

SENATE BILL REPORT

SB 5876

As of February 16, 2015

Title: An act relating to the imposition of a filing charge for certain property assessment appeal petitions.

Brief Description: Concerning the imposition of a filing charge for certain property assessment appeal petitions.

Sponsors: Senators Frockt, Liias, Habib, Mullet, Hasegawa, Hobbs, Chase, Keiser, Fraser, McAuliffe, Kohl-Welles and McCoy.

Brief History:

Committee Activity: Government Operations & Security: 2/12/15.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Staff: Karen Epps (786-7424)

Background: All real and personal property in this state is subject to property tax each year based on its value unless a specific exemption is provided by law. The county assessor determines assessed value for each 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 the following: (1) sales within the past five years of properties comparable to the property being appraised; (2) the cost, cost less depreciation, or 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. Property subject to property tax is assessed at its true and fair value.

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.

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.

When a petition is filed with the Board for review of a tax claim or valuation dispute, the county assessor must make available to the taxpayer upon request a compilation of comparable sales and other valuation criteria, if any, utilized by the assessor in establishing the property's valuation. Within 60 days of a taxpayer's request, but at least 14 business days prior to a taxpayer's appearance before the Board, the county assessor must make the requested information available to the taxpayer, as well as provide to the taxpayer and the Board any new evidence supporting the county assessor's valuation, if applicable.

A taxpayer who lists comparable sales on the notice of appeal must not subsequently change those sales, unless the taxpayer has found new evidence supporting the taxpayer's proposed valuation. The taxpayer must provide any additional evidence to the county assessor and the Board at least seven business days prior to the hearing. If assessor or the taxpayer fail to follow the requirements for submitting evidence, the Board may continue the hearing or refuse to consider sales not submitted in a timely manner.

Summary of Bill: County legislative authorities may require that a petition to the Board for challenges to assessed values of commercial properties be accompanied by a reasonable filing charge. The filing charge must be waived for financial hardship cases, but counties may require reasonable documentation be submitted to establish waiver eligibility.

If a petitioner substantially prevails before the Board, the imposed filing charges must be awarded as costs to the petitioner. Additionally, a filing charge may not be imposed if the petitioner has not previously petitioned the Board.

For purposes of the filing charge provisions, commercial property means all real property, except: (1) single-family residential property; or (2) townhouses, manufactured homes, or units within a residential condominium that are not being operated as apartments.

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.

Staff Summary of Public Testimony: PRO: This bill is designed to begin to smooth out the process. This bill is designed to address those businesses that use the filing process as a cost of doing business. Those businesses – large property owners with 100 businesses, will file appeals on all of them, jam the system, and then, at the time of the hearing, withdraw the appeal. This bill leaves it up to the board of county commissioners to set a fee if the board chooses to do so. The bill provides that the first time a taxpayer files an appeal there is no fee and if there is a reduction in the value, then the taxpayer gets the filing fee back.

OTHER: There are concerns about the proposed filing fee for property tax appeals. It is critically important that every taxpayer, residential and commercial, has equal access to justice. Property taxes are an emotional issue when someone looks at their valuation. There

is interest in broader tax appeal reforms and a filing fee may be more acceptable as part of broader reforms.

Persons Testifying: PRO: Lloyd Hara, King County Assessor.

OTHER: Amber Carter, Assn. of WA Business.