

# SENATE BILL REPORT

## 2SHB 1217

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As of April 1, 2013

**Title:** An act relating to strengthening the integrity, fairness, and equity in Washington's property assessment system.

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

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Takko, Haigh and Ryu).

**Brief History:** Passed House: 3/05/13, 53-43.

**Committee Activity:** Governmental Operations: 3/25/13.

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### SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

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

**Background:** Property in Washington is generally subject to a property tax based on assessed market value. County assessors determine valuation of most property. The Department of Revenue determines valuation of some property, including property held by private utilities operating in multiple counties. Commercial property may be valued based upon income. A taxpayer challenging valuation of property may appeal to a county board of equalization (BOE).

**Summary of Bill:** Taxpayers challenging valuation of commercial property must provide the BOE with income and expense statements for two years prior to the assessment date. The statements must be provided to the BOE within 60 days of the date that an appeal petition is postmarked for delivery or delivered in person to the BOE. A taxpayer failing to comply with this requirement may not challenge valuation on the basis that the assessor erred in considering capitalization of income derived from prudent use of the property.

Commercial property includes any property except: a single-family residence, including single-family manufactured homes; and a single-family residential unit in a condominium, townhouse, or similar building, excluding buildings or units declared or operated as apartments.

**Appropriation:** None.

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*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.*

**Fiscal Note:** Available.

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

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

**Staff Summary of Public Testimony:** PRO: Commercial property is commonly valued using income analysis, not comparable sales. County assessors face difficulties in getting pertinent income information from taxpayers contesting valuation of commercial property. Assessors need this information to check their valuations and correct errors, thus potentially persuading appellants to withdraw appeals. Delays in getting this information, which may often be submitted soon before a BOE hearing, leave assessors little time to analyze complex data and can cause delays in considering other appeals. The bill appropriately requires taxpayers to provide this information in a timely fashion or lose their right to contest valuation based on a claim that income was improperly calculated. The bill is unanimously supported by county assessors.

CON: Assessors already have the tools they need. It can be difficult for taxpayers to compile and submit this information, which can be complex. Taxpayers do not intend to delay proceedings, and should not be penalized by losing appeal rights when delays arise. Taxpayers are also concerned about loss of confidentiality of certain information submitted to assessors. Taxpayers should not, as provided in current law, be required to rebut valuations with clear, cogent, and convincing evidence. Instead, valuations should be rebuttable by a preponderance of the evidence.

OTHER: Appeal rights should not be limited by operation of law. Rather, taxpayers should be provided with notice of potential loss of appeal rights.

**Persons Testifying:** PRO: Representative Takko, prime sponsor; Mike Lonergan, Pierce County Assessor; Steven Drew, Thurston County Assessor; Peter Van Nortwick, Clark County Assessor; Lloyd Hara, King County Assessor; Monty Cobb, WA Assn. of County Officials.

CON: Amber Carter, Assn. of WA Business.

OTHER: Bill Clarke, WA Realtors.