

# HOUSE BILL REPORT

## HB 1950

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### As Reported by House Committee On: Finance

**Title:** An act relating to requiring assessors to give notice of the true and fair value of real property regardless of whether there was a change in value.

**Brief Description:** Requiring assessors to give notice of the true and fair value of real property regardless of whether there was a change in value.

**Sponsors:** Representative Orcutt.

#### **Brief History:**

##### **Committee Activity:**

Finance: 2/20/09, 3/2/09 [DPS].

#### **Brief Summary of Substitute Bill**

- Requires taxpayers be given a notice of the assessed value for real property every year whether or not a change in value has occurred.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

**Staff:** Rick Peterson (786-7150)

#### **Background:**

All real and personal property in this state is subject to property tax each year based on its value unless a specific exemption is provided by law. The county assessor determines assessed value for each property. 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 then used for determining property tax bills to be collected in the following year.

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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.*

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. Currently, 19 counties revalue property every four years, one county every three years, and one county every two years. For these counties, a proportionate share of the county properties are revalued during each year of the cycle while the other individual property values within the county remain unchanged during the intervening years of the revaluation cycle. Eighteen counties in Washington revalue annually based on market value statistical data.

Revaluing property under a two-, three-, or four-year revaluation program that is conducted in an orderly manner, pursuant to a regular plan, and is not done in an arbitrary, capricious, or intentionally discriminatory manner, does not violate the Constitutional property tax uniformity requirement. Generally, the property is not revalued in the intervening years of the cycle.

When the assessor changes the property value they provide the property owner with a notice of the change. These revaluation notices are mailed within 30 days of the completed appraisal, except during the period from January 15 to February 15 of each year. If the value of the real property appraised has not changed, then a revaluation notice does not need to be sent to the taxpayer. Generally, in counties using two-, three-, or four-year revaluation cycles revaluation notices are only sent to taxpayers in the revaluation year and not in the intervening years.

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**Summary of Substitute Bill:**

Taxpayers will be given an annual notice of the assessed value of their real property whether or not a change in value has occurred. For counties that revalue all properties every year, the notice will go out each year to all properties. In counties that use a revaluation cycle, the notice will go out to properties in the revaluation cycle, but not to properties outside the revaluation cycle.

**Substitute Bill Compared to Original Bill:**

The substitute bill limits the notices to the properties in the revaluation cycle rather than all the properties in the county.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) A constituent was caught in a catch 22 with regard to his revaluation notice. His property did not change in value and he was not sent a change of value notice, so he missed the deadline for appealing his property value.

(Opposed) Currently, 16 counties send revaluation notices to property owners whether or not the property value changes. Twenty-three counties only send notices to properties where the value changes. The counties stopped mailing notices in order to save money on postage.

**Persons Testifying:** (In support) Representative Orcutt, prime sponsor.

(Opposed) Patricia Costello, Thurston County Assessor; and Robert Carlton, Washington Association of County Officials.

**Persons Signed In To Testify But Not Testifying:** (In support) Amber Carter, Association of Washington Businesses.