

HOUSE BILL REPORT

HB 1040

As Reported by House Committee On:
Local Government
Finance

Title: An act relating to real property valuation notices.

Brief Description: Concerning real property valuation notices.

Sponsors: Representatives Takko and Upthegrove.

Brief History:

Committee Activity:

Local Government: 1/15/13, 2/1/13 [DPS];

Finance: 2/15/13, 2/26/13, 2/27/13 [DPS(LG)].

Brief Summary of Substitute Bill

- Authorizes county assessors to combine or separately state land and improvement values on annual residential real property value notices that inform taxpayers of changes in real property and improvement values.
- Defines "residential real property" for purposes of value notice provisions.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Liias, Springer and Upthegrove.

Minority Report: Do not pass. Signed by 3 members: Representatives Taylor, Ranking Minority Member; Kochmar, Assistant Ranking Minority Member; Buys.

Staff: Ethan Moreno (786-7386).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

All real property in Washington that is subject to taxation must be listed and assessed annually by the county assessor. Unless provided otherwise by law, the property must be valued at 100 percent of its true and fair value, and assessed on the same basis.

The assessor must begin preliminary assessment work by each December 1 and must generally complete all listing and valuation duties by each May 31. In completing this work, the assessor must determine, as nearly as practicable, the true and fair value of the land and improvements located on the land.

With limited exceptions, the assessor must notify the taxpayer by mail of any change in the true and fair value of the real property and any improvements on the land within 30 days after appraisal. The notice, which is commonly referred to as a value notice or revaluation notice, must contain a statement of the prior and new true and fair value, stating separately land and improvement values. The value notice must also include other information, including information regarding an appeal of the assessor's value determination to the local county board of equalization. Value notices do not need to be sent if the true and fair value of the real property has not changed after a completed appraisal.

Summary of Substitute Bill:

County assessors may combine or separately state land and improvement values on annual residential real property value notices that inform taxpayers of changes in real property and improvement values.

"Residential real property," for purposes of value notice provisions means: a single-family residence, including single-family manufactured homes; and a single-family residential unit within a condominium, townhouse, or similar building, excluding buildings or units that are or have been declared as apartments or are operated as apartments.

Substitute Bill Compared to Original Bill:

The substitute bill authorizes assessors to state separate land and improvement values only on valuation notices for residential real property. The substitute bill also defines "residential real property" for purposes of the valuation notice provisions.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The practice of separately stating land and improvement values on value notices can be confusing to taxpayers. When a person buys property, he or she considers the land and buildings together.

The ability to list one value on the notices will alleviate confusion and mitigate some perceptions of mistrust. Assessors spend a great deal of time explaining what an improvement is. Assessors will retain land and improvement values and will share that information when requested. The law prohibits people from appealing only one of the two values. The provisions of this bill are permissive.

(Opposed) Counties have differing processes, websites, and technological capabilities. It is better for taxpayers to have more, rather than less, information. Assessors will still collect the value data, but this bill will make it harder for taxpayers to obtain that information, and is a move away from transparency. Court decisions indicate differences between "shall" and "must," changes that are made in the bill.

Persons Testifying: (In support) Representative Takko, prime sponsor; Dave Cook, Yakima County Assessors Office; Dianne Dorey, Lewis County Assessors Office; and Terry McLaughlin, Cowlitz County Assessors Office.

(Opposed) Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill by Committee on Local Government be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Fitzgibbon, Hansen, Lytton, Pollet, Reykdal and Springer.

Minority Report: Do not pass. Signed by 4 members: Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta and Vick.

Staff: Jeff Olsen (786-7175).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is a streamlining bill that will help counties save money. Sending valuation notices with land and structures separate is confusing to the public. Taxpayers may not appeal only one value, only the total valuation. By simplifying, it will reduce the amount of time spent with confused taxpayers, and should result in fewer appeals. The public will still be able to obtain separate values from the county if they want it. There are still reasons for counties to maintain the information, but not include both values on the annual notice.

(Opposed) More information for taxpayers is better. The first communication with the taxpayer is the mailing of the valuation notice. The presumption of correctness is that the assessor is correct. It is a high burden of proof for the taxpayer to overcome when challenging their valuation (clear, cogent, convincing standard). Commercial and residential property should be treated the same.

Persons Testifying: (In support) Representative Takko, prime sponsor; Dianne Dorey, Lewis County Assessor; Jim Avery, Kitsap County Assessor; Lloyd Harra, King County Assessor; and Monty Cobb, Washington Association of County Officials.

(Opposed) Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.