
SENATE BILL 6753

State of Washington

61st Legislature

2010 Regular Session

By Senators Roach and Stevens

Read first time 01/25/10. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to valuation of residential real property; and
2 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:

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

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

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

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

1 (4)(a) When residential real property is valued, the assessor must
2 value the property at its current true and fair value using appropriate
3 statistical data. In gathering appropriate statistical data and
4 determining residential real property market trends, the assessor must
5 consider current sales data.

6 (b) To the extent feasible, and in accordance with generally
7 accepted appraisal practices, the assessor shall compile the
8 statistical data into categories of comparable properties.
9 Comparability is most often determined by similar use and location and
10 may be based upon the following use classifications:

11 (i) Single-family residential;

12 (ii) Residential with from two to four units; and

13 (iii) Residential with more than four unit.

14 (c) For purposes of this subsection:

15 (i) "Appropriate statistical data" means the data required to
16 accurately adjust real property values and includes, but is not limited
17 to, data reflecting costs of new construction, residential real
18 property market trends, and short sales.

19 (ii) "Current sales data" means sales of residential real property
20 that occurred within the past five years of the date of appraisal and
21 may include sales that occur in the assessment year.

22 (iii) "Short sales" means a sales transaction where residential
23 real property is sold for less than the balance owed and less than the
24 property's assessed value.

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