
HOUSE BILL 3273

State of Washington 60th Legislature 2008 Regular Session

By Representatives Orcutt, Herrera, McCune, Schmick, Haler, Roach, Crouse, Newhouse, and Skinner

1 AN ACT Relating to allowing valuation increases to be spread over
2 time; amending RCW 84.04.030, 84.40.020, 84.40.030, 84.40.040,
3 84.40.045, 84.41.041, 84.48.010, 84.48.065, 84.48.075, 84.48.080,
4 84.12.270, 84.12.280, 84.12.310, 84.12.330, 84.12.350, 84.12.360,
5 84.16.040, 84.16.050, 84.16.090, 84.16.110, 84.16.120, 84.36.041,
6 84.52.063, and 84.70.010; adding a new section to chapter 84.04 RCW;
7 adding a new section to chapter 84.40 RCW; and creating a new section.

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

9 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.04 RCW
10 to read as follows:

11 "Appraised value of property" means the aggregate true and fair
12 value of the property as last determined by the county assessor
13 according to the revaluation program approved under chapter 84.41 RCW,
14 including revaluations based on statistical data between physical
15 inspections.

16 **Sec. 2.** RCW 84.04.030 and 2001 c 187 s 2 are each amended to read
17 as follows:

18 "Assessed value of property" shall be held and construed to mean

1 the aggregate valuation of the property subject to taxation by any
2 taxing district as determined under section 5 of this act, reduced by
3 the value of any applicable exemptions under RCW 84.36.381 or other
4 law, and placed on the last completed and balanced tax rolls of the
5 county preceding the date of any tax levy.

6 **Sec. 3.** RCW 84.40.020 and 2005 c 274 s 364 are each amended to
7 read as follows:

8 All real property in this state subject to taxation shall be listed
9 and assessed every year, with reference to its appraised and assessed
10 values on the first day of January of the year in which it is assessed.
11 Such listing and all supporting documents and records shall be open to
12 public inspection during the regular office hours of the assessor's
13 office: PROVIDED, That confidential income data is hereby exempted
14 from public inspection as noted in RCW 42.56.070 and (~~42.56.210~~)
15 42.56.230. All personal property in this state subject to taxation
16 shall be listed and assessed every year, with reference to its value
17 and ownership on the first day of January of the year in which it is
18 assessed: PROVIDED, That if the stock of goods, wares, merchandise or
19 material, whether in a raw or finished state or in process of
20 manufacture, owned or held by any taxpayer on January 1 of any year
21 does not fairly represent the average stock carried by such taxpayer,
22 such stock shall be listed and assessed upon the basis of the monthly
23 average of stock owned or held by such taxpayer during the preceding
24 calendar year or during such portion thereof as the taxpayer was
25 engaged in business.

26 **Sec. 4.** RCW 84.40.030 and 2007 c 301 s 2 are each amended to read
27 as follows:

28 All personal property shall be valued at one hundred percent of its
29 true and fair value in money and assessed on the same basis unless
30 specifically provided otherwise by law.

31 All real property shall be appraised at one hundred percent of its
32 true and fair value in money and assessed as provided in section 5 of
33 this act unless specifically provided otherwise by law.

34 Taxable leasehold estates shall be valued at such price as they
35 would bring at a fair, voluntary sale for cash without any deductions
36 for any indebtedness owed including rentals to be paid.

1 The true and fair value of real property for taxation purposes
2 (including property upon which there is a coal or other mine, or stone
3 or other quarry) shall be based upon the following criteria:

4 (1) Any sales of the property being appraised or similar properties
5 with respect to sales made within the past five years. The appraisal
6 shall be consistent with the comprehensive land use plan, development
7 regulations under chapter 36.70A RCW, zoning, and any other
8 governmental policies or practices in effect at the time of appraisal
9 that affect the use of property, as well as physical and environmental
10 influences. An assessment may not be determined by a method that
11 assumes a land usage or highest and best use not permitted, for that
12 property being appraised, under existing zoning or land use planning
13 ordinances or statutes or other government restrictions. The appraisal
14 shall also take into account: (a) In the use of sales by real estate
15 contract as similar sales, the extent, if any, to which the stated
16 selling price has been increased by reason of the down payment,
17 interest rate, or other financing terms; and (b) the extent to which
18 the sale of a similar property actually represents the general
19 effective market demand for property of such type, in the geographical
20 area in which such property is located. Sales involving deed releases
21 or similar seller-developer financing arrangements shall not be used as
22 sales of similar property.

23 (2) In addition to sales as defined in subsection (1) of this
24 section, consideration may be given to cost, cost less depreciation,
25 reconstruction cost less depreciation, or capitalization of income that
26 would be derived from prudent use of the property, as limited by law or
27 ordinance. Consideration should be given to any agreement, between an
28 owner of rental housing and any government agency, that restricts
29 rental income, appreciation, and liquidity; and to the impact of
30 government restrictions on operating expenses and on ownership rights
31 in general of such housing. In the case of property of a complex
32 nature, or being used under terms of a franchise from a public agency,
33 or operating as a public utility, or property not having a record of
34 sale within five years and not having a significant number of sales of
35 similar property in the general area, the provisions of this subsection
36 shall be the dominant factors in valuation. When provisions of this
37 subsection are relied upon for establishing values the property owner

1 shall be advised upon request of the factors used in arriving at such
2 value.

3 (3) In valuing any tract or parcel of real property, the true and
4 fair value of the land, exclusive of structures thereon shall be
5 determined; also the true and fair value of structures thereon, but the
6 valuation shall not exceed the true and fair value of the total
7 property as it exists. In valuing agricultural land, growing crops
8 shall be excluded.

9 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.40 RCW
10 to read as follows:

11 (1) As used in this section:

12 (a) "Previous assessed value" means the assessed value for the year
13 immediately preceding the year for which a calculation is being made
14 under this section.

15 (b) "Current appraised value" means the appraised value for the
16 year for which a calculation is being made under this section.

17 (c) "Total value increase" means the current appraised value minus
18 the previous assessed value. Total value increase can never be less
19 than zero.

20 (d) "Improvement increase" means the portion of the total value
21 increase attributable to any physical improvements made to the property
22 since the previous assessment, other than improvements exempt under RCW
23 84.36.400 for the year for which a calculation is being made under this
24 section. Improvement increase can never be less than zero.

25 (e) "Market increase" means the total value increase minus the
26 improvement increase. Market increase can never be less than zero.

27 (2) The assessed value of property is equal to the lesser of the
28 current appraised value or a limited value determined under this
29 section. The limited value is equal to the greater of:

30 (a) The improvement increase plus one hundred fifteen percent of
31 the previous assessed value; or

32 (b) The sum of:

33 (i) The previous assessed value;

34 (ii) The improvement increase; and

35 (iii) Twenty-five percent of the market increase.

36 (3) Upon loss of preferential tax treatment for property that
37 qualifies for preferential tax treatment under chapter 84.14, 84.26,

1 84.33, 84.34, or 84.36 RCW, the previous assessed value shall be the
2 assessed value the property would have had without the preferential tax
3 treatment.

4 **Sec. 6.** RCW 84.40.040 and 2003 c 302 s 1 are each amended to read
5 as follows:

6 The assessor shall begin the preliminary work for each assessment
7 not later than the first day of December of each year in all counties
8 in the state. The assessor shall also complete the duties of listing
9 and placing valuations on all property by May 31st of each year, except
10 that the listing and valuation of construction and mobile homes under
11 RCW 36.21.080 and 36.21.090 shall be completed by August 31st of each
12 year, and in the following manner, to wit:

13 The assessor shall actually determine as nearly as practicable the
14 true and fair value of each tract or lot of land listed for taxation
15 and of each improvement located thereon and shall enter as the
16 appraised value one hundred percent of the true and fair value of such
17 land and of the total true and fair value of such improvements,
18 together with the total of such one hundred percent valuations,
19 opposite each description of property on the assessment list and tax
20 roll.

21 The assessor shall determine the assessed value, under section 5 of
22 this act, for each tract or lot of land listed for taxation, including
23 improvements located thereon, and shall also enter this value opposite
24 each description of property on the assessment list and tax roll.

25 The assessor shall make an alphabetical list of the names of all
26 persons in the county liable to assessment of personal property, and
27 require each person to make a correct list and statement of such
28 property according to the standard form prescribed by the department of
29 revenue, which statement and list shall include, if required by the
30 form, the year of acquisition and total original cost of personal
31 property in each category of the prescribed form. However, the
32 assessor may list and value improvements on publicly owned land in the
33 same manner as real property is listed and valued, including
34 conformance with the revaluation program required under chapter 84.41
35 RCW. Such list and statement shall be filed on or before the last day
36 of April. The assessor shall on or before the 1st day of January of
37 each year mail, or electronically transmit, a notice to all such

1 persons at their last known address that such statement and list is
2 required. This notice must be accompanied by the form on which the
3 statement or list is to be made. The notice mailed, or electronically
4 transmitted, by the assessor to each taxpayer each year shall, if
5 practicable, include the statement and list of personal property of the
6 taxpayer for the preceding year. Upon receipt of such statement and
7 list the assessor shall thereupon determine the true and fair value of
8 the property included in such statement and enter one hundred percent
9 of the same on the assessment roll opposite the name of the party
10 assessed; and in making such entry in the assessment list, the assessor
11 shall give the name and post office address of the party listing the
12 property, and if the party resides in a city the assessor shall give
13 the street and number or other brief description of the party's
14 residence or place of business. The assessor may, after giving written
15 notice of the action to the person to be assessed, add to the
16 assessment list any taxable property which should be included in such
17 list.

18 **Sec. 7.** RCW 84.40.045 and 2001 c 187 s 19 are each amended to read
19 as follows:

20 The assessor shall give notice of any change in the (~~true and~~
21 ~~fair~~) assessed value of real property for the tract or lot of land and
22 any improvements thereon no later than thirty days after appraisal:
23 PROVIDED, That no such notice shall be mailed during the period from
24 January 15 to February 15 of each year: PROVIDED FURTHER, That no
25 notice need be sent with respect to changes in valuation of forest land
26 made pursuant to chapter 84.33 RCW.

27 The notice shall contain a statement of both the prior and the new
28 (~~true and fair~~) appraised and assessed values, stating separately
29 land and improvement appraised values, and a brief statement of the
30 procedure for appeal to the board of equalization and the time, date,
31 and place of the meetings of the board.

32 The notice shall be mailed by the assessor to the taxpayer.

33 If any taxpayer, as shown by the tax rolls, holds solely a security
34 interest in the real property which is the subject of the notice,
35 pursuant to a mortgage, contract of sale, or deed of trust, such
36 taxpayer shall, upon written request of the assessor, supply, within
37 thirty days of receipt of such request, to the assessor the name and

1 address of the person making payments pursuant to the mortgage,
2 contract of sale, or deed of trust, and thereafter such person shall
3 also receive a copy of the notice provided for in this section.
4 Willful failure to comply with such request within the time limitation
5 provided for herein shall make such taxpayer subject to a maximum civil
6 penalty of five thousand dollars. The penalties provided for herein
7 shall be recoverable in an action by the county prosecutor, and when
8 recovered shall be deposited in the county current expense fund. The
9 assessor shall make the request provided for by this section during the
10 month of January.

11 **Sec. 8.** RCW 84.41.041 and 2001 c 187 s 21 are each amended to read
12 as follows:

13 Each county assessor shall cause taxable real property to be
14 physically inspected and valued at least once every six years in
15 accordance with RCW 84.41.030, and in accordance with a plan filed with
16 and approved by the department of revenue. Such revaluation plan shall
17 provide that a reasonable portion of all taxable real property within
18 a county shall be revalued and these newly-determined values placed on
19 the assessment rolls each year. The department may approve a plan that
20 provides that all property in the county be revalued every two years.
21 If the revaluation plan provides for physical inspection at least once
22 each four years, during the intervals between each physical inspection
23 of real property, the appraised valuation of such property may be
24 adjusted to its current true and fair value, such adjustments to be
25 based upon appropriate statistical data. If the revaluation plan
26 provides for physical inspection less frequently than once each four
27 years, during the intervals between each physical inspection of real
28 property, the appraised valuation of such property shall be adjusted to
29 its current true and fair value, such adjustments to be made once each
30 year and to be based upon appropriate statistical data. If the
31 appraised valuation is changed, the assessed value shall be
32 recalculated under section 5 of this act.

33 The assessor may require property owners to submit pertinent data
34 respecting taxable property in their control including data respecting
35 any sale or purchase of said property within the past five years, the
36 cost and characteristics of any improvement on the property and other
37 facts necessary for appraisal of the property.

1 **Sec. 9.** RCW 84.48.010 and 2001 c 187 s 22 are each amended to read
2 as follows:

3 Prior to July 15th, the county legislative authority shall form a
4 board for the equalization of the assessment of the property of the
5 county. The members of said board shall receive a per diem amount as
6 set by the county legislative authority for each day of actual
7 attendance of the meeting of the board of equalization to be paid out
8 of the current expense fund of the county: PROVIDED, That when the
9 county legislative authority constitute the board they shall only
10 receive their compensation as members of the county legislative
11 authority. The board of equalization shall meet in open session for
12 this purpose annually on the 15th day of July and, having each taken an
13 oath fairly and impartially to perform their duties as members of such
14 board, they shall examine and compare the returns of the assessment of
15 the property of the county and proceed to equalize the same, so that
16 the appraised value of each tract or lot of real property and each
17 article or class of personal property shall be entered on the
18 assessment list at its true and fair value, according to the measure of
19 value used by the county assessor in such assessment year, (~~which is~~
20 presumed to be correct under RCW 84.40.0301)) and so that the assessed
21 value of each tract or lot of real property is entered on the
22 assessment list at its correct amount, and subject to the following
23 rules:

24 First. They shall raise the appraised valuation of each tract or
25 lot or item of real property which is returned below its true and fair
26 value to such price or sum as to be the true and fair value thereof,
27 and raise the assessed valuation of each tract or lot or item of real
28 property which is returned below its correct amount to the correct
29 amount after at least five days' notice shall have been given in
30 writing to the owner or agent.

31 Second. They shall reduce the valuation of each tract or lot or
32 item which is returned above its true and fair value to such price or
33 sum as to be the true and fair value thereof and reduce the assessed
34 valuation of each tract or lot or item of real property which is
35 returned above its correct amount to the correct amount.

36 Third. They shall raise the valuation of each class of personal
37 property which is returned below its true and fair value to such price
38 or sum as to be the true and fair value thereof, and they shall raise

1 the aggregate value of the personal property of each individual
2 whenever the aggregate value is less than the true valuation of the
3 taxable personal property possessed by such individual, to such sum or
4 amount as to be the true value thereof, after at least five days'
5 notice shall have been given in writing to the owner or agent thereof.

6 Fourth. They shall reduce the valuation of each class of personal
7 property enumerated on the detail and assessment list of the current
8 year, which is returned above its true and fair value, to such price or
9 sum as to be the true and fair value thereof; and they shall reduce the
10 aggregate valuation of the personal property of such individual who has
11 been assessed at too large a sum to such sum or amount as was the true
12 and fair value of the personal property.

13 Fifth. The board may review all claims for either real or personal
14 property tax exemption as determined by the county assessor, and shall
15 consider any taxpayer appeals from the decision of the assessor thereon
16 to determine (1) if the taxpayer is entitled to an exemption, and (2)
17 if so, the amount thereof.

18 The clerk of the board shall keep an accurate journal or record of
19 the proceedings and orders of said board showing the facts and evidence
20 upon which their action is based, and the said record shall be
21 published the same as other proceedings of county legislative
22 authority, and shall make a true record of the changes of the
23 descriptions and (~~assessed~~) appraised values ordered by the county
24 board of equalization. The assessor shall recalculate assessed values
25 and correct the real and personal assessment rolls in accordance with
26 the changes made by the said county board of equalization, and the
27 assessor shall make duplicate abstracts of such corrected values, one
28 copy of which shall be retained in the office, and one copy forwarded
29 to the department of revenue on or before the eighteenth day of August
30 next following the meeting of the county board of equalization.

31 The county board of equalization shall meet on the 15th day of July
32 and may continue in session and adjourn from time to time during a
33 period not to exceed four weeks, but shall remain in session not less
34 than three days: PROVIDED, That the county board of equalization with
35 the approval of the county legislative authority may convene at any
36 time when petitions filed exceed twenty-five, or ten percent of the
37 number of appeals filed in the preceding year, whichever is greater.

1 No taxes, except special taxes, shall be extended upon the tax
2 rolls until the property valuations are equalized by the department of
3 revenue for the purpose of raising the state revenue.

4 County legislative authorities as such shall at no time have any
5 authority to change the valuation of the property of any person or to
6 release or commute in whole or in part the taxes due on the property of
7 any person.

8 **Sec. 10.** RCW 84.48.065 and 2001 c 187 s 23 are each amended to
9 read as follows:

10 (1) The county assessor or treasurer may cancel or correct
11 assessments on the assessment or tax rolls which are erroneous due to
12 manifest errors in description, double assessments, clerical errors in
13 extending the rolls, clerical errors in calculating the assessed value
14 under section 5 of this act, and such manifest errors in the listing of
15 the property which do not involve a revaluation of property, except in
16 the case that a taxpayer produces proof that an authorized land use
17 authority has made a definitive change in the property's land use
18 designation. In such a case, correction of the assessment or tax rolls
19 may be made notwithstanding the fact that the action involves a
20 revaluation of property. Manifest errors that do not involve a
21 revaluation of property include the assessment of property exempted by
22 law from taxation or the failure to deduct the exemption allowed by law
23 to the head of a family. When the county assessor cancels or corrects
24 an assessment, the assessor shall send a notice to the taxpayer in
25 accordance with RCW 84.40.045, advising the taxpayer that the action
26 has been taken and notifying the taxpayer of the right to appeal the
27 cancellation or correction to the county board of equalization, in
28 accordance with RCW 84.40.038. When the county assessor or treasurer
29 cancels or corrects an assessment, a record of such action shall be
30 prepared, setting forth therein the facts relating to the error. The
31 record shall also set forth by legal description all property belonging
32 exclusively to the state, any county, or any municipal corporation
33 whose property is exempt from taxation, upon which there remains,
34 according to the tax roll, any unpaid taxes. No manifest error
35 cancellation or correction, including a cancellation or correction made
36 due to a definitive change of land use designation, shall be made for

1 any period more than three years preceding the year in which the error
2 is discovered.

3 (2)(a) In the case of a definitive change of land use designation,
4 an assessor shall make corrections that involve a revaluation of
5 property to the assessment roll when:

6 (i) The assessor and taxpayer have signed an agreement as to the
7 true and fair value of the taxpayer's property setting forth in the
8 agreement the valuation information upon which the agreement is based;
9 and

10 (ii) The assessment roll has previously been certified in
11 accordance with RCW 84.40.320.

12 (b) In all other cases, an assessor shall make corrections that
13 involve a revaluation of property to the assessment roll when:

14 (i) The assessor and taxpayer have signed an agreement as to the
15 true and fair value of the taxpayer's property setting forth in the
16 agreement the valuation information upon which the agreement is based;
17 and

18 (ii) The following conditions are met:

19 (A) The assessment roll has previously been certified in accordance
20 with RCW 84.40.320;

21 (B) The taxpayer has timely filed a petition with the county board
22 of equalization pursuant to RCW 84.40.038 for the current assessment
23 year;

24 (C) The county board of equalization has not yet held a hearing on
25 the merits of the taxpayer's petition.

26 (3) The assessor shall issue a supplementary roll or rolls
27 including such cancellations and corrections, and the assessment and
28 levy shall have the same force and effect as if made in the first
29 instance, and the county treasurer shall proceed to collect the taxes
30 due on the rolls as modified.

31 **Sec. 11.** RCW 84.48.075 and 2001 c 187 s 24 are each amended to
32 read as follows:

33 (1) The department of revenue shall annually, prior to the first
34 Monday in September, determine and submit to each assessor a
35 preliminary indicated ratio for each county: PROVIDED, That the
36 department shall establish rules and regulations pertinent to the
37 determination of the indicated ratio, the indicated real property ratio

1 and the indicated personal property ratio: PROVIDED FURTHER, That
2 these rules and regulations may provide that data, as is necessary for
3 said determination, which is available from the county assessor of any
4 county and which has been audited as to its validity by the department,
5 shall be utilized by the department in determining the indicated ratio.

6 (2) To such extent as is reasonable, the department may define use
7 classes of property for the purposes of determination of the indicated
8 ratio. Such use classes may be defined with respect to property use
9 and may include agricultural, open space, timber and forest lands.

10 (3) The department shall review each county's preliminary ratio
11 with the assessor, a landowner, or an owner of an intercounty public
12 utility or private car company of that county, if requested by the
13 assessor, a landowner, or an owner of an intercounty public utility or
14 private car company of that county, respectively, between the first and
15 third Mondays of September. Prior to equalization of assessments
16 pursuant to RCW 84.48.080 and after the third Monday of September, the
17 department shall certify to each county assessor the real and personal
18 property ratio for that county.

19 (4) The department of revenue shall also examine procedures used by
20 the assessor to assess real and personal property in the county,
21 including calculations, use of prescribed value schedules, and efforts
22 to locate all taxable property in the county. If any examination by
23 the department discloses other than market value is being listed as
24 appraised value on the county assessment rolls of the county by the
25 assessor and, after due notification by the department, is not
26 corrected, the department of revenue shall, in accordance with rules
27 adopted by the department, adjust the ratio of that type of property,
28 which adjustment shall be used for determining the county's indicated
29 ratio.

30 **Sec. 12.** RCW 84.48.080 and 2001 c 185 s 12 are each amended to
31 read as follows:

32 (1) Annually during the months of September and October, the
33 department of revenue shall examine and compare the returns of the
34 assessment of the property in the several counties of the state, and
35 the assessment of the property of railroad and other companies assessed
36 by the department, and proceed to equalize the same, so that each
37 county in the state shall pay its due and just proportion of the taxes

1 for state purposes for such assessment year, according to the ratio the
2 assessed valuation of the property in each county bears to the correct
3 total assessed valuation of all property in the state.

4 (a) The department shall classify all property, real and personal,
5 and shall raise and lower the assessed valuation of any class of
6 property in any county to a value that shall be equal, so far as
7 possible, to the (~~true and fair~~) correct assessed value of such class
8 as of January 1st of the current year, after determining the correct
9 appraised value, and any adjustment applicable under section 5 of this
10 act for the property, for the purpose of ascertaining the just amount
11 of tax due from each county for state purposes. In equalizing personal
12 property as of January 1st of the current year, the department shall
13 use valuation data with respect to personal property from the three
14 years immediately preceding the current assessment year in a manner it
15 deems appropriate. Such classification may be on the basis of types of
16 property, geographical areas, or both. For purposes of this section,
17 for each county that has not provided the department with an assessment
18 return by December 1st, the department shall proceed, using facts and
19 information and in a manner it deems appropriate, to estimate the value
20 of each class of property in the county.

21 (b) The department shall keep a full record of its proceedings and
22 the same shall be published annually by the department.

23 (2) The department shall levy the state taxes authorized by law.
24 The amount levied in any one year for general state purposes shall not
25 exceed the lawful dollar rate on the dollar of the assessed value of
26 the property of the entire state(~~, which assessed value shall be one~~
27 ~~hundred percent of the true and fair value of the property in money~~)
28 as equalized under this section. The department shall apportion the
29 amount of tax for state purposes levied by the department, among the
30 several counties, in proportion to the assessed valuation of the
31 taxable property of the county for the year as equalized by the
32 department: PROVIDED, That for purposes of this apportionment, the
33 department shall recompute the previous year's levy and the
34 apportionment thereof to correct for changes and errors in taxable
35 values reported to the department after October 1 of the preceding year
36 and shall adjust the apportioned amount of the current year's state
37 levy for each county by the difference between the apportioned amounts
38 established by the original and revised levy computations for the

1 previous year. For purposes of this section, changes in taxable values
2 mean a final adjustment made by a county board of equalization, the
3 state board of tax appeals, or a court of competent jurisdiction and
4 shall include additions of omitted property, other additions or
5 deletions from the assessment or tax rolls, any assessment return
6 provided by a county to the department subsequent to December 1st, or
7 a change in the indicated ratio of a county. Errors in taxable values
8 mean errors corrected by a final reviewing body.

9 ~~((In addition to computing a levy under this subsection that is
10 reduced under RCW 84.55.012, the department shall compute a
11 hypothetical levy without regard to the reduction under RCW 84.55.012.
12 This hypothetical levy shall also be apportioned among the several
13 counties in proportion to the valuation of the taxable property of the
14 county for the year, as equalized by the department, in the same manner
15 as the actual levy and shall be used by the county assessors for the
16 purpose of recomputing and establishing a consolidated levy under RCW
17 84.52.010.))~~

18 (3) The department shall have authority to adopt rules and
19 regulations to enforce obedience to its orders in all matters in
20 relation to the returns of county assessments, the equalization of
21 values, and the apportionment of the state levy by the department.

22 (4) After the completion of the duties prescribed in this section,
23 the director of the department shall certify the record of the
24 proceedings of the department under this section, the tax levies made
25 for state purposes and the apportionment thereof among the counties,
26 and the certification shall be available for public inspection.

27 **Sec. 13.** RCW 84.12.270 and 2001 c 187 s 3 are each amended to read
28 as follows:

29 The department of revenue shall annually make an assessment of the
30 operating property of all companies; and between the fifteenth day of
31 March and the first day of July of each year shall prepare an
32 assessment roll upon which it shall enter ~~((and assess))~~ the ~~((true and
33 fair))~~ assessed value of all the operating property of each of such
34 companies as of the first day of January of the year in which the
35 assessment is made. For the purpose of determining the ~~((true and
36 fair))~~ assessed value of such property the department of revenue may
37 inspect the property belonging to said companies and may take into

1 consideration any information or knowledge obtained by it from such
2 examination and inspection of such property, or of the books, records,
3 and accounts of such companies, the statements filed as required by
4 this chapter, the reports, statements, or returns of such companies
5 filed in the office of any board, office, or commission of this state
6 or any county thereof, the earnings and earning power of such
7 companies, the franchises owned or used by such companies, the true and
8 fair valuation of any and all property of such companies, whether
9 operating or nonoperating property, and whether situated within or
10 outside the state, and any other facts, evidence, or information that
11 may be obtainable bearing upon the value of the operating property:
12 PROVIDED, That in no event shall any statement or report required from
13 any company by this chapter be conclusive upon the department of
14 revenue in determining the amount, character, and (~~true and fair~~)
15 assessed value of the operating property of such company.

16 **Sec. 14.** RCW 84.12.280 and 2001 c 187 s 4 are each amended to read
17 as follows:

18 (1) In making the assessment of the operating property of any
19 railroad or logging railroad company and in the apportionment of the
20 values and the taxation thereof, all land occupied and claimed
21 exclusively as the right-of-way for railroads, with all the tracks and
22 substructures and superstructures which support the same, together with
23 all side tracks, second tracks, turn-outs, station houses, depots,
24 round houses, machine shops, or other buildings belonging to the
25 company, used in the operation thereof, without separating the same
26 into land and improvements, shall be assessed as real property. And
27 the rolling stock and other movable property belonging to any railroad
28 or logging railroad company shall be considered as personal property
29 and taxed as such: PROVIDED, That all of the operating property of
30 street railway companies shall be assessed and taxed as personal
31 property.

32 (2) All of the operating property of airplane companies, telegraph
33 companies, pipe line companies, and all of the operating property other
34 than lands and buildings of electric light and power companies,
35 telephone companies, and gas companies shall be assessed and taxed as
36 personal property.

1 (3) Notwithstanding subsections (1) and (2) of this section, the
2 limit provided under section 5 of this act shall be applied in the
3 assessment of property under this section to the same extent as that
4 limit is generally applied to property not assessed under this chapter.

5 **Sec. 15.** RCW 84.12.310 and 2001 c 187 s 5 are each amended to read
6 as follows:

7 For the purpose of determining the system value of the operating
8 property of any such company, the department of revenue shall deduct
9 from the (~~true and fair~~) assessed value of the total assets of such
10 company, the (~~actual cash~~) assessed value of all nonoperating
11 property owned by such company. For such purpose the department of
12 revenue may require of the assessors of the various counties within
13 this state a detailed list of such company's properties assessed by
14 them, together with the assessable or assessed value thereof:
15 PROVIDED, That such assessed or assessable value shall be advisory only
16 and not conclusive on the department of revenue as to the value
17 thereof.

18 **Sec. 16.** RCW 84.12.330 and 2001 c 187 s 6 are each amended to read
19 as follows:

20 Upon the assessment roll shall be placed after the name of each
21 company a general description of the operating property of the company,
22 which shall be considered sufficient if described in the language of
23 RCW 84.12.200(12), as applied to the company, following which shall be
24 entered the (~~true and fair~~) assessed value of the operating property
25 as determined by the department of revenue. No assessment shall be
26 invalidated by reason of a mistake in the name of the company assessed,
27 or the omission of the name of the owner or by the entry as owner of a
28 name other than that of the true owner. When the department of revenue
29 shall have prepared the assessment roll and entered thereon the (~~true
30 and fair~~) assessed value of the operating property of the company, as
31 herein required, it shall notify the company by mail of the valuation
32 determined by it and entered upon the roll.

33 **Sec. 17.** RCW 84.12.350 and 2001 c 187 s 7 are each amended to read
34 as follows:

35 Upon determination by the department of revenue of the (~~true and~~

1 ~~fair~~) assessed value of the property appearing on such rolls it shall
2 apportion such value to the respective counties entitled thereto, as
3 hereinafter provided, and shall determine the equalized assessed
4 valuation of such property in each such county and in the several
5 taxing districts therein, by applying to such actual apportioned value
6 the same ratio as the ratio of assessed to (~~actual~~) the correct
7 assessed value of the general property in such county: PROVIDED, That,
8 whenever the amount of the true and (~~fair~~) correct assessed value of
9 the operating property of any company otherwise apportionable to any
10 county or other taxing district shall be less than two hundred fifty
11 dollars, such amount need not be apportioned to such county or taxing
12 district but may be added to the amount apportioned to an adjacent
13 county or taxing district.

14 **Sec. 18.** RCW 84.12.360 and 2001 c 187 s 8 are each amended to read
15 as follows:

16 The (~~true and fair~~) value of the operating property assessed to
17 a company, as fixed and determined by the department of revenue, shall
18 be apportioned by the department of revenue to the respective counties
19 and to the taxing districts thereof wherein such property is located in
20 the following manner:

21 (1) Property of all railroad companies other than street railroad
22 companies, telegraph companies and pipe line companies--upon the basis
23 of that proportion of the value of the total operating property within
24 the state which the mileage of track, as classified by the department
25 of revenue (in case of railroads), mileage of wire (in the case of
26 telegraph companies), and mileage of pipe line (in the case of pipe
27 line companies) within each county or taxing district bears to the
28 total mileage thereof within the state, at the end of the calendar year
29 last past. For the purpose of such apportionment the department may
30 classify railroad track.

31 (2) Property of street railroad companies, telephone companies,
32 electric light and power companies, and gas companies--upon the basis
33 of relative value of the operating property within each county and
34 taxing district to the value of the total operating property within the
35 state to be determined by such factors as the department of revenue
36 shall deem proper.

1 (3) Planes or other aircraft of airplane companies--upon the basis
2 of such factor or factors of allocation, to be determined by the
3 department of revenue, as will secure a substantially fair and
4 equitable division between counties and other taxing districts.

5 All other property of airplane companies--upon the basis set forth
6 in subsection (2) of this section.

7 The basis of apportionment with reference to all public utility
8 companies above prescribed shall not be deemed exclusive and the
9 department of revenue in apportioning values of such companies may also
10 take into consideration such other information, facts, circumstances,
11 or allocation factors as will enable it to make a substantially just
12 and correct valuation of the operating property of such companies
13 within the state and within each county thereof.

14 **Sec. 19.** RCW 84.16.040 and 2001 c 187 s 9 are each amended to read
15 as follows:

16 The department of revenue shall annually make an assessment of the
17 operating property of each private car company; and between the first
18 day of May and the first day of July of each year shall prepare an
19 assessment roll upon which it shall enter (~~(and assess)~~) the (~~(true and~~
20 ~~fair)~~) assessed value of all the operating property of each of such
21 companies as of the first day of January of the year in which the
22 assessment is made. For the purpose of determining the (~~(true and~~
23 ~~fair)~~) assessed value of such property the department of revenue may
24 take into consideration any information or knowledge obtained by it
25 from an examination and inspection of such property, or of the books,
26 records, and accounts of such companies, the statements filed as
27 required by this chapter, the reports, statements, or returns of such
28 companies filed in the office of any board, office, or commission of
29 this state or any county thereof, the earnings and earning power of
30 such companies, the franchises owned or used by such companies, the
31 true and fair valuation of any and all property of such companies,
32 whether operating property or nonoperating property, and whether
33 situated within or without the state, and any other facts, evidences,
34 or information that may be obtainable bearing upon the value of the
35 operating property: PROVIDED, That in no event shall any statement or
36 report required from any company by this chapter be conclusive upon the

1 department of revenue in determining the amount, character, and (~~true~~
2 ~~and fair~~) assessed value of the operating property of such company.

3 **Sec. 20.** RCW 84.16.050 and 2001 c 187 s 10 are each amended to
4 read as follows:

5 The department of revenue may, in determining the (~~true and fair~~)
6 assessed value of the operating property to be placed on the assessment
7 roll value the entire property as a unit. If the company owns, leases,
8 operates or uses property partly within and partly without the state,
9 the department of revenue may determine the value of the operating
10 property within this state by the proportion that the value of such
11 property bears to the value of the entire operating property of the
12 company, both within and without this state. In determining the
13 operating property which is located within this state the department of
14 revenue may consider and base such determination on the proportion
15 which the number of car miles of the various classes of cars made in
16 this state bears to the total number of car miles made by the same cars
17 within and without this state, or to the total number of car miles made
18 by all cars of the various classes within and without this state. If
19 the value of the operating property of the company cannot be fairly
20 determined in such manner the department of revenue may use any other
21 reasonable and fair method to determine the value of the operating
22 property of the company within this state.

23 **Sec. 21.** RCW 84.16.090 and 2001 c 187 s 11 are each amended to
24 read as follows:

25 Upon the assessment roll shall be placed after the name of each
26 company a general description of the operating property of the company,
27 which shall be considered sufficient if described in the language of
28 RCW 84.16.010(3) or otherwise, following which shall be entered the
29 (~~true and fair~~) assessed value of the operating property as
30 determined by the department of revenue. No assessment shall be
31 invalid by a mistake in the name of the company assessed, by omission
32 of the name of the owner or by the entry of a name other than that of
33 the true owner. When the department of revenue shall have prepared the
34 assessment roll and entered thereon the (~~true and fair~~) assessed
35 value of the operating property of the company, as required, it shall
36 notify the company by mail of the valuation determined by it and

1 entered upon the roll; and thereupon such assessed valuation shall
2 become the (~~true and fair~~) assessed value of the operating property
3 of the company, subject to revision or correction by the department of
4 revenue as hereinafter provided; and shall be the valuation upon which,
5 after equalization by the department of revenue as hereinafter
6 provided, the taxes of such company shall be based and computed.

7 **Sec. 22.** RCW 84.16.110 and 2001 c 187 s 12 are each amended to
8 read as follows:

9 Upon determination by the department of revenue of the true and
10 (~~fair~~) correct assessed value of the property appearing on such rolls
11 the department shall apportion such value to the respective counties
12 entitled thereto as hereinafter provided, and shall determine the
13 equalized or assessed valuation of such property in such counties by
14 applying to such actual apportioned value the same ratio as the ratio
15 of assessed to (~~actual~~) the correct assessed value of the general
16 property of the respective counties: PROVIDED, That, whenever the
17 amount of the true and (~~fair~~) correct assessed value of the operating
18 property of any company otherwise apportionable to any county shall be
19 less than two hundred fifty dollars, such amount need not be
20 apportioned to such county but may be added to the amount apportioned
21 to an adjacent county.

22 **Sec. 23.** RCW 84.16.120 and 2001 c 187 s 13 are each amended to
23 read as follows:

24 The (~~true and fair~~) assessed value of the property of each
25 company as fixed and determined by the department of revenue as herein
26 provided shall be apportioned to the respective counties in the
27 following manner:

28 (1) If all the operating property of the company is situated
29 entirely within a county and none of such property is located within,
30 extends into, or through or is operated into or through any other
31 county, the entire value thereof shall be apportioned to the county
32 within which such property is situated, located, and operated.

33 (2) If the operating property of any company is situated or located
34 within, extends into or is operated into or through more than one
35 county, the value thereof shall be apportioned to the respective
36 counties into or through which its cars are operated in the proportion

1 that the length of main line track of the respective railroads moving
2 such cars in such counties bears to the total length of main line track
3 of such respective railroads in this state.

4 (3) If the property of any company is of such character that it
5 will not be reasonable, feasible or fair to apportion the value as
6 hereinabove provided, the value thereof shall be apportioned between
7 the respective counties into or through which such property extends or
8 is operated or in which the same is located in such manner as may be
9 reasonable, feasible and fair.

10 **Sec. 24.** RCW 84.36.041 and 2001 c 187 s 14 are each amended to
11 read as follows:

12 (1) All real and personal property used by a nonprofit home for the
13 aging that is reasonably necessary for the purposes of the home is
14 exempt from taxation if the benefit of the exemption inures to the home
15 and:

16 (a) At least fifty percent of the occupied dwelling units in the
17 home are occupied by eligible residents; or

18 (b) The home is subsidized under a federal department of housing
19 and urban development program. The department of revenue shall provide
20 by rule a definition of homes eligible for exemption under this
21 subsection (1)(b), consistent with the purposes of this section.

22 (2) All real and personal property used by a nonprofit home for the
23 aging that is reasonably necessary for the purposes of the home is
24 exempt from taxation if the benefit of the exemption inures to the home
25 and the construction, rehabilitation, acquisition, or refinancing of
26 the home is financed under a program using bonds exempt from federal
27 income tax if at least seventy-five percent of the total amount
28 financed uses the tax exempt bonds and the financing program requires
29 the home to reserve a percentage of all dwelling units so financed for
30 low-income residents. The initial term of the exemption under this
31 subsection shall equal the term of the tax exempt bond used in
32 connection with the financing program, or the term of the requirement
33 to reserve dwelling units for low-income residents, whichever is
34 shorter. If the financing program involves less than the entire home,
35 only those dwelling units included in the financing program are
36 eligible for total exemption. The department of revenue shall provide

1 by rule the requirements for monitoring compliance with the provisions
2 of this subsection and the requirements for exemption including:

3 (a) The number or percentage of dwelling units required to be
4 occupied by low-income residents, and a definition of low income;

5 (b) The type and character of the dwelling units, whether
6 independent units or otherwise; and

7 (c) Any particular requirements for continuing care retirement
8 communities.

9 (3) A home for the aging is eligible for a partial exemption on the
10 real property and a total exemption for the home's personal property if
11 the home does not meet the requirements of subsection (1) of this
12 section because fewer than fifty percent of the occupied dwelling units
13 are occupied by eligible residents, as follows:

14 (a) A partial exemption shall be allowed for each dwelling unit in
15 a home occupied by a resident requiring assistance with activities of
16 daily living.

17 (b) A partial exemption shall be allowed for each dwelling unit in
18 a home occupied by an eligible resident.

19 (c) A partial exemption shall be allowed for an area jointly used
20 by a home for the aging and by a nonprofit organization, association,
21 or corporation currently exempt from property taxation under one of the
22 other provisions of this chapter. The shared area must be reasonably
23 necessary for the purposes of the nonprofit organization, association,
24 or corporation exempt from property taxation under one of the other
25 provisions of this chapter, such as kitchen, dining, and laundry areas.

26 (d) The amount of exemption shall be calculated by multiplying the
27 assessed value of the property reasonably necessary for the purposes of
28 the home, less the assessed value of any area exempt under (c) of this
29 subsection, by a fraction. The numerator of the fraction is the number
30 of dwelling units occupied by eligible residents and by residents
31 requiring assistance with activities of daily living. The denominator
32 of the fraction is the total number of occupied dwelling units as of
33 December 31st of the first assessment year the home becomes operational
34 for which exemption is claimed and January 1st of each subsequent
35 assessment year for which exemption is claimed.

36 (4) To be exempt under this section, the property must be used
37 exclusively for the purposes for which the exemption is granted, except
38 as provided in RCW 84.36.805.

1 (5) A home for the aging is exempt from taxation only if the
2 organization operating the home is exempt from income tax under section
3 501(c) of the federal internal revenue code as existing on January 1,
4 1989, or such subsequent date as the director may provide by rule
5 consistent with the purposes of this section.

6 (6) In order for the home to be eligible for exemption under
7 subsections (1)(a) and (3)(b) of this section, each eligible resident
8 of a home for the aging shall submit an income verification form to the
9 county assessor by July 1st of the assessment year for which exemption
10 is claimed. However, during the first year a home becomes operational,
11 the county assessor shall accept income verification forms from
12 eligible residents up to December 31st of the assessment year. The
13 income verification form shall be prescribed and furnished by the
14 department of revenue. An eligible resident who has filed a form for
15 a previous year need not file a new form until there is a change in
16 status affecting the person's eligibility.

17 (7) In determining the (~~true and fair~~) assessed value of a home
18 for the aging for purposes of the partial exemption provided by
19 subsection (3) of this section, the assessor shall apply the
20 computation method provided by RCW 84.34.060 and shall consider only
21 the use to which such property is applied during the years for which
22 such partial exemptions are available and shall not consider potential
23 uses of such property.

24 (8) As used in this section:

25 (a) "Eligible resident" means a person who:

26 (i) Occupied the dwelling unit as a principal place of residence as
27 of December 31st of the first assessment year the home becomes
28 operational. In each subsequent year, the eligible resident must
29 occupy the dwelling unit as a principal place of residence as of
30 January 1st of the assessment year for which the exemption is claimed.
31 Confinement of the person to a hospital or nursing home does not
32 disqualify the claim of exemption if the dwelling unit is temporarily
33 unoccupied or if the dwelling unit is occupied by a spouse, a person
34 financially dependent on the claimant for support, or both; and

35 (ii) Is sixty-one years of age or older on December 31st of the
36 year in which the exemption claim is filed, or is, at the time of
37 filing, retired from regular gainful employment by reason of physical
38 disability. Any surviving spouse of a person who was receiving an

1 exemption at the time of the person's death shall qualify if the
2 surviving spouse is fifty-seven years of age or older and otherwise
3 meets the requirements of this subsection; and

4 (iii) Has a combined disposable income of no more than the greater
5 of twenty-two thousand dollars or eighty percent of the median income
6 adjusted for family size as most recently determined by the federal
7 department of housing and urban development for the county in which the
8 person resides. For the purposes of determining eligibility under this
9 section, a "cotenant" means a person who resides with an eligible
10 resident and who shares personal financial resources with the eligible
11 resident.

12 (b) "Combined disposable income" means the disposable income of the
13 person submitting the income verification form, plus the disposable
14 income of his or her spouse, and the disposable income of each cotenant
15 occupying the dwelling unit for the preceding calendar year, less
16 amounts paid by the person submitting the income verification form or
17 his or her spouse or cotenant during the previous year for the
18 treatment or care of either person received in the dwelling unit or in
19 a nursing home. If the person submitting the income verification form
20 was retired for two months or more of the preceding year, the combined
21 disposable income of such person shall be calculated by multiplying the
22 average monthly combined disposable income of such person during the
23 months such person was retired by twelve. If the income of the person
24 submitting the income verification form is reduced for two or more
25 months of the preceding year by reason of the death of the person's
26 spouse, the combined disposable income of such person shall be
27 calculated by multiplying the average monthly combined disposable
28 income of such person after the death of the spouse by twelve.

29 (c) "Disposable income" means adjusted gross income as defined in
30 the federal internal revenue code, as amended prior to January 1, 1989,
31 or such subsequent date as the director may provide by rule consistent
32 with the purpose of this section, plus all of the following items to
33 the extent they are not included in or have been deducted from adjusted
34 gross income:

35 (i) Capital gains, other than gain excluded from income under
36 section 121 of the federal internal revenue code to the extent it is
37 reinvested in a new principal residence;

38 (ii) Amounts deducted for loss;

- 1 (iii) Amounts deducted for depreciation;
- 2 (iv) Pension and annuity receipts;
- 3 (v) Military pay and benefits other than attendant-care and
- 4 medical-aid payments;
- 5 (vi) Veterans benefits other than attendant-care and medical-aid
- 6 payments;
- 7 (vii) Federal social security act and railroad retirement benefits;
- 8 (viii) Dividend receipts; and
- 9 (ix) Interest received on state and municipal bonds.

10 (d) "Resident requiring assistance with activities of daily living"
11 means a person who requires significant assistance with the activities
12 of daily living and who would be at risk of nursing home placement
13 without this assistance.

14 (e) "Home for the aging" means a residential housing facility that
15 (i) provides a housing arrangement chosen voluntarily by the resident,
16 the resident's guardian or conservator, or another responsible person;
17 (ii) has only residents who are at least sixty-one years of age or who
18 have needs for care generally compatible with persons who are at least
19 sixty-one years of age; and (iii) provides varying levels of care and
20 supervision, as agreed to at the time of admission or as determined
21 necessary at subsequent times of reappraisal.

22 (9) A for-profit home for the aging that converts to nonprofit
23 status after June 11, 1992, and would otherwise be eligible for tax
24 exemption under this section may not receive the tax exemption until
25 five years have elapsed since the conversion. The exemption shall then
26 be ratably granted over the next five years.

27 **Sec. 25.** RCW 84.52.063 and 2001 c 187 s 25 are each amended to
28 read as follows:

29 A rural library district may impose a regular property tax levy in
30 an amount equal to that which would be produced by a levy of fifty
31 cents per thousand dollars of assessed value multiplied by an equalized
32 assessed valuation (~~(equal to one hundred percent of the true and fair~~
33 ~~value of the taxable property in the rural library district)), as~~
34 determined by the department of revenue's indicated county ratio:
35 PROVIDED, That when any county assessor shall find that the aggregate
36 rate of levy on any property will exceed the limitation set forth in
37 RCW 84.52.043 and 84.52.050, as now or hereafter amended, before

1 recomputing and establishing a consolidated levy in the manner set
2 forth in RCW 84.52.010, the assessor shall first reduce the levy of any
3 rural library district, by such amount as may be necessary, but the
4 levy of any rural library district shall not be reduced to less than
5 fifty cents per thousand dollars against the value of the taxable
6 property, as determined by the county, prior to any further adjustments
7 pursuant to RCW 84.52.010. For purposes of this section "regular
8 property tax levy" shall mean a levy subject to the limitations
9 provided for in Article VII, section 2 of the state Constitution and/or
10 by statute.

11 **Sec. 26.** RCW 84.70.010 and 2005 c 56 s 1 are each amended to read
12 as follows:

13 (1) If, on or before December 31 in any calendar year, any real or
14 personal property placed upon the assessment roll of that year is
15 destroyed in whole or in part, or is in an area that has been declared
16 a disaster area by the governor or the county legislative authority and
17 has been reduced in value by more than twenty percent as a result of a
18 natural disaster, the (~~true and fair~~) assessed value of such property
19 shall be reduced for that assessment year by an amount determined by
20 taking the (~~true and fair~~) assessed value of such taxable property
21 before destruction or reduction in value and deduct therefrom the
22 (~~true and fair~~) assessed value of the remaining property after
23 destruction or reduction in value.

24 (2) Taxes levied for collection in the year in which the (~~true and~~
25 ~~fair~~) assessed value has been reduced under subsection (1) of this
26 section shall be abated in whole or in part as provided in this
27 subsection. The amount of taxes to be abated shall be determined by
28 first multiplying the amount deducted from the (~~true and fair~~)
29 assessed value under subsection (1) of this section by the rate of levy
30 applicable to the property in the tax year. Then divide the product by
31 the number of days in the year and multiply the quotient by the number
32 of days remaining in the calendar year after the date of the
33 destruction or reduction in value of the property. If taxes abated
34 under this section have been paid, the amount paid shall be refunded
35 under RCW 84.69.020. The tax relief provided for in this section for
36 the tax year in which the damage or destruction occurred does not apply
37 to property damaged or destroyed voluntarily.

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

4 (4) The assessor shall make such reduction on his or her own
5 motion; however, the taxpayer may make application for reduction on
6 forms prepared by the department and provided by the assessor. The
7 assessor shall notify the taxpayer of the amount of reduction.

8 (5) If destroyed property is replaced prior to the valuation dates
9 contained in RCW 36.21.080 and 36.21.090, the total taxable value for
10 that assessment year shall not exceed the value as of the appropriate
11 valuation date in RCW 36.21.080 or 36.21.090, whichever is appropriate.

12 (6) The taxpayer may appeal the amount of reduction to the county
13 board of equalization in accordance with the provisions of RCW
14 84.40.038. The board shall reconvene, if necessary, to hear the
15 appeal.

16 NEW SECTION. **Sec. 27.** This act applies to taxes levied for
17 collection in 2009 and thereafter.

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