

SENATE BILL REPORT

SB 6263

As Reported By Senate Committee On:
Government Operations & Elections, January 29, 2008

Title: An act relating to property tax value changes as a result of government intervention.

Brief Description: Concerning property tax value changes as a result of government intervention.

Sponsors: Senator Zarelli.

Brief History:

Committee Activity: Government Operations & Elections: 1/28/08, 1/29/08 [w/oRec-WM].
Ways & Means: 2/12/08.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Staff: Cindy Calderon (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Property taxes are imposed by state and local governments and apply to the assessed value of all taxable property, which includes all real and personal property located within the state, unless specifically exempted. Real property includes land, structures, and certain equipment that is fixed to the structure. Personal property includes machinery, supplies, certain utility property, and items which are generally moveable. The assessed value of most real property is determined by the county assessor.

All property must be valued at 100 percent of its true and fair value unless otherwise provided by law. The true and fair value of real property for taxation purposes must be consistent with the comprehensive land use plan, development regulations under the Growth Management Act, zoning, and any other governmental policies or practices in effect at the time of appraisal that affect the use of property in addition to other statutory requirements. An assessment may not be determined by a method that assumes a land usage not permitted under existing zoning or land use planning ordinances or statutes.

Summary of Bill: The bill as referred to committee was not considered.

SUMMARY OF BILL: (Recommended Substitute): If, after the transfer of ownership the property value increases as a result of zoning or governmental regulations then the appraisal

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must reflect the zoning, land use planning ordinances, or other governmental regulations in place when the ownership was transferred. If property is transferred, and the property is then used in a manner that conforms with the new zoning, land use planning ordinances, or other governmental regulations then the appraisal must reflect existing law at the time of the appraisal.

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 Original Bill (Government Operations & Elections): PRO: We need to deal with property taxes as we deal with urban growth. There is a risk that individuals will find themselves drawn into an imaginary boundary, an urban growth boundary, with new zoning overlays, which results in having to pay higher taxes. The increase in taxes could force individuals to sell their homes. This bill is fair to cities, counties, and jurisdictions because they will not lose money and it will allow individuals to stay in their homes.

CON: This bill does not necessarily accomplish the goal intended, given the fact there is no protection for the individual trying to maintain, since the freezing of the rate would only happen after a transfer into the urban growth area. There is no definition of government regulations, which creates ambiguity. Also, there is a uniformity issue.

Persons Testifying (Government Operations & Elections): PRO: Senator Zarelli, prime sponsor.

CON: Julie Murray, Washington State Association of Counties; Robert Carlton, Washington State Association of County Assessors.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill is meant to address an issue that a number of my constituents have had. Once their property get zoned into the urban growth area their property taxes go way up, even though nothing else changes.

OTHER: We do recognize this as an issue. We believe it would be best to be addressed during interim discussions of property taxes. If you give people an incentive for open space in defeats the purpose of the urban growth areas. The current use program is generally for public purpose. This policy strays from that.

Persons Testifying (Ways & Means): PRO: Senator Zarelli, prime sponsor.

OTHER: Julie Murray, Washington State Association of Counties.