of the council of each town, and of all
15 officials or boards of taxing districts within or coextensive with the
16 county, authorized by law to levy taxes directly and not through the
17 county legislative authority, on or before the thirtieth day of
18 November in each year, to certify to the county assessor of the county
19 the amount of taxes levied upon the property within the city, town, or
20 district for city, town, or district purposes. However, the
21 certification required under this section shall be delayed if a statute
22 specifies a date other than the fifteenth day of November by which a
23 taxing district is required to file a budget or estimates of the
24 amounts to be raised by taxation in accordance with RCW 84.52.020. If
25 a levy amount is not certified to the county assessor by the thirtieth
26 day of November or by any other date statutorily specified, the county
27 assessor shall use no more than the certified levy amount for the
28 previous year for the taxing district: PROVIDED, That this shall not
29 apply to the state levy or when the assessor has not certified assessed
30 values as required by RCW 84.48.130 at least twelve working days prior
31 to November 30th.

32 **Sec. 7.** RCW 84.69.020 and 2002 c 168 s 11 are each amended to read
33 as follows:

34 On the order of the county treasurer, ad valorem taxes paid before
35 or after delinquency shall be refunded if they were:

36 (1) Paid more than once;

- 1 (2) Paid as a result of manifest error in description;
- 2 (3) Paid as a result of a clerical error in extending the tax
3 rolls;
- 4 (4) Paid as a result of other clerical errors in listing property;
- 5 (5) Paid with respect to improvements which did not exist on
6 assessment date;
- 7 (6) Paid under levies or statutes adjudicated to be illegal or
8 unconstitutional;
- 9 (7) Paid as a result of mistake, inadvertence, or lack of knowledge
10 by any person exempted from paying real property taxes or a portion
11 thereof pursuant to RCW 84.36.381 through 84.36.389, as now or
12 hereafter amended;
- 13 (8) Paid as a result of mistake, inadvertence, or lack of knowledge
14 by either a public official or employee or by any person with respect
15 to real property in which the person paying the same has no legal
16 interest;
- 17 (9) Paid on the basis of an assessed valuation which was appealed
18 to the county board of equalization and ordered reduced by the board;
- 19 (10) Paid on the basis of an assessed valuation which was appealed
20 to the state board of tax appeals and ordered reduced by the board:
21 PROVIDED, That the amount refunded under subsections (9) and (10) of
22 this section shall only be for the difference between the tax paid on
23 the basis of the appealed valuation and the tax payable on the
24 valuation adjusted in accordance with the board's order;
- 25 (11) Paid as a state property tax levied upon property, the
26 assessed value of which has been established by the state board of tax
27 appeals for the year of such levy: PROVIDED, HOWEVER, That the amount
28 refunded shall only be for the difference between the state property
29 tax paid and the amount of state property tax which would, when added
30 to all other property taxes within the one percent limitation of
31 Article VII, section 2 of the state Constitution equal one percent of
32 the assessed value established by the board;
- 33 (12) Paid on the basis of an assessed valuation which was
34 adjudicated to be unlawful or excessive: PROVIDED, That the amount
35 refunded shall be for the difference between the amount of tax which
36 was paid on the basis of the valuation adjudged unlawful or excessive
37 and the amount of tax payable on the basis of the assessed valuation
38 determined as a result of the proceeding;

1 (13) Paid on property acquired under RCW 84.60.050, and canceled
2 under RCW 84.60.050(2);

3 (14) Paid on the basis of an assessed valuation that was reduced
4 under RCW 84.48.065; or

5 (15) Paid on the basis of an assessed valuation that was reduced
6 under RCW 84.40.039(~~or~~

7 ~~(16) Abated under RCW 84.70.010~~)).

8 No refunds under the provisions of this section shall be made
9 because of any error in determining the valuation of property, except
10 as authorized in subsections (9), (10), (11), and (12) of this section
11 nor may any refunds be made if a bona fide purchaser has acquired
12 rights that would preclude the assessment and collection of the
13 refunded tax from the property that should properly have been charged
14 with the tax. Any refunds made on delinquent taxes shall include the
15 proportionate amount of interest and penalties paid. However, refunds
16 as a result of an incorrect payment authorized under subsection (8) of
17 this section made by a third party payee shall not include refund
18 interest. The county treasurer may deduct from moneys collected for
19 the benefit of the state's levy, refunds of the state levy including
20 interest on the levy as provided by this section and chapter 84.68 RCW.

21 The county treasurer of each county shall make all refunds
22 determined to be authorized by this section, and by the first Monday in
23 February of each year, report to the county legislative authority a
24 list of all refunds made under this section during the previous year.
25 The list is to include the name of the person receiving the refund, the
26 amount of the refund, and the reason for the refund.

27 **Sec. 8.** RCW 84.70.010 and 2001 c 187 s 26 are each amended to read
28 as follows:

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

1 therefrom the true and fair value of the remaining property after
2 destruction or reduction in value.

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

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

27 ~~((4))~~ (3) The assessor shall make such reduction on his or her
28 own motion; however, the taxpayer may make application for reduction on
29 forms prepared by the department and provided by the assessor. The
30 assessor shall notify the taxpayer of the amount of reduction.

31 ~~((5))~~ (4) If destroyed property is replaced prior to the
32 valuation dates contained in RCW 36.21.080 and 36.21.090, the total
33 taxable value for that assessment year shall not exceed the value as of
34 the appropriate valuation date in RCW 36.21.080 or 36.21.090, whichever
35 is appropriate.

36 ~~((6))~~ (5) The taxpayer may appeal the amount of reduction to the
37 county board of equalization in accordance with the provisions of RCW

1 84.40.038. The board shall reconvene, if necessary, to hear the
2 appeal.

3 NEW SECTION. **Sec. 9.** The following acts or parts of acts are each
4 repealed:

5 (1) RCW 84.55.012 (Reduction of property tax levy--Setting amount
6 of future levies) and 1997 c 2 s 1 & 1995 2nd sp.s. c 13 s 2; and

7 (2) RCW 84.55.0121 (Reduction of property tax levy for collection
8 in 1998) and 1997 c 3 s 301.

9 NEW SECTION. **Sec. 10.** This act applies to taxes levied for
10 collection in 2006 and thereafter.

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