
SENATE BILL 5472

State of Washington 61st Legislature 2009 Regular Session

By Senators Sheldon, Parlette, and Benton

Read first time 01/22/09. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to determining the true and fair value of real
2 property for tax purposes; and amending RCW 84.40.030.

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

4 **Sec. 1.** RCW 84.40.030 and 2007 c 301 s 2 are each amended to read
5 as follows:

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

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

12 The true and fair value of real property for taxation purposes
13 (including property upon which there is a coal or other mine, or stone
14 or other quarry) shall be based upon the following criteria and
15 increased one percent per year thereafter:

16 ~~(1) ((Any sales of the property being appraised or similar~~
17 ~~properties with respect to sales made within the past five years. The~~
18 ~~appraisal shall be consistent with the comprehensive land use plan,~~
19 ~~development regulations under chapter 36.70A RCW, zoning, and any other~~

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

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

33 (3) In valuing any tract or parcel of real property, the true and
34 fair value of the land, exclusive of structures thereon shall be
35 determined; also the true and fair value of structures thereon, but the
36 valuation shall not exceed the true and fair value of the total
37 property as it exists. In valuing agricultural land, growing crops
38 shall be excluded)) For real property owned prior to January 1, 2005,

1 the true and fair value is the total assessed value of buildings,
2 enclosures, structures, and land as stated on the 2005 real property
3 tax statement notice.

4 (2) For real property acquired on or after January 1, 2005, the
5 true and fair value is the price the seller and the buyer agree upon at
6 the time of the sale by: (a) A written sales agreement; or (b) the
7 documented cost of the real property including construction costs of
8 the infrastructure and structures thereon.

9 (3) For real property taxation purposes, if the county assessor
10 believes that the price that the buyer and seller have agreed upon is
11 not representative of the true and fair value of the property, the
12 assessor may challenge that price by hiring two independent state-
13 certified residential real estate appraisers to appraise the property.

14 (a) If the averaged property value of the appraisals conducted
15 under this section is less than one hundred ten percent of the agreed
16 sales price then the true and fair value is the agreed sales price and
17 the assessor must pay for such appraisals.

18 (b) If the averaged property value of the appraisals conducted
19 under this section is greater than one hundred ten percent of the
20 agreed sales price then the true and fair value is the averaged
21 property value and the buyer must pay for such appraisals.

22 (4) For inherited real property taxation purposes, the true and
23 fair value of the real property must continue to be the total assessed
24 value as shown on the real property tax statement for the year of
25 inheritance.

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