
SENATE BILL 5845

State of Washington 59th Legislature 2005 Regular Session

By Senator Pridemore; by request of Department of Revenue

Read first time 02/09/2005. Referred to Committee on Ways & Means.

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 84.55.010, 84.55.120, 84.56.440, 84.69.020, and 84.70.010; reenacting
4 and amending RCW 84.52.010; creating a new section; and repealing RCW
5 84.55.012, 84.55.0121, and 84.55.092.

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

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

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

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

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

5	LAND	OPERABILITY	VALUES
6	GRADE	CLASS	PER ACRE
7		1	\$234
8	1	2	229
9		3	217
10		4	157
11		1	198
12	2	2	190
13		3	183
14		4	132
15		1	154
16	3	2	149
17		3	148
18		4	113
19		1	117
20	4	2	114
21		3	113
22		4	86
23		1	85
24	5	2	78
25		3	77
26		4	52
27		1	43
28	6	2	39
29		3	39
30		4	37
31		1	21
32	7	2	21
33		3	20
34		4	20
35	8		1

1 (3) On or before December 31, 2001, the department shall adjust by
2 rule under chapter 34.05 RCW, the forest land values contained in
3 subsection (2) of this section in accordance with this subsection, and
4 shall certify the adjusted values to the assessor who will use these
5 values in preparing the assessment roll as of January 1, 2002. For the
6 adjustment to be made on or before December 31, 2001, for use in the
7 2002 assessment year, the department shall:

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

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

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

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

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

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

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

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

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

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

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

31 (ii) The owner has failed to comply with a final administrative or
32 judicial order with respect to a violation of the restocking, forest
33 management, fire protection, insect and disease control, and forest
34 debris provisions of Title 76 RCW or any applicable rules under Title
35 76 RCW; or

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

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

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

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

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

18 (8) If land is removed from designation because of any of the
19 circumstances listed in subsection (5)(a) through (c) of this section,
20 the removal shall apply only to the land affected. If land is removed
21 from designation because of subsection (5)(d) of this section, the
22 removal shall apply only to the actual area of land that is no longer
23 primarily devoted to the growing and harvesting of timber, without
24 regard to any other land that may have been included in the application
25 and approved for designation, as long as the remaining designated
26 forest land meets the definition of forest land contained in RCW
27 84.33.035.

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

33 (10) Unless the removal is reversed on appeal a copy of the notice
34 of removal with a notation of the action, if any, upon appeal, together
35 with the legal description or assessor's parcel numbers for the land
36 removed from designation shall, at the expense of the applicant, be
37 filed by the assessor in the same manner as deeds are recorded and a
38 notation of removal from designation shall immediately be made upon the

1 assessment and tax rolls. The assessor shall revalue the land to be
2 removed with reference to its true and fair value as of January 1st of
3 the year of removal from designation. Both the assessed value before
4 and after the removal of designation shall be listed. Taxes based on
5 the value of the land as forest land shall be assessed and payable up
6 until the date of removal and taxes based on the true and fair value of
7 the land shall be assessed and payable from the date of removal from
8 designation.

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

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

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

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

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

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

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

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

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

27 (g) The creation, sale, or transfer of a fee interest or a
28 conservation easement for the riparian open space program under RCW
29 76.09.040; or

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

37 ~~(i) The sale or transfer of land after the death of the owner of at~~
38 ~~least a fifty percent interest in the land if the land has been~~

1 ~~assessed and valued as classified forest land, designated as forest~~
2 ~~land under this chapter, or classified under chapter 84.34 RCW~~
3 ~~continuously since 1993 and the sale or transfer takes place after July~~
4 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
5 ~~occurred after January 1, 1991. The date of death shown on a death~~
6 ~~certificate is the date used for the purposes of this subsection~~
7 ~~(13)(i)).~~

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

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

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

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

23 (1) When land has once been classified under this chapter, a
24 notation of the classification shall be made each year upon the
25 assessment and tax rolls and the land shall be valued pursuant to RCW
26 84.34.060 or 84.34.065 until removal of all or a portion of the
27 classification by the assessor upon occurrence of any of the following:

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

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

35 (c) Sale or transfer of all or a portion of the land to a new
36 owner, unless the new owner has signed a notice of classification
37 continuance, except transfer to an owner who is an heir or devisee of

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

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

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

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

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

29 (b) The creation, sale, or transfer of a fee interest or a
30 conservation easement for the riparian open space program under RCW
31 76.09.040.

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

37 (4) Unless the removal is reversed on appeal, the assessor shall
38 revalue the affected land with reference to its true and fair value on

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

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

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

23 (c) The amount of the penalty shall be as provided in RCW
24 84.34.080. The penalty shall not be imposed if the removal satisfies
25 the conditions of RCW 84.34.070.

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

1 (6) The additional tax, applicable interest, and penalty specified
2 in subsection (4) of this section shall not be imposed if the removal
3 of classification pursuant to subsection (1) of this section resulted
4 solely from:

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

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

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

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

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

20 (f) Acquisition of property interests by state agencies or agencies
21 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
22 purposes enumerated in those sections. At such time as these property
23 interests are not used for the purposes enumerated in RCW 84.34.210 and
24 64.04.130 the additional tax specified in subsection (4) of this
25 section shall be imposed;

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

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

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

33 (j) The creation, sale, or transfer of a fee interest or a
34 conservation easement for the riparian open space program under RCW
35 76.09.040; or

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

1 as forest land under chapter 84.33 RCW, or classified under this
2 chapter continuously since 1993. The date of death shown on a death
3 certificate is the date used for the purposes of this subsection
4 (6)(k)((~~i~~ or

5 ~~(1) The sale or transfer of land after the death of the owner of at~~
6 ~~least a fifty percent interest in the land if the land has been~~
7 ~~assessed and valued as classified forest land, designated as forest~~
8 ~~land under chapter 84.33 RCW, or classified under this chapter~~
9 ~~continuously since 1993 and the sale or transfer takes place after July~~
10 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
11 ~~occurred after January 1, 1991. The date of death shown on a death~~
12 ~~certificate is the date used for the purpose of this subsection~~
13 ~~(6)(1)))).~~

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

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

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

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

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

1 shall not be reduced for any purpose other than that required by RCW
2 84.55.010. If, as a result of the levies imposed under RCW 84.52.135,
3 36.54.130, 84.52.069, 84.34.230, the portion of the levy by a
4 metropolitan park district that was protected under RCW 84.52.120, and
5 84.52.105, the combined rate of regular property tax levies that are
6 subject to the one percent limitation exceeds one percent of the true
7 and fair value of any property, then these levies shall be reduced as
8 follows:

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

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

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

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

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

1 (2) The certified rates of tax levy subject to these limitations by
2 all junior taxing districts imposing taxes on such property shall be
3 reduced or eliminated as follows to bring the consolidated levy of
4 taxes on such property within the provisions of these limitations:

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

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

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

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

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

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

1 cent per thousand dollars of assessed valuation levy, shall be reduced
2 on a pro rata basis or eliminated.

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

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

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

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

1 voted upon, regardless of the estimate of dollar rate of tax levy
2 carried in said proposition. In the case of a school district or fire
3 protection district proposition for a particular period, the dollar
4 amount and the corresponding estimate of the dollar rate of tax levy
5 shall be set forth for each of the years in that period. The dollar
6 amount for each annual levy in the particular period may be equal or in
7 different amounts.

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

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

35 **Sec. 7.** RCW 84.55.010 and 1997 c 3 s 202 are each amended to read
36 as follows:

1 (1) Except as provided in ((this chapter)) subsection (2) of this
2 section, the levy for a taxing district in any year shall be set so
3 that the regular property taxes payable in the following year shall not
4 exceed the limit factor multiplied by the amount of regular property
5 taxes lawfully levied for ((such)) the district in the highest of the
6 three most recent years in which such taxes were levied for ((such))
7 the district plus an additional dollar amount calculated by multiplying
8 the increase in assessed value in that district resulting from new
9 construction, improvements to property, and any increase in the
10 assessed value of state-assessed property by the regular property tax
11 levy rate of that district for the preceding year.

12 (2) The regular property tax levy for each taxing district other
13 than the state may be set at the amount that would be allowed otherwise
14 under this chapter if the regular property tax levy for the district
15 for taxes due in prior years beginning with 1986 had been set at the
16 full amount allowed under this chapter, including any levy authorized
17 under RCW 52.16.160 that would have been imposed but for the limitation
18 in RCW 52.18.065, applicable upon imposition of the benefit charge
19 under chapter 52.18 RCW.

20 **Sec. 8.** RCW 84.55.120 and 1997 c 3 s 209 are each amended to read
21 as follows:

22 A taxing district, other than the state, that collects regular
23 levies shall hold a public hearing on revenue sources for the
24 district's following year's current expense budget. The hearing must
25 include consideration of possible increases in property tax revenues
26 and shall be held prior to the time the taxing district levies the
27 taxes or makes the request to have the taxes levied. The county
28 legislative authority, or the taxing district's governing body if the
29 district is a city, town, or other type of district, shall hold the
30 hearing. For purposes of this section, "current expense budget" means
31 that budget which is primarily funded by taxes and charges and reflects
32 the provision of ongoing services. It does not mean the capital,
33 enterprise, or special assessment budgets of cities, towns, counties,
34 or special purpose districts.

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

1 (~~No increase in property tax revenue,~~) Other than ((that)) the
2 increase in property tax revenue resulting from the addition of new
3 construction and improvements to property and any increase in the value
4 of state-assessed property, (~~may be authorized by a~~) no taxing
5 district, other than the state, may levy more than the limit factor
6 specified in RCW 84.55.005 multiplied by the amount levied in the
7 previous year except by adoption of a separate ordinance or resolution,
8 pursuant to notice, specifically authorizing the increase over the
9 amount levied in the previous year in terms of both dollars and
10 percentage. The ordinance or resolution may cover a period of up to
11 two years, but the ordinance shall specifically state for each year the
12 dollar increase and percentage change in the levy from the previous
13 year. An ordinance or resolution authorizing such an increase shall be
14 on forms prescribed or approved by the department of revenue.

15 **Sec. 9.** RCW 84.56.440 and 1993 c 33 s 6 are each amended to read
16 as follows:

17 (1) The department of revenue shall collect all ad valorem taxes
18 upon ships and vessels listed with the department in accordance with
19 RCW 84.40.065 and all applicable interest and penalties.

20 The taxes shall be due and payable to the department on or before
21 the thirtieth day of April and shall be delinquent after that date.

22 (~~(2) ((If payment of the tax is not received by the department by~~
23 ~~the due date, there shall be imposed a penalty of five percent of the~~
24 ~~amount of the tax; and if the tax is not received within thirty days~~
25 ~~after the due date, there shall be imposed a total penalty of ten~~
26 ~~percent of the amount of the tax; and if the tax is not received within~~
27 ~~sixty days after the due date, there shall be imposed a total penalty~~
28 ~~of twenty percent of the amount of the tax. No penalty so added shall~~
29 ~~be less than five dollars.~~

30 (~~3~~) Delinquent taxes under this section are subject to interest
31 (~~at the rate~~) and penalties set forth in RCW 82.32.050 (~~from the~~
32 ~~date of delinquency until paid~~) and 82.32.090. Interest or penalties
33 collected on delinquent taxes under this section shall be paid by the
34 department into the general fund of the state treasury.

35 (~~4~~) (3) If upon information obtained by the department it
36 appears that any ship or vessel required to be listed according to the
37 provisions of RCW 84.40.065 is not so listed, the department shall

1 value the ship or vessel and assess against the owner of the vessel the
2 taxes found to be due and shall add thereto interest at the rate set
3 forth in RCW 82.32.050 from the original due date of the tax until the
4 date of payment. The department shall notify the vessel owner by mail
5 of the amount and the same shall become due and shall be paid by the
6 vessel owner within thirty days of the date of the notice. If payment
7 is not received by the department by the due date specified in the
8 notice, the department shall add a penalty of ten percent of the tax
9 found due. A person who willfully gives a false listing or willfully
10 fails to list a ship or vessel as required by RCW 84.40.065 shall be
11 subject to the penalty imposed by RCW 84.40.130(2), which shall be
12 assessed and collected by the department.

13 ~~((5))~~ (4) Delinquent taxes under this section, along with all
14 penalties and interest thereon, shall be collected by the department
15 according to the procedures set forth in chapter 82.32 RCW for the
16 filing and execution of tax warrants, including the imposition of
17 warrant interest. ~~((In the event a warrant is issued by the department
18 for the collection of taxes under this section, the department shall
19 add a penalty of five percent of the amount of the delinquent tax, but
20 not less than ten dollars.~~

21 ~~(6) The department shall also collect all delinquent taxes
22 pertaining to ships and vessels appearing on the records of the county
23 treasurers for each of the counties of this state as of December 31,
24 1993, including any applicable interest or penalties. The provisions
25 of subsection (5) of this section shall apply to the collection of such
26 delinquent taxes.)~~

27 **Sec. 10.** RCW 84.69.020 and 2002 c 168 s 11 are each amended to
28 read as follows:

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

- 31 (1) Paid more than once;
- 32 (2) Paid as a result of manifest error in description;
- 33 (3) Paid as a result of a clerical error in extending the tax
34 rolls;
- 35 (4) Paid as a result of other clerical errors in listing property;
- 36 (5) Paid with respect to improvements which did not exist on
37 assessment date;

- 1 (6) Paid under levies or statutes adjudicated to be illegal or
2 unconstitutional;
- 3 (7) Paid as a result of mistake, inadvertence, or lack of knowledge
4 by any person exempted from paying real property taxes or a portion
5 thereof pursuant to RCW 84.36.381 through 84.36.389, as now or
6 hereafter amended;
- 7 (8) Paid as a result of mistake, inadvertence, or lack of knowledge
8 by either a public official or employee or by any person with respect
9 to real property in which the person paying the same has no legal
10 interest;
- 11 (9) Paid on the basis of an assessed valuation which was appealed
12 to the county board of equalization and ordered reduced by the board;
- 13 (10) Paid on the basis of an assessed valuation which was appealed
14 to the state board of tax appeals and ordered reduced by the board:
15 PROVIDED, That the amount refunded under subsections (9) and (10) of
16 this section shall only be for the difference between the tax paid on
17 the basis of the appealed valuation and the tax payable on the
18 valuation adjusted in accordance with the board's order;
- 19 (11) Paid as a state property tax levied upon property, the
20 assessed value of which has been established by the state board of tax
21 appeals for the year of such levy: PROVIDED, HOWEVER, That the amount
22 refunded shall only be for the difference between the state property
23 tax paid and the amount of state property tax which would, when added
24 to all other property taxes within the one percent limitation of
25 Article VII, section 2 of the state Constitution equal one percent of
26 the assessed value established by the board;
- 27 (12) Paid on the basis of an assessed valuation which was
28 adjudicated to be unlawful or excessive: PROVIDED, That the amount
29 refunded shall be for the difference between the amount of tax which
30 was paid on the basis of the valuation adjudged unlawful or excessive
31 and the amount of tax payable on the basis of the assessed valuation
32 determined as a result of the proceeding;
- 33 (13) Paid on property acquired under RCW 84.60.050, and canceled
34 under RCW 84.60.050(2);
- 35 (14) Paid on the basis of an assessed valuation that was reduced
36 under RCW 84.48.065; or
- 37 (15) Paid on the basis of an assessed valuation that was reduced
38 under RCW 84.40.039(~~or~~);

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

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

15 The county treasurer of each county shall make all refunds
16 determined to be authorized by this section, and by the first Monday in
17 February of each year, report to the county legislative authority a
18 list of all refunds made under this section during the previous year.
19 The list is to include the name of the person receiving the refund, the
20 amount of the refund, and the reason for the refund.

21 **Sec. 11.** RCW 84.70.010 and 2001 c 187 s 26 are each amended to
22 read as follows:

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

33 ~~(2) ((Taxes levied for collection in the year in which the true and
34 fair value has been reduced under subsection (1) of this section shall
35 be abated in whole or in part as provided in this subsection. The
36 amount of taxes to be abated shall be determined by first multiplying
37 the amount deducted from the true and fair value under subsection (1)~~

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

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

20 ~~((4))~~ (3) The assessor shall make such reduction on his or her
21 own motion; however, the taxpayer may make application for reduction on
22 forms prepared by the department and provided by the assessor. The
23 assessor shall notify the taxpayer of the amount of reduction.

24 ~~((5))~~ (4) If destroyed property is replaced prior to the
25 valuation dates contained in RCW 36.21.080 and 36.21.090, the total
26 taxable value for that assessment year shall not exceed the value as of
27 the appropriate valuation date in RCW 36.21.080 or 36.21.090, whichever
28 is appropriate.

29 ~~((6))~~ (5) The taxpayer may appeal the amount of reduction to the
30 county board of equalization in accordance with the provisions of RCW
31 84.40.038. The board shall reconvene, if necessary, to hear the
32 appeal.

33 NEW SECTION. **Sec. 12.** The following acts or parts of acts are
34 each repealed:

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

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

3 (3) RCW 84.55.092 (Protection of future levy capacity) and 1998 c
4 16 s 3, 1988 c 274 s 4, & 1986 c 107 s 3.

5 NEW SECTION. **Sec. 13.** This act applies to taxes levied for
6 collection in 2006 and thereafter.

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