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## Local Government Committee

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### HB 1217

**Brief Description:** Strengthening the integrity, fairness, and equity in Washington's property assessment system.

**Sponsors:** Representatives Takko, Haigh and Ryu.

#### Brief Summary of Bill

- Requires an appellant that has filed a petition with the county board of equalization to challenge the assessed value of commercial property to provide the county assessor with income and expense statements for the past three years.
- Defines the term "commercial property" as used in the section.

**Hearing Date:** 1/29/13

**Staff:** Michaela Murdock (786-7289).

#### Background:

All real and personal property in Washington is subject to property tax and must be listed and assessed every year based on its value, unless a specific exemption is provided by law. The tax levied on a particular property is calculated by multiplying its assessed value by the tax rate.

The county assessor determines the assessed value of property in most circumstances. Property subject to property tax is assessed at 100 percent of its true and fair value in money, according to its highest and best use. "True and fair value" means market value and is the amount of money a buyer of property willing but not obligated to buy would pay a seller of property willing but not obligated to sell. This standard applies to both residential and commercial property.

The true and fair value of real property for taxation purposes may be assessed using the sales (market data) approach, the cost approach, the income approach, or a combination of the three. Under these respective approaches, the assessor considers: (1) sales within the past five years of properties comparable to the property being appraised; (2) the cost, cost less depreciation, or

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reconstruction cost less depreciation; and/or (3) the capitalization of income that would be derived from prudent use of the property. By administrative rule, assessors may require property owners to submit pertinent data regarding property in their control, including sales data, costs and characteristics of improvements, and other facts necessary for appraisal of the property.

Assessed values of property are set as of January 1 and are used in determining the property's tax bill for the upcoming year. County assessors establish new assessed values on regular revaluation cycles, which vary by county.

Property owners who dispute the assessed value of their property may petition the county board of equalization (board) for a change in the assessed value. The petition must be filed with the board on or before July 1 of the year of the assessment, within 30 days after the date of an assessment, value change notice, or other notice has been mailed, or within a time limit of up to 60 days if an extended period has been adopted by the county, whichever of the deadlines is later. The filing deadline may be waived under certain circumstances.

A petition to the board must be properly completed and timely filed. Administrative rules govern the contents of a petition and submission of evidence. To properly complete a petition, the property owner must provide to the assessor and the board, prior to the hearing on the petition, any comparable sales, valuation evidence, or other documentary evidence that he or she intends to present at the hearing. Such documentary evidence must be filed with the petition, or if it is not available when the petition is filed, no later than seven business days before the hearing. Additionally, the appellant may request valuation information from the assessor, who must fulfill the request within 60 days, or no later than 14 business days prior to the hearing.

**Summary of Bill:**

Appellants challenging the assessed value of commercial property are required to provide the county assessor with income and expense statements for the three years prior to the assessment date. The statements must be provided to the assessor within 30 days from the appellant filing his or her petition.

"Commercial property" is defined as any property except single family residences or single family residential units that are units, or are in buildings, that have not been declared or operated as apartments or have never been sold.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

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