

# SENATE BILL REPORT

## SB 5675

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As of November 28, 2011

**Title:** An act relating to real property tax assessment administration, establishing procedures and authorizing fees for assessment review.

**Brief Description:** Concerning real property tax assessment administration, establishing procedures and authorizing fees for assessment review.

**Sponsors:** Senators Prentice and Pridemore.

**Brief History:**

**Committee Activity:** Government Operations, Tribal Relations & Elections: 2/17/11.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

**Staff:** Sam Thompson (786-7413)

**Background:** The valuation of property for purposes of property tax assessments is based on 100 percent of the true and fair value of the property when at its highest and best use, with some exceptions, as determined by the county assessor.

The county assessor must mail notice to the taxpayer of any changes in assessed value of real property no later than 30 days after appraisal.

All taxable real property must be listed and assessed every year. Each county assessor must maintain a revaluation schedule. This schedule must result in revaluation of all taxable real property in the county at least once every four years, and physical inspection at least once every six years. If requested to do so by a property owner, the county may disregard the schedule and change a valuation upon receipt of a notice of decision by planning or zoning jurisdiction.

Some counties are not on an annual revaluation cycle. If these counties receive the necessary guidance and financial assistance from the Department of Revenue (DOR) in order for them to convert, then they must do so by January 1, 2014. By that date, all taxable property must be revalued annually and physically inspected at least once every six years.

In the administration of property taxes, the term physical inspection is not defined.

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There is a property tax exemption available to certain retired persons or 100 percent disabled veterans. The exemption is available based on the taxpayer's disposable income, as defined by statute. Gifts are not included among the sources of income that are considered in the disposable income calculation.

This exemption distinguishes in its application between whether excess or regular property taxes are exempt. The exemption is also subject to two inverse tiers, reflecting different disposable income levels and correspondingly different percentages of assessed value to which the exemption applies.

This exemption continues for no more than six years, unless the person applies to renew it. Provision is made for notice to taxpayers who qualified when the exemption was first instituted in 1992, for the assessor to notify them that they must apply to renew the exemption.

If a property owner disagrees with the county assessor over the assessed valuation of the property, there is an appeals process. The first step is the county board of equalization, followed by the state Board of Tax Appeals, and then superior court. At all these levels, the assessor's determination is presumed to be correct. The taxpayer must prove by clear, cogent, and convincing evidence that the assessor's determination is not correct.

No distinction is made between owners of commercial property and residential property in the requirements for any of the tax appeal processes.

Publicly-owned property is exempt from taxation, including property owned by the federal, state, or local governments, and properties owned by federally-recognized Indian tribes when the property is used for essential government services, among other properties.

Even though a property may be subject to an exemption, the assessor must describe, value, list, and designate the owner of the property, as is done for any other property, except for publicly-owned property.

The assessor must value publicly-owned property that is leased by a private person when requested to do so by DOR or the lessee.

**Summary of Bill:** Physical inspection is defined as direct observation, or indirect observation by photographs or aerial imagery.

The assessor has the discretion to send any notice, assessment, or information to a person by electronic mail or other electronic means reasonably calculated to apprise the person of the information that is being provided. The information is deemed mailed as of the date the assessor sends it electronically or electronically notifies the person the information is available to be accessed by the person.

The assessor must provide in procedures for electronic notice, a provision for a person to request non-electronic notice. This request can be made in circumstances that, in the assessor's judgment, prevent the person from receiving or otherwise obtaining information

from the assessor electronically. Two of these circumstances are where the person does not have the necessary equipment and where the person does not have access to the Internet using the taxpayer's own equipment.

Gifts are included among the sources of income that are considered in the disposable income calculation for purposes of the property tax exemption for retired persons and veterans.

The assessor must notify persons exempt from property taxes under this program, no later than July 1 of the sixth year of the exemption period, that there is the requirement to file for renewal of the exemption.

In appeals before the county board of equalization, the county legislative authority may require owners of commercial property to pay a filing fee of \$500. The filing fee must be awarded as costs to the petitioner if the petitioner substantially prevails.

Within 30 days of filing a petition challenging the assessed value of commercial property, the taxpayer must provide to the assessor any evidence the taxpayer intends to submit and the prior three years of income and expense statements.

Commercial property for these purposes does not include a single-family residential lot or a single-family unit in a condominium, townhouse, or manufactured home, including those that have been declared never sold or sparsely sold, and operated as apartments.

It is clarified that the assessor does not have a duty to send notice of change in assessed value to publicly-owned property exempt from taxation.

When publicly-owned property exempt from taxation is no longer exempt, the assessor must value and list the property as of the January 1 assessment date. The owner of this property may contest the assessed value before the county board of equalization.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.