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**HOUSE BILL 1905**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Klippert, Haler, and Buys

AN ACT Relating to government ownership of vacant or undeveloped land for extended periods of time; amending RCW 84.40.045 and 84.40.175; adding a new section to chapter 82.02 RCW; and adding a new chapter to Title 42 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Master real estate plan" or "plan" means a plan of a public agency for the timely use or disposal of vacant or otherwise undeveloped properties that were obtained through transfers, intergovernmental exchanges, gifts, foreclosures, or other nonpayment methods.

(2) "Public agency" means:

(a) Any state board, commission, committee, department, educational institution, or other state agency created by or pursuant to statute, other than courts and the legislature; and

(b) Any county, city, school district, special purpose district, or other municipal corporation or political subdivision of the state of Washington.

NEW SECTION. **Sec.**  (1) By December 31, 2015, each public agency that owns vacant or otherwise undeveloped property that was obtained through transfers, intergovernmental exchanges, gifts, foreclosures, or other nonpayment methods must develop a list of these properties, by parcel number.

(2)(a) By July 1, 2016, the public agencies subject to subsection (1) of this section must develop, adopt, and implement a master real estate plan to use or dispose of the properties on the list. For each property, the plan must:

(i) Identify the actual or estimated date of the property acquisition. If the date of acquisition cannot be determined but is evidenced to have occurred before January 1, 2003, the plan must note that the property was acquired on an unknown date before January 1, 2003;

(ii) Describe the use or application of the property as of the date of the list;

(iii) Include the dollar amount and year of the property tax assessments for the three most recent years in which the land was privately owned, if known; and

(iv) Include a detailed description of what the property is to be used for and, if it is to be retained by the public agency, when it is to be used.

(b) Except as provided otherwise by this subsection (2)(b), the plan may not allow for a property owned by the public agency to be vacant or otherwise undeveloped for five years beyond the adoption of the plan for the specified property, or five years beyond the date the property becomes property of the agency, whichever is later. Properties used for environmental mitigation may, at the public agency's discretion, be exempted from the five-year limits established by this subsection (2)(b) and associated payment in lieu of tax requirements established in section 4 of this act. A public agency using the exemption authorized by this subsection (2)(b) must submit a declaration of the exemption for the property, identifying the parcel or parcels subject to the exemption and signed by the executive director of the agency, to the applicable county assessor.

(3) The plan required by this section must be reviewed and, if necessary, revised every two years. Public agencies that obtain vacant or otherwise undeveloped properties through transfers, intergovernmental exchanges, gifts, foreclosures, or other nonpayment methods after the initial adoption of the agency's plan must, for each property, comply with subsection (2) of this section.

NEW SECTION. **Sec.**  (1) The master real estate plan required by section 2 of this act must provide a specific use for each property that is consistent with the authority and objectives of the public agency. Except as provided otherwise by subsections (2) and (3) of this section, if the property remains vacant or otherwise undeveloped five years after the adoption of the plan, or five years after the date the property becomes property of the public agency, whichever is later, the public agency is responsible for payments on the property under section 4 of this act.

(2) Properties used for environmental mitigation may, at the public agency's discretion and in accordance with section 2 of this act, be exempted from the five-year limits established by this section and associated payment in lieu of tax requirements established in section 4 of this act.

(3)(a) A property subject to the requirements of this section and section 2 of this act that was offered for public auction or sale by a public agency during the prior year but that did not sell due to unique characteristics of the property that make the sale and economic use of the land infeasible may be exempted from the five-year limits established in this section and associated payment in lieu of tax requirements established in section 4 of this act. An exemption under this subsection (3)(a) may occur only if: The public agency petitions the department for a waiver from the requirements of section 4 of this act; and the department grants the waiver. A waiver must be granted by the department under this section for a five-year term if the department determines that the waiver request is consistent with the provisions of this subsection (3)(a).

(b) For purposes of this subsection (3), "department" means the department of revenue.

NEW SECTION. **Sec.**  A new section is added to chapter 82.02 RCW to read as follows:

(1) By April 30th of the first year in which a payment is required in accordance with section 3 of this act, and April 30th of each year thereafter, a public agency must submit a payment in lieu of tax as provided in this section. The payment applies to property included on a master real estate plan if: (a) The property has been owned by the public agency for at least five years as of January 1st of the current year; and (b) the property has remained vacant or otherwise undeveloped for at least five years while owned by the public agency. No payment is due under this section for properties that have been exempted from time limitations in accordance with section 3 (2) or (3) of this act.

(2) The amount of the payment is equal to the assessed value of the property multiplied by the total state and local property tax rate that would otherwise apply to the property if not for the exemption under RCW 84.36.010.

(3) The payment under subsection (1) of this section must be submitted to the county treasurer in which the property is located. The treasurer must distribute the money to local jurisdictions within which the property is located based on population, excluding the public agency owning the property.

(4) For the purposes of this section, "master real estate plan" and "public agency" have the same meanings as provided in section 1 of this act.

**Sec.**  RCW 84.40.045 and 2013 c 235 s 1 are each amended to read as follows:

(1) The assessor must give notice of any change in the true and fair value of real property for the tract or lot of land and any improvements thereon no later than thirty days after appraisal. However, no such notice may be mailed during the period from January 15th to February 15th of each year. Furthermore, no notice need be sent with respect to changes in valuation of publicly owned property exempt from taxation under provisions of RCW 84.36.010 or of forest land made pursuant to chapter 84.33 RCW.

(2) The notice must contain a statement of both the prior and the new true and fair value, stating separately land and improvement values, and a brief statement of the procedure for appeal to the board of equalization and the time, date, and place of the meetings of the board.

(3) The notice must be mailed by the assessor to the taxpayer.

(4) If any taxpayer, as shown by the tax rolls, holds solely a security interest in the real property which is the subject of the notice, pursuant to a mortgage, contract of sale, or deed of trust, such taxpayer must, upon written request of the assessor, supply, within thirty days of receipt of such request, to the assessor the name and address of the person making payments pursuant to the mortgage, contract of sale, or deed of trust, and thereafter such person must also receive a copy of the notice provided for in this section. Willful failure to comply with such request within the time limitation provided for in this section makes such taxpayer subject to a maximum civil penalty of five thousand dollars. The penalties provided for in this section are recoverable in an action by the county prosecutor, and when recovered must be deposited in the county current expense fund. The assessor must make the request provided for by this section during the month of January.

(5) A public agency subject to the payment under section 4 of this act must notify the assessor. Notwithstanding subsection (1) of this section, the assessor must provide notice to a public agency subject to the payment under section 4 of this act.

**Sec.**  RCW 84.40.175 and 2014 c 97 s 408 are each amended to read as follows:

At the time of making the assessment of real property, the assessor must enter each description of property exempt under the provisions of chapter 84.36 RCW, and value and list the same in the manner and subject to the same rule as the assessor is required to assess all other property, designating in each case to whom such property belongs. The valuation requirements of this section do not apply to publicly owned property exempt from taxation under provisions of RCW 84.36.010, except for property subject to the payment required under section 4 of this act. However, when the exempt status of such property no longer applies as a result of a sale or change in use, the assessor must value and list such property as of the January 1st assessment date for the year of the status change. The owner or person responsible for payment of taxes may thereafter petition the county board of equalization for a change in the assessed value in accordance with the timing and procedures set forth in RCW 84.40.038.

NEW SECTION. **Sec.**  Sections 1 through 3 of this act constitute a new chapter in Title 42 RCW.

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