

# SENATE BILL REPORT

## SB 6706

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As of February 19, 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:** Senators Oemig, Parlette, Fraser, Tom, Delvin, Schoesler, Fairley, Haugen, Rasmussen and Kilmer.

**Brief History:**

**Committee Activity:** Ways & Means: 2/07/08.

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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 will provide guidance and financial assistance to counties converting to annual revaluations. The Department of Revenue is appropriated \$254,000 in fiscal year 2009 and \$254,000 in fiscal year 2010 from the General Fund for this purpose.

The Department of Revenue will operate a grant program to assist counties with converting to annual revaluations and for replacing computer systems used for revaluations. Grants are

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limited to \$500,000 per county. The Annual Property Revaluation Grant Account is created and appropriated \$5 million in fiscal year 2009, and \$5 million in fiscal year 2010 from the general fund for this purpose.

**Appropriation:** \$5 million in FY 09, and \$5 million in FY 10 for the grant program. \$254,000 in FY 09 and FY 10 for the Department of Revenue.

**Fiscal Note:** Available.

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

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

**Staff Summary of Public Testimony:** PRO: We need to get everyone on the same page. The assessors have committed to make this happen, but we need help. We can't be tied to a cyclical time frame when we can't adjust. This will be tough to convert the software. This is for the purchase of hardware and software. Counties will also incur expense. This will be a win win for us and the state. This will help reduce spikes in valuations and will give better data to you and the state. We think this will avoid the peaks, and enhanced property will be put on the roles in a timely fashion. This is a one time expenditure and does not include people, just hardware and software. An annual process should reduce the number of appeals. We had over 1,100 revenues destroyed in the flood. We just revalued Centralia last year. We won't be able to respond to those values for two years. The Department of Revenue is doing the training, and some of the expenses is necessary for the funding. This will promote uniformity across the state.

**Persons Testifying:** PRO: Julie Murray, Bob Carlton, Washington State Association of Counties; Amber Carter, Jim Justin, Association of Washington Business; Terry McLaughlin, Cowlitz County Assessor; Dianne Dorey, Lewis County Assessor.