FINAL BILL REPORT
SSB 5368

C 308 L 09
Synopsis as Enacted

Brief Description: Making provisions for all counties to value property annually for property tax purposes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Parlette, Fraser, Regala, Shin and Keiser).

Senate Committee on Ways & Means
House Committee on Finance

Background: Article 7, Section 1 of the State Constitution provides that all taxes must be uniform on the same class of property. This means that taxes must be the same on property of the same value and requires both an equal rate and equality in valuing the property taxed. Further, assessed value must be equal to 100 percent of the fair market value of the property, unless the property qualifies under a special tax relief program.

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. Seventeen 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. Twenty counties are on a program of annual updates. Values are adjusted annually based on market value statistical data.

Until June 30, 2010, the county treasurers collect a $5 fee on transfers of real estate. The fee is deposited into the Real Estate Excise Tax Electronic Technology Account. The funds from the fee are to be used exclusively for the development, implementation, and maintenance of a electronic processing and reporting system for real estate excise tax affidavits.

Summary: By January 1, 2014, all counties must revalue real property annually. The Department of Revenue (DOR) provides guidance and financial assistance to counties

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converting to annual revaluations. Upon request, the DOR must assist counties in the valuation of industrial property estimated to exceed $25 million.

DOR will operate a grant program to assist counties with converting to annual revaluations and for replacing computer systems used for revaluations that are no longer supported by the vendor. Grants are limited to $500,000 per county. The Annual Property Revaluation Grant Account is created for this purpose.

The $5 fee on transfers of real estate is extended from July 1, 2010, until December 31, 2013. During this time, the fee is deposited into the Annual Property Revaluation Grant Account.

The $5 fee is continued after January 1, 2014. The fee revenue will be deposited in a county Special Real Estate and Property Tax Administration Assistance account and used for maintenance and operation of an electronic real estate excise tax processing and reporting system and for annual revaluations. One-half of the fee revenue will be directly deposited by the county into the special account for this purpose. One-half of fee revenue will be sent to the State Treasurer. The State Treasurer will distribute one-half of this revenue in equal shares to the 39 counties. The other half will be distributed back to the counties in proportion to the population of each county.

Fee revenue remaining in the account that is unspent will be deposited in the Special Real Estate and Property Tax Administration Assistance Account. This will occur on the earlier of July 1, 2015, or the time when the county treasurer is using an electronic processing and filing system that is compatible with the processes used by DOR and the county assessor.

DOR must work with a county that has the technology ready to convert to revaluation but needs the expertise to do the conversion. This is to be accomplished by December 31, 2009.

Votes on Final Passage:

Senate	40	5	
House	77	17	(House amended)
Senate	38	8	(Senate concurred)

Effective: July 26, 2009