

SENATE BILL REPORT

SB 6047

As of February 25, 2009

Title: An act relating to authorizing a property tax levy to reimburse taxing districts for property taxes refunded under chapter 84.69 RCW and property taxes abated under RCW 84.70.010.

Brief Description: Authorizing a property tax levy to reimburse taxing districts for property taxes refunded under chapter 84.69 RCW and property taxes abated under RCW 84.70.010.

Sponsors: Senators Prentice and Swecker; by request of Department of Revenue.

Brief History:

Committee Activity: Ways & Means: 2/24/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: All real and personal property in Washington State is subject to property tax. In general, the property tax is administered on a local level by county assessors, who assess the value of property for tax purposes. Property is assessed as of January 1 of the assessment year and is listed on the tax rolls by May 31. The property tax is collected in the next year by the county treasurer in the county where the property is located. The county treasurers mail tax bills in early to mid-February. The property tax is due by April 30, but if the first half is paid by that date, the second half may be paid by October 31.

The assessed value of destroyed property may be reduced if it is destroyed in whole or in part or if at least 20 percent of the value is lost as result of destruction by natural disaster. This is referred to as the "destroyed property statute" and provides property tax relief by abating the current year's taxes based on the remaining value of the property that was destroyed or reduced in value. The abatement is also based on the portion of the year remaining after the destruction occurred. If the abated taxes have already been paid, the taxpayer is entitled to a refund. The result for the taxing districts in which the property tax on destroyed property is abated is that less tax than the amount of their certified levy will be collected.

Taxing districts may impose a property tax levy to recoup property tax revenues lost due to refunds paid to taxpayers. Refund levies do not increase the levy limit of a taxing district. There are two types of refund levies: refunds of taxes after a judgment for recovery is ordered and administrative refunds. Administrative refunds are ordered by the county

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treasurer or county legislative authority. Grounds for administrative refunds include clerical and other errors and circumstances, including refunds of taxes abated under the destroyed property statute. However, where property taxes are abated under the destroyed property statute before the taxes have been paid, there is no statutory authority for taxing districts to impose a levy to recoup the tax revenue lost as a result of such abatements.

Summary of Bill: Local taxing districts, but not the state, may impose a property tax levy to recoup taxes abated under the destroyed property statute even when no refund was issued because the abatement occurred before the taxes were paid. The act clarifies that taxing districts may levy for the purpose of funding administrative refunds, except for taxes paid more than once. The act also updates references in the levy limit provision.

The act applies retroactively to January 1, 2009, and applies to taxes levied under section 1 of this act for collection in 2010 and thereafter.

Appropriation: None.

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: This bill makes practical fixes to a technical timing issue. Owners of destroyed property can get the relief they need while ensuring local taxing districts are made whole. Officials from counties affected by the 2007 and 2008 flooding brought this concept to the Governor and Department of Revenue (DOR) to ensure fairness to taxpayers and to taxing districts. This bill helps both taxpayers and districts by removing the need to collect taxes after damage from floods or other disasters has occurred to avoid decreasing necessary local funding of taxing districts.

Persons Testifying: PRO: Alyson Fouts, DOR; Rose Bowman, Lewis County Treasurer; Dianne Dorey, Lewis County Assessor.