

# SENATE BILL REPORT

## SHB 2611

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As of February 26, 2008

**Title:** An act relating to annual revaluations of property for property tax purposes.

**Brief Description:** Requiring annual revaluations of property for property tax purposes.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives McIntire, Condotta, Hunt, Lantz, Haigh and Chase).

**Brief History:** Passed House: 2/19/08, 94-1.

**Committee Activity:** Ways & Means: 2/25/08.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** Property subject to property tax is assessed at its true and fair value. In most cases, this is the market value in the property's highest and best use. The values are set as of January 1. These values are used for determining property bills to be collected in the following year.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. Nineteen counties revalue every four years, one county uses a three-year revaluation cycle and one county is on a two-year schedule. For these counties a proportionate share of the county is revalued during each year of the cycle. Individual property values are not changed during the intervening years of the revaluation cycle. Eighteen counties are on a program of annual updates. Values are adjusted annually based on market value statistical data.

As part of the revaluation plan properties are physically inspected. Physical inspections must be done at least once every four years for counties using four, three, or two- year revaluation cycles. Annual revaluation counties must physically inspect each property at least once every six years.

**Summary of Bill:** By January 1, 2012, all counties must revalue real property annually. The Department of Revenue (DOR) will provide guidance and financial assistance to counties converting to annual revaluations. The mandate for annual revaluations is conditional upon the state providing funding and guidance. The DOR will operate a grant program: 1) to assist counties with converting to annual revaluations; and 2) for replacing computer systems used for revaluations. The DOR is required to explore cost-effective ways to purchase software and hardware on behalf of counties.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The bill is null and void unless funded in the budget.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Substitute Bill:** PRO: We are right on the cusp of being able to solve a lot of problems if we can get the counties all on the same computer platform. The changes that you propose could be made more easily if we are on the same page. The counties are making a commitment to get their software converted; they just need the funding. This will help convert all the assessor data in a readable manner. We think moving to annual evaluation is a good policy for taxpayers and government officials. We are concerned about moving the bill forward without funding. If there is no funding, we would like to talk about it in the interim property tax talks. This will bring certainty and smoothing to property tax value increases. Over half the counties don't do annual revaluations. This will also improve the equity in property taxes. This is one-time spending.

**Persons Testifying:** PRO: Representative McIntyre, prime sponsor; Robert Carlton, Washington Association of County Officials; Julie Murray, Washington State Association of Counties.