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**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5866**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Brown, Hobbs, Braun, Mullet, Frockt, and Warnick)

AN ACT Relating to creating a tax court for the state of Washington; amending RCW 2.04.110, 34.05.030, 39.88.060, 79.125.450, 82.01.090, 82.29A.060, 82.32.150, 82.32.160, 82.32.170, 82.32.180, 82.49.060, 84.08.060, 84.08.130, 84.33.091, 84.34.065, 84.36.850, 84.39.020, 84.40.038, 84.48.080, 84.52.018, 84.56.290, 84.69.020, 84.69.030, and 84.69.180; reenacting and amending RCW 34.12.020 and 42.17A.705; adding a new chapter to Title 2 RCW; creating new sections; repealing RCW 82.03.010, 82.03.020, 82.03.030, 82.03.040, 82.03.050, 82.03.060, 82.03.070, 82.03.080, 82.03.090, 82.03.100, 82.03.110, 82.03.120, 82.03.130, 82.03.140, 82.03.150, 82.03.160, 82.03.170, 82.03.180, 82.03.190, and 82.03.200; and providing contingent effective dates.

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

**PART I**

**Creation of the Tax Court**

NEW SECTION. **Sec.**  LEGISLATIVE INTENT. (1) The legislature finds that:

(a) Taxes are a critically sensitive point of contact between citizens and their government;

(b) Washington taxpayers have a right to expect that their taxes will be fairly assessed in accordance with the law;

(c) Taxpayers have a right to a fair, impartial, and efficient resolution of their tax disputes in an informed tribunal with expertise in the tax laws of this state;

(d) Tax disputes that cannot be resolved by agreement of the parties should be heard and decided by an elected tax court that provides appropriate representation to the voters of the entire state, convenient access for both parties, and appellate review;

(e) Tax court procedures should promote public confidence in the tax system, ensuring both the appearance and reality of due process and fundamental fairness, while promoting the consistency and predictability of tax decisions;

(f) Tax court procedures should recognize financial practicalities, and the procedural rules for all cases within the commissioner department should therefore provide for informal appeals and taxpayer representation by nonlawyers; and

(g) Taxpayers and their taxing authorities are encouraged to engage in settlement discussions prior to presenting their dispute to the tax court, and tax court procedures should encourage the prompt and cost-effective resolution of tax disputes through mediation and other settlement processes.

(2) This act must be interpreted and construed to further the purposes of this act, and court rules adopted for implementing this act must be structured and construed to further this intent.

NEW SECTION. **Sec.**  TAX COURT ESTABLISHED. There is hereby established a tax court as a court of record with statewide jurisdiction. The tax court will consist of one judge selected from each division of the court of appeals and such commissioners as are appointed by the tax court.

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

(1) "Court" means the tax court.

(2) "General election" means the biennial election at which members of the house of representatives are elected.

(3) "Judge" means a judge of the tax court.

(4) "Rules" means rules of the tax court.

NEW SECTION. **Sec.**  TAX COURT DEPARTMENTS. The tax court must have two departments:

(1) The main department:

(a) The main department of the tax court will consist of three judges who may individually hear and decide tax appeals, except proceedings that must be heard by a three-judge panel.

(b) Upon petition by a party, the main department will initially hear tax appeals that involve complex issues, issues of substantial public importance, or issues that require expertise beyond a commissioner's proficiency. Unless otherwise allowed by the presiding judge for good cause shown, the petition for a direct appeal to the main department must be filed by the appellant within sixty days of the filing of the initial appeal.

(c) A party may petition for a hearing of the appeal by a three-judge panel, or review of a final decision of the main department by a three-judge panel, when: (i) The decision under appeal conflicts with a decision of the supreme court or a prior decision of the tax court; or (ii) the appeal involves one or more questions of exceptional public importance and there remain no genuine issues of material fact. Appeals before a three-judge panel must, so far as possible, be conducted in accordance with the rules of appellate procedure applicable in the court of appeals. If the supreme court denies review of a single judge decision from the main department of the tax court, the case will be transferred without prejudice and without costs to the three-judge panel of the main department of the tax court for determination.

(d) Appeals to the tax court from a decision of a superior court in a tax dispute will be heard on the superior court record by a three-judge panel. Review of decisions of the main department by a three-judge panel will be heard on the record made in the main department.

(e) Every cause submitted to the main department of the tax court must be decided within six months from the submission thereof. The court may extend the six-month period, for good cause, up to three additional months.

(2) The commissioner department:

(a) The commissioner department is a cost-effective and informal option for parties seeking review.

(b) The commissioner department will hear all appeals that are not heard initially by the main department or a three-judge panel. The judges of the main department will appoint one or more individuals to sit as commissioners at locations within the state. The commissioners must perform such duties as the presiding judge of the tax court may direct. Commissioners may be appointed to serve on either a full-time or part-time basis.

(c) In proceedings before the commissioner department, a party may appear personally or may designate a representative.

(d) Designated representatives may be an employee, director, or officer of the party; a certified public accountant licensed in the state of Washington; an attorney admitted to practice in the courts of the state of Washington; a partner, joint venturer, or trustee representing, respectively, a partnership, joint venture, or trust; a personal representative of a decedent's estate; or other person designated with the approval of the commissioner.

(e) Hearings before the commissioner department will be informal, in accordance with the rules of evidence as described in RCW 34.05.452. The party or representative may testify and offer witness testimony from a real estate broker, an appraiser, an accountant, or other person with knowledge of the facts of the case. Testimony must be given under oath or affirmation.

(f) Voluntary mediation process:

(i) The commissioner department will make available an informal voluntary and confidential mediation process. The purpose of the mediation is to help the parties reach an agreement that settles the dispute. The department will prescribe rules for the conduct of mediation consistent with the purpose of the mediation.

(ii) A dispute may be submitted to mediation only if all the parties agree to the following:

(A) An appointed neutral mediator to lead and facilitate the mediation. The mediator may be a commissioner who is not assigned to preside over and decide the case;

(B) The mediator's role is to assist the parties to work together to reach a mutually agreeable dispute resolution. The mediator will not issue findings of fact or a decision in the matter;

(C) Mediation is a confidential process. All mediation discussions, statements of parties, and materials provided as part of the mediation are confidential, may not be disclosed outside the mediation, and may not be used for any nonmediation purpose or used in any other proceeding;

(D) An agreement reached by the parties during the mediation must be memorialized in writing and signed by the parties. Based on the signed agreement, the court will enter an order closing the case; and

(E) If the mediation does not result in a written agreement resolving the dispute, the case will proceed to trial in the commissioner department.

(g) Qualifications of commissioners:

(i) An individual who is appointed as a commissioner must be a resident of this state and competent to perform the duties of the office and have at least three years of work experience relevant to his or her responsibilities as a commissioner.

(ii)(A) Before entering office, each individual employed as a commissioner must take and subscribe to an oath or affirmation that the individual:

(I) Will support the Constitutions of the United States and Washington and the laws of the state of Washington;

(II) Will faithfully and honestly discharge the duties of the office; and

(III) Does not hold, and while the individual is a commissioner will not hold, a position in any political party.

(B) The oath or affirmation must be filed with the clerk of the tax court.

(iii) An individual while a commissioner may hold another office or position of profit or pursue another calling or vocation unless it:

(A) Is inconsistent with the expeditious, proper, and impartial performance of the duties of a commissioner; or

(B) Would interfere with the ability of the commissioner to perform fully the duties of the commissioner's position.

NEW SECTION. **Sec.**  TAX COURT PROCEDURES AND REVIEW. (1) The administration and procedures of the court must be as provided by rules of the court. The court is vested with all power and authority, not inconsistent with such rules, necessary to carry into complete execution all of its judgments, decrees, and determinations in all matters within its jurisdiction, according to the rules and principles of the common law and the Constitution and laws of this state.

(2) For the prompt and orderly administration of justice, the supreme court may assign a judge of the tax court to serve as a judge pro tempore of the court of appeals.

(3) The final decisions of the main department of the tax court must be issued in writing, and the grounds of the decisions must be stated. Except for decisions by the three-judge panel, the decisions by the main department of the tax court must include findings of fact and conclusions of law. All decisions by the main department must be published as opinions of the court, whether in print or electronic form. All decisions by the main department are precedential until reversed, modified, or overruled by the supreme court or a three-judge panel of the tax court.

(4) The decisions of a three-judge panel and decisions by a single judge of the main department that are not reviewed by a three-judge panel are subject to review by the supreme court in the same manner as the decisions of the court of appeals.

(5) The final decisions of the commissioner department must be rendered in writing, and must include a statement of the facts and the conclusions of law. Decisions of the commissioner department must be made readily available for online research, but they may not be published as opinions of the tax court and may not be cited or relied upon as precedent. The exclusive remedy for review of any decision or order of a commissioner will be by petition to the main department of the tax court.

NEW SECTION. **Sec.**  TAX COURT JUDGES. (1) A judge of the tax court must:

(a) Be admitted to the practice of law in the courts of this state not less than five years prior to taking office; and

(b) Be a resident for not less than one year at the time of appointment or initial election in the division of the court of appeals for which his or her position was created.

(2) The annual salary of the judges of the tax court must be equal to that established for judges of the court of appeals. No salary warrant may be issued to any judge until the judge files with the state treasurer an affidavit that no matter referred to the judge for opinion or decision has been uncompleted for more than six months.

NEW SECTION. **Sec.**  JUDGE ELECTION. At the first state general election after the establishment of the tax court, there will be elected the number of judges to the tax court provided for in section 102 of this act. Upon taking office the judges elected will come together to be divided by lot into three equal groups; those of the first group will hold office until the second Monday in January of 2021, those of the second group will hold office until the second Monday in January of 2023, and those of the third group will hold office until the second Monday in January of 2025, or, if later, until their successors are elected and qualified. Thereafter, judges will be elected for the full term of six years or, if later, until their successors are elected and qualified, commencing with the second Monday in January succeeding their election.

NEW SECTION. **Sec.**  TAX COURT JURISDICTION. (1) Except when the tax court reviews an appeal from superior court as provided in subsection (4) of this section, all proceedings before the tax court are original, independent proceedings. All the tax court's proceedings will be tried without a jury and de novo.

(2) In all appeals to the tax court, the decision appealed from is presumed correct and, except as provided in RCW 84.40.0301, the appellant has the burden of proving otherwise by a preponderance of the evidence. The tax court may exercise such procedural powers and authority as necessary to the full exercise of its jurisdiction, including the power to issue compulsory process.

(3) The tax court has authority to hear the following:

(a) Appeals of a notice of denial of a refund or of a petition or a notice of assessment made under RCW 82.34.110, 82.32.050, 82.32.060, 82.32.160, 82.32.170, or an appraisal under RCW 82.49.050, except in cases where the taxpayer has failed to keep and preserve books, records, and invoices as required in chapters 82.32, 82.32A, and 82.24 RCW;

(b) Appeals from a county board of equalization pursuant to RCW 84.08.130;

(c) Appeals by an assessor or landowner from an order of the director of the department of revenue made pursuant to RCW 84.08.010 and 84.08.060, if filed with the tax court within thirty days after the mailing of the order;

(d) Appeals by an assessor or owner of an intercounty public utility or private car company from determinations by the director of the department of revenue of equalized assessed valuation of property and the apportionment thereof to a county made pursuant to chapters 84.12 and 84.16 RCW, if filed with the tax court within thirty days after mailing of the determination;

(e) Appeals by an assessor, landowner, or owner of an intercounty public utility or private car company from a determination of any county indicated ratio for such county compiled by the department of revenue pursuant to RCW 84.48.075, if the appeal is filed after review of the ratio under RCW 84.48.075(3) and not later than fifteen days after the mailing of the certification. A hearing under this subsection (3)(e) before the court must be expeditiously held in accordance with rules prescribed by the court and must take precedence over all matters of the same character;

(f) Appeals from urban redevelopment property tax apportionment district proposals established by governmental ordinances pursuant to RCW 39.88.060;

(g) Appeals from interest rates as determined by the department of revenue for use in valuing farmland under current use assessment pursuant to RCW 84.34.065;

(h) Appeals from revisions to stumpage value tables used to determine value by the department of revenue pursuant to RCW 84.33.091;

(i) Appeals from denial of a tax exemption application by the department of revenue pursuant to RCW 84.36.850;

(j) Appeals pursuant to RCW 84.40.038(3);

(k) Appeals pursuant to RCW 84.39.020;

(l) Appeals of refunds denied under Title 83 RCW or superior court orders made under chapter 83.100 RCW; and

(m) Appeals of final decisions of the superior court under RCW 82.32.180.

(4) Except for cases that may be appealed or transferred directly to the supreme court under RCW 2.06.030, the tax court has exclusive appellate jurisdiction over appeals from the superior court in tax disputes that would otherwise fall within the tax court's concurrent original jurisdiction, including superior court orders issued under chapter 83.100 RCW.

(5)(a) RCW 82.32.150 applies to all parties over whom the tax court has jurisdiction until June 30, 2021.

(b) As of July 1, 2021, and except as otherwise provided in cases involving property taxes and as otherwise provided in (c) of this subsection, the taxpayer has the right to have his or her case heard by the tax court prior to the payment of any of the amounts asserted as due by the tax administration agency and prior to the posting of any bond.

(c) The tax court does not have authority to hear the following appeals unless the disputed amount of taxes, penalties, and interest has been paid in full or the taxpayer posts a bond with the department of revenue or otherwise provides adequate security to the department of revenue for payment of all amounts asserted due:

(i) Appeals of taxes assessed under RCW 82.32.145;

(ii) Appeals of an assessment resulting from the disregard of a tax avoidance transaction or arrangement described in RCW 82.32.655(3);

(iii) Appeals of an assessment of taxes upon which the department of revenue imposed the penalty in RCW 82.32.090(7); and

(iv)(A) Appeals of an assessment with respect to which the total amount disputed by the taxpayer exceeds one hundred thousand dollars, inclusive of taxes, penalties, interest, and any amounts paid under (c)(i) through (iii) of this subsection. The dollar threshold must be adjusted for inflation as provided in (c)(iv)(B) of this subsection (5).

(B) Beginning in December 2019 and each December thereafter, the administrative office of the courts must review the dollar threshold in this subsection (5)(c)(iv). The administrative office of the courts must adjust the dollar threshold whenever the consumer price index has increased by at least five percent since the later of the effective date of this section or the date that the most recent adjustment to the dollar threshold took effect. The dollar threshold must be adjusted to reflect the cumulative change in the consumer price index, rounded to the nearest one thousand dollars. For purposes of determining the change in the consumer price index in the current calendar year, the administrative office of the courts must use the most recently published consumer price index. The administrative office of the courts must notify the tax court of any adjustment to the dollar threshold. Adjustments to the dollar threshold take effect the first day of the month that is at least thirty days following the date that the administrative office of the courts notified the tax court of the adjusted dollar threshold. For purposes of this subsection (5)(c)(iv), "consumer price index" has the same meaning as in RCW 83.100.020.

(d) For purposes of this subsection, "tax" has the same meaning as provided in RCW 82.32.020.

(6) If, with or after the filing of a timely notice of appeal, the taxpayer pays all or part of the amount in issue before the tax court has rendered a decision, the court will treat the taxpayer's petition as a protest of a denial of a claim for refund of the amount paid.

NEW SECTION. **Sec.**  APPEALS TO TAX COURT. (1) An appeal to the tax court is initiated by the filing of a notice of appeal as provided by court rule. Except for property tax appeals under RCW 84.08.130, 84.34.065, 84.36.850, 84.40.038, and 84.48.075, and as otherwise provided, the notice of appeal must be filed with the tax court within thirty days from the date of issuance of the tax determination, decision, or order being appealed.

(2) Upon filing a notice of appeal to the main department of the tax court, the appellant must pay a fee in the amount of two hundred fifty dollars.

(3) Upon filing a notice of appeal to the commissioner department of the tax court, the appellant must pay a fee in the amount of fifty dollars.

(4) At the time of filing a notice of appeal under subsection (2) or (3) of this section, an appellant may file an application for leave to proceed in forma pauperis on forms supplied by the tax court. If the application is granted, the appellant may proceed in forma pauperis and no filing fee or any other court-related fees may be charged by the court to the appellant for relief sought under this chapter, except as a sanction under section 110 of this act.

NEW SECTION. **Sec.**  SANCTIONS. The tax court may impose costs and fees against a party as a sanction for improper conduct before the tax court.

NEW SECTION. **Sec.**  TAX COURT LOCATIONS. The tax court must have two physical locations: One in a city east of the Cascade mountains with a population greater than two hundred thousand persons; and one in a city that is the state capital. An additional location may be added, if required due to the volume of cases.

**PART II**

**Conforming and Technical Corrections**

**Sec.**  RCW 2.04.110 and 1971 c 81 s 4 are each amended to read as follows:

Each of the justices of the supreme court, judges of the court of appeals, judges of the tax court, and the judges of the superior courts shall in open court during the presentation of causes, before them, appear in and wear black gowns((~~, made of black silk,~~)) of the usual style of judicial gowns.

**Sec.**  RCW 34.05.030 and 2015 3rd sp.s. c 1 s 309 are each amended to read as follows:

(1) This chapter ((~~shall~~)) does not apply to:

(a) The state militia, or

(b) The board of clemency and pardons, or

(c) The department of corrections or the indeterminate sentencing review board with respect to persons who are in their custody or are subject to the jurisdiction of those agencies.

(2) The provisions of RCW 34.05.410 through 34.05.598 shall not apply:

(a) To adjudicative proceedings of the board of industrial insurance appeals except as provided in RCW 7.68.110 and 51.48.131;

(b) Except for actions pursuant to chapter 46.29 RCW, to the denial, suspension, or revocation of a driver's license by the department of licensing;

(c) To the department of labor and industries where another statute expressly provides for review of adjudicative proceedings of a department action, order, decision, or award before the board of industrial insurance appeals;

(d) To actions of the Washington personnel resources board, the director of financial management, and the department of enterprise services when carrying out their duties under chapter 41.06 RCW;

(e) To adjustments by the department of revenue of the amount of the surcharge imposed under RCW 82.04.261; or

(f) To the extent they are inconsistent with any provisions of chapter 43.43 RCW.

(3) ((~~Unless a party makes an election for a formal hearing pursuant to RCW 82.03.140 or 82.03.190,~~)) RCW 34.05.410 through 34.05.598 do not apply to a review hearing conducted by the ((~~board of tax appeals~~)) tax court, except as otherwise provided in section 104 of this act.

(4) The rule-making provisions of this chapter do not apply to:

(a) Reimbursement unit values, fee schedules, arithmetic conversion factors, and similar arithmetic factors used to determine payment rates that apply to goods and services purchased under contract for clients eligible under chapter 74.09 RCW; and

(b) Adjustments by the department of revenue of the amount of the surcharge imposed under RCW 82.04.261.

(5) All other agencies, whether or not formerly specifically excluded from the provisions of all or any part of the administrative procedure act, ((~~shall be~~)) are subject to the entire act.

**Sec.**  RCW 34.12.020 and 2010 c 211 s 16 are each reenacted and amended to read as follows:

((~~Unless the context clearly requires otherwise,~~)) The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Administrative law judge" means any person appointed by the chief administrative law judge to conduct or preside over hearings as provided in this chapter.

(2) "Hearing" means an adjudicative proceeding within the meaning of RCW 34.05.010(1) conducted by a state agency under RCW 34.05.413 through 34.05.476.

(3) "Office" means the office of administrative hearings.

(4) "State agency" means any state board, commission, department, or officer authorized by law to make rules or to conduct adjudicative proceedings, except those in the legislative or judicial branches, the growth management hearings board, the utilities and transportation commission, the pollution control hearings board, the shorelines hearings board, the forest practices appeals board, the environmental and land use hearings office, the board of industrial insurance appeals, the Washington personnel resources board, and the public employment relations commission((~~, and the board of tax appeals~~)).

**Sec.**  RCW 39.88.060 and 1989 c 378 s 1 are each amended to read as follows:

(1) Any taxing district that objects to the apportionment district, the duration of the apportionment, the manner of apportionment, or the propriety of cost items established by the public improvement ordinance of the sponsor may, within thirty days after mailing of the ordinance, petition for review thereof by the ((~~state board of tax appeals. The state board of tax appeals shall meet within a reasonable time, hear all the evidence presented by the parties on matters in dispute, and determine the issues upon the evidence as may be presented to it at the hearing. The board~~)) tax court, except as otherwise provided in section 104 of this act, may approve or deny the public improvement ordinance as enacted or may grant approval conditioned upon modification of the ordinance by the sponsor. The decision by the ((~~state board of tax appeals shall be~~)) tax court is final and conclusive but ((~~shall~~)) does not preclude modification or discontinuation of the public improvement.

(2) If the sponsor modifies the public improvement ordinance as directed by the ((~~board~~)) tax court, the public improvement ordinance ((~~shall be~~)) is effective without further hearings or findings and ((~~shall~~)) is not ((~~be~~)) subject to any further appeal. If the sponsor modifies the public improvement ordinance in a manner other than as directed by the ((~~board~~)) tax court, the public improvement ordinance ((~~shall be~~)) is subject to the procedures established pursuant to RCW 39.88.040 and 39.88.050.

**Sec.**  RCW 42.17A.705 and 2015 3rd sp.s. c 1 s 406 and 2015 3rd sp.s. c 1 s 317 are each reenacted and amended to read as follows:

For the purposes of RCW 42.17A.700, "executive state officer" includes:

(1) The chief administrative law judge, the director of agriculture, the director of the department of services for the blind, the director of the state system of community and technical colleges, the director of commerce, the director of the consolidated technology services agency, the secretary of corrections, the director of early learning, the director of ecology, the commissioner of employment security, the chair of the energy facility site evaluation council, the director of enterprise services, the secretary of the state finance committee, the director of financial management, the director of fish and wildlife, the executive secretary of the forest practices appeals board, the director of the gambling commission, the secretary of health, the administrator of the Washington state health care authority, the executive secretary of the health care facilities authority, the executive secretary of the higher education facilities authority, the executive secretary of the horse racing commission, the executive secretary of the human rights commission, the executive secretary of the indeterminate sentence review board, the executive director of the state investment board, the director of labor and industries, the director of licensing, the director of the lottery commission, the director of the office of minority and women's business enterprises, the director of parks and recreation, the executive director of the public disclosure commission, the executive director of the Puget Sound partnership, the director of the recreation and conservation office, the director of retirement systems, the director of revenue, the secretary of social and health services, the chief of the Washington state patrol, ((~~the executive secretary of the board of tax appeals,~~)) the secretary of transportation, the secretary of the utilities and transportation commission, the director of veterans affairs, the president of each of the regional and state universities and the president of The Evergreen State College, and each district and each campus president of each state community college;

(2) Each professional staff member of the office of the governor;

(3) Each professional staff member of the legislature; and

(4) Central Washington University board of trustees, the boards of trustees of each community college and each technical college, each member of the state board for community and technical colleges, state convention and trade center board of directors, Eastern Washington University board of trustees, Washington economic development finance authority, Washington energy northwest executive board, The Evergreen State College board of trustees, executive ethics board, fish and wildlife commission, forest practices appeals board, forest practices board, gambling commission, Washington health care facilities authority, student achievement council, higher education facilities authority, horse racing commission, state housing finance commission, human rights commission, indeterminate sentence review board, board of industrial insurance appeals, state investment board, commission on judicial conduct, legislative ethics board, life sciences discovery fund authority board of trustees, liquor ((~~control~~)) and cannabis board, lottery commission, Pacific Northwest electric power and conservation planning council, parks and recreation commission, Washington personnel resources board, board of pilotage commissioners, pollution control hearings board, public disclosure commission, public employees' benefits board, recreation and conservation funding board, salmon recovery funding board, shorelines hearings board, ((~~board of tax appeals,~~)) transportation commission, University of Washington board of regents, utilities and transportation commission, Washington State University board of regents, and Western Washington University board of trustees.

**Sec.**  RCW 79.125.450 and 2005 c 155 s 520 are each amended to read as follows:

(1) The legislature finds that maintaining public lands in public ownership is often in the public interest. However, when second-class shorelands on navigable lakes have minimal public value, the sale of those shorelands to the abutting upland owner may not be contrary to the public interest. However, the purpose of this section is to remove the prohibition contained in RCW 79.125.200 regarding the sale of second-class shorelands to abutting owners, whose uplands front on the shorelands. Nothing contained in this section ((~~shall~~)) may be construed to otherwise affect the rights of interested parties relating to public or private ownership of shorelands within the state.

(2) Notwithstanding the provisions of RCW 79.125.200, the department may sell second-class shorelands on navigable lakes to abutting owners whose uplands front upon the shorelands in cases where the board has determined that these sales would not be contrary to the public interest. These shorelands ((~~shall~~)) must be sold at fair market value, but not less than five percent of the fair market value of the abutting upland, less improvements, to a maximum distance of one hundred and fifty feet landward from the line of ordinary high water.

(3) Review of the decision of the department regarding the sale price established for a shoreland to be sold pursuant to this section may be obtained by the upland owner by filing a petition with the board of ((~~tax appeals created in accordance with chapter 82.03 RCW within thirty~~)) natural resources within thirty days after the mailing of notification by the department to the owner regarding the price. The board ((~~of tax appeals shall~~)) must review the cases in an adjudicative proceeding as described in chapter 34.05 RCW, the administrative procedure act, and the board's review ((~~shall~~)) must be de novo. Decisions of the board ((~~of tax appeals~~)) regarding fair market values determined pursuant to this section ((~~shall be~~)) are final unless appealed to the superior court pursuant to RCW 34.05.510 through 34.05.598.

**Sec.**  RCW 82.01.090 and 1967 ex.s. c 26 s 6 are each amended to read as follows:

Except for the powers and duties devolved upon the ((~~board of tax appeals by the provisions of RCW 82.03.010 through 82.03.190~~)) tax court, the director of revenue ((~~shall~~)) must, after July 1, 1967, exercise those powers, duties and functions theretofore vested in the tax commission of the state of Washington, including all powers, duties and functions of the commission acting as the commission or as the state board of equalization or in any other capacity.

**Sec.**  RCW 82.29A.060 and 1994 c 95 s 1 are each amended to read as follows:

(1) All administrative provisions in chapters 82.02 and 82.32 RCW ((~~shall be~~)) are applicable to taxes imposed pursuant to this chapter.

(2)(a) A lessee, or a sublessee in the case where the sublessee is responsible for paying the tax imposed under this chapter, of property used for residential purposes may petition the county board of equalization for a change in appraised value when the department of revenue establishes taxable rent under RCW 82.29A.020(2)((~~(b)~~)) (g) based on an appraisal done by the county assessor at the request of the department. The petition must be on forms prescribed or approved by the department ((~~of revenue~~)) and any petition not conforming to those requirements or not properly completed ((~~shall~~)) may not be considered by the board. The petition must be filed with the board within the time period set forth in RCW 84.40.038. A decision of the board of equalization may be appealed by the taxpayer to the ((~~board of tax appeals~~)) tax court as provided in RCW 84.08.130.

(b) A sublessee, in the case where the sublessee is responsible for paying the tax imposed under this chapter, of property used for residential purposes may petition the department for a change in taxable rent when the department of revenue establishes taxable rent under RCW 82.29A.020(2)((~~(b)~~)) (g).

(c) Any change in tax resulting from an appeal under this subsection ((~~shall~~)) must be allocated to the lessee or sublessee responsible for paying the tax.

(3) This section ((~~shall~~)) does not authorize the issuance of any levy upon any property owned by the public lessor.

(4) In selecting leasehold excise tax returns for audit the department ((~~of revenue shall~~)) must give priority to any return an audit of which is specifically requested in writing by the county assessor or treasurer or other chief financial officer of any city or county affected by such return. Notwithstanding the provisions of RCW 82.32.330, findings of fact and determinations of the amount of taxable rent made pursuant to the provisions of this chapter ((~~shall~~)) must be open to public inspection at all reasonable times.

**Sec.**  RCW 82.32.150 and 1961 c 15 s 82.32.150 are each amended to read as follows:

Except as provided in section 108 of this act concerning appeals filed with the tax court, all taxes, penalties, and interest shall be paid in full before any action may be instituted in any court to contest all or any part of such taxes, penalties, or interest. No restraining order or injunction ((~~shall~~)) may be granted or issued by any court or judge to restrain or enjoin the collection of any tax or penalty or any part thereof, except upon the ground that the assessment thereof was in violation of the Constitution of the United States or that of the state.

**Sec.**  RCW 82.32.160 and 2007 c 111 s 110 are each amended to read as follows:

(1) Any person having been issued a notice of additional taxes, delinquent taxes, interest, or penalties assessed by the department((~~,~~)) may within thirty days after the issuance of the original notice of the amount thereof or within the period covered by any extension of the due date thereof granted by the department petition the department in writing for a correction of the amount of the assessment, and a conference for examination and review of the assessment. The petition ((~~shall~~)) must set forth the reasons why the correction should be granted and the amount of the tax, interest, or penalties, which the petitioner believes to be due. The department ((~~shall~~)) must promptly consider the petition and may grant or deny it. If denied, the petitioner ((~~shall~~)) must be notified by mail, or electronically as provided in RCW 82.32.135, thereof forthwith. If a conference is granted, the department ((~~shall~~)) must fix the time and place therefor and notify the petitioner thereof by mail or electronically as provided in RCW 82.32.135. After the conference the department may make such determination as may appear to it to be just and lawful and ((~~shall~~)) must mail a copy of its determination to the petitioner, or provide a copy of its determination electronically as provided in RCW 82.32.135. If no such petition is filed within the thirty-day period the assessment covered by the notice ((~~shall~~)) becomes final.

(2) The procedures provided for ((~~herein shall~~)) in this section apply also to a notice denying, in whole or in part, an application for a pollution control tax exemption and credit certificate, with such modifications to such procedures established by departmental rules and regulations as may be necessary to accommodate a claim for exemption or credit.

(3) The taxpayer may, at the taxpayer's option, instead file an appeal with the tax court within thirty days after the original notice of additional taxes, interest, or penalties assessed by the department under RCW 82.32.050 or 82.49.050. The taxpayer need not exhaust administrative remedies before filing an appeal with the tax court.

**Sec.**  RCW 82.32.170 and 2013 c 23 s 324 are each amended to read as follows:

Any person, having ((~~paid any tax, original assessment, additional assessment, or corrected assessment of any tax, may apply to the department within the time limitation for refund provided in this chapter, by petition in writing for a correction of the amount paid, and a conference for examination and review of the tax liability, in which petition he or she shall set forth the reasons why the conference should be granted, and the amount in which the tax, interest, or penalty, should be refunded. The department shall promptly consider the petition, and may grant or deny it. If denied, the petitioner shall be notified by mail, or electronically as provided in RCW 82.32.135, thereof forthwith. If a conference is granted, the department shall notify the petitioner by mail, or electronically as provided in RCW 82.32.135, of the time and place fixed therefor. After the hearing, the department may make such determination as may appear to it just and lawful, and shall mail a copy of its determination to the petitioner, or provide a copy of its determination electronically as provided in RCW 82.32.135.~~)) requested a refund from the department under RCW 82.32.060 and having received a notice of denial of the requested refund, may, within the time limitation for refund provided in this chapter, petition the department in writing for a correction of the refund denial. The petition must set forth the amount of the tax, interest, or penalty the taxpayer contends should be refunded and the reasons. The department must promptly consider the petition, and may grant or deny it and must notify the taxpayer of its decision by mail, or electronically as provided in RCW 82.32.135. If denied, the taxpayer may file an appeal with the tax court.

(2) The taxpayer may, at the taxpayer's option, instead file an appeal with the tax court within thirty days after the department's denial of the taxpayer's requested refund under RCW 82.32.060. The taxpayer need not exhaust administrative remedies before filing an appeal with the tax court.

**Sec.**  RCW 82.32.180 and 1997 c 156 s 4 are each amended to read as follows:

(1) Any person, except one who has failed to keep and preserve books, records, and invoices as required in this chapter and chapters 82.32A and 82.24 RCW, having paid any tax as required and feeling aggrieved by the amount of the tax, may appeal to the superior court of Thurston county((~~,~~)). The appeal must be filed within the time limitation for a refund provided in this chapter ((~~82.32 RCW~~)) or, if an application for refund has been made to the department within that time limitation, then within thirty days after rejection of the application, whichever time limitation is later. In the appeal the taxpayer ((~~shall~~)) must set forth the amount of the tax imposed upon the taxpayer which the taxpayer concedes to be the correct tax and the reason why the tax should be reduced or abated. The appeal shall be perfected by serving a copy of the notice of appeal upon the department within the time ((~~herein~~)) specified in this section and by filing the original thereof with proof of service with the clerk of the superior court of Thurston county.

(2) The trial in the superior court on appeal ((~~shall~~)) must be de novo and without the necessity of any pleadings other than the notice of appeal. At trial, the burden ((~~shall~~)) rests upon the taxpayer to prove that the tax as paid by the taxpayer is incorrect, either in whole or in part, and to establish the correct amount of the tax. In such proceeding the taxpayer ((~~shall be~~)) is deemed the plaintiff, and the state, the defendant; and both parties ((~~shall be~~)) are entitled to subpoena the attendance of witnesses as in other civil actions and to produce evidence that is competent, relevant, and material to determine the correct amount of the tax that should be paid by the taxpayer. Either party may seek appellate review in the ((~~same manner as other civil actions are appealed to the appellate courts~~)) tax court in the manner provided in section 109 of this act.

(3) It ((~~shall~~)) is not ((~~be~~)) necessary for the taxpayer to protest against the payment of any tax or to make any demand to have the same refunded or to petition the director for a hearing in order to appeal to the superior court, but no court action or proceeding of any kind ((~~shall~~)) may be maintained by the taxpayer to recover any tax paid, or any part thereof, except as ((~~herein~~)) provided in this section or chapter 2.--- RCW (the new chapter created in section 301 of this act).

(4) The provisions of this section ((~~shall~~)) do not apply to any tax payment which has been the subject of an appeal to the ((~~board of tax appeals with respect to which appeal a formal hearing has been elected~~)) tax court.

**Sec.**  RCW 82.49.060 and 1993 c 33 s 1 are each amended to read as follows:

(1) Any vessel owner disputing an appraised value under RCW 82.49.050 or disputing whether the vessel is taxable, may petition for a conference with the department as provided under RCW 82.32.160, or for reduction of the tax due as provided under RCW 82.32.170. The taxpayer may, at the taxpayer's option, instead file an appeal with the tax court within thirty days after the date that the department notified the vessel owner of the department's appraised value. The vessel owner need not exhaust administrative remedies before filing an appeal with the tax court.

(2) Any vessel owner having received a notice of denial of a petition or a notice of determination made for the owner's vessel under RCW 82.32.160 or 82.32.170 may appeal to the ((~~board of tax appeals as provided under RCW 82.03.190~~)) tax court.

(3) In deciding a case appealed under this section, the ((~~board of tax appeals~~)) tax court may require an independent appraisal of the vessel. The cost of the independent appraisal ((~~shall~~)) must be apportioned between the department and the vessel owner as provided by the ((~~board~~)) court.

**Sec.**  RCW 84.08.060 and 1988 c 222 s 9 are each amended to read as follows:

(1) The department ((~~of revenue shall have~~)) has power to direct and to order any county board of equalization to raise or lower the valuation of any taxable property, or to add any property to the assessment list, or to perform or complete any other duty required by statute. The department ((~~of revenue~~)) may require any such board of equalization to reconvene after its adjournment for the purpose of performing any order or requirement made by the department ((~~of revenue~~)) and may make such orders as it ((~~shall~~)) determines to be just and necessary.

(2) The department may require any county board of equalization to reconvene at any time for the purpose of performing or completing any duty or taking any action it might lawfully have performed or taken at any of its previous meetings. No board may be reconvened later than three years after the date of adjournment of its regularly convened session. If such board of equalization ((~~shall~~)) fails or refuses ((~~forthwith~~)) to comply with any such order or requirement of the department ((~~of revenue~~)), the department ((~~of revenue shall have~~)) has the power to take any other appropriate action, or to make such correction or change in the assessment list, and such corrections and changes ((~~shall~~)) must be a part of the record of the proceedings of the ((~~said~~)) board of equalization((~~: PROVIDED, That~~)). However, in all cases where the department ((~~of revenue shall~~)) raises the valuation of any property or adds property to the assessment list, ((~~it shall~~)) the department must give notice either for the same time and in the same manner as is now required in like cases of county boards of equalization, or if ((~~it shall deem~~)) the department deems such method of giving notice impracticable it ((~~shall~~)) must give notice by publication thereof in a newspaper of general circulation within the county in which the property affected is situated once each week for two consecutive weeks, and the department ((~~of revenue shall~~)) may not proceed to raise such valuation or add such property to the assessment list until a period of five days ((~~shall have~~)) has elapsed subsequent to the date of the last publication of such notice((~~: PROVIDED FURTHER, That~~)). Moreover, in appeals to the ((~~board of tax appeals~~)) tax court by any taxpayer or taxing unit concerning any action of the county board of equalization ((~~shall~~)), the court may not raise the valuation of the property to an amount greater than the larger of either the valuation of the property by the county assessor or the valuation of the property assigned by the county board of equalization. Such notice ((~~shall~~)) must give the legal description of each tract of land involved, or a general description in case of personal property; the tax record-owner thereof; the assessed value thereof determined by the county board of equalization in case the property is on the assessment roll; and the assessed value thereof as determined by the department ((~~of revenue~~)) and ((~~shall~~)) must state that the department ((~~of revenue~~)) proposes to increase the assessed valuation of such property to the amount stated and to add such property to the assessment list at the assessed valuation stated. The necessary expense incurred by the department ((~~of revenue~~)) in making such reassessment and/or adding such property to the assessment list ((~~shall~~)) must be borne by the county or township in which the property as reassessed and/or so added to the assessment list is situated and ((~~shall~~)) must be paid out of the proper funds of such county upon the order of the department of revenue.

**Sec.**  RCW 84.08.130 and 1998 c 54 s 3 are each amended to read as follows:

(1) Any taxpayer ((~~or taxing unit~~)) feeling aggrieved by the action of any county board of equalization may appeal to the ((~~board of tax appeals~~)) tax court by filing with the ((~~board of tax appeals in accordance with RCW 1.12.070~~)) tax court a notice of appeal within thirty days after the mailing of the decision of such board of equalization, which notice ((~~shall~~)) must specify the actions complained of; and in like manner any county assessor may appeal to the ((~~board of tax appeals~~)) tax court from any action of any county board of equalization. ((~~There shall be no fee charged for the filing of an appeal. The board shall transmit a copy of the notice of appeal to all named parties within thirty days of its receipt by the board. Appeals which are not filed as provided in this section shall be dismissed. The board of tax appeals shall~~)) The tax appellant must transmit a copy of the notice of appeal to all named parties within thirty days of the appeal being filed in the tax court. Appeals which are not filed as provided in this section must be dismissed. The tax court must require the board appealed from to file a true and correct copy of its decision in such action and all evidence taken in connection therewith, and may receive further evidence, and ((~~shall~~)) must make such order as in its judgment is just and proper.

(2) The ((~~board of tax appeals~~)) tax court may enter an order, pursuant to subsection (1) of this section, that has effect up to the end of the assessment cycle used by the assessor, if there has been no intervening change in the value during that time.

**Sec.**  RCW 84.33.091 and 1998 c 311 s 13 are each amended to read as follows:

(1) The department ((~~of revenue shall~~)) must designate areas containing timber having similar growing, harvesting, and marketing conditions to be used as units for the preparation and application of stumpage values. Each year on or before December 31st for use the following January through June 30th, and on or before June 30th for use the following July through December 31st, the department ((~~shall~~)) must prepare tables of stumpage values of each species or subclassification of timber within these units. The stumpage value ((~~shall be~~)) is the amount that each such species or subclassification would sell for at a voluntary sale made in the ordinary course of business for purposes of immediate harvest. These stumpage values, expressed in terms of a dollar amount per thousand board feet or other unit measure, ((~~shall~~)) must be determined in a manner which makes reasonable and adequate allowances for age, size, quality, costs of removal, accessibility to point of conversion, market conditions, and all other relevant factors from:

(a) Gross proceeds from sales on the stump of similar timber of like quality and character at similar locations, and in similar quantities;

(b) Gross proceeds from sales of logs adjusted to reflect only the portion of such proceeds attributable to value on the stump immediately prior to harvest; or

(c) A combination of (a) and (b) of this subsection.

(2) Upon application from any person who plans to harvest damaged timber, the stumpage values for which have been materially reduced from the values shown in the applicable tables due to damage resulting from fire, blow down, ice storm, flood, or other sudden unforeseen cause, the department ((~~shall~~)) must revise the stumpage value tables for any area in which such timber is located and ((~~shall~~)) must specify any additional accounting or other requirements to be complied with in reporting and paying the tax.

(3) The preliminary area designations and stumpage value tables and any revisions thereof are subject to review by the ways and means committees of the house of representatives and senate prior to finalization. Tables of stumpage values ((~~shall~~)) must be signed by the director or the director's designee. A copy thereof ((~~shall~~)) must be mailed to anyone who has submitted to the department a written request for a copy.

(4) On or before the sixtieth day after the date of final adoption of any stumpage value tables, any harvester may appeal to the ((~~board of tax appeals~~)) tax court for a revision of stumpage values for an area determined pursuant to subsection (3) of this section.

**Sec.**  RCW 84.34.065 and 2014 c 97 s 310 are each amended to read as follows:

(1) The true and fair value of farm and agricultural land ((~~shall~~)) must be determined by consideration of the earning or productive capacity of comparable lands from crops grown most typically in the area averaged over not less than five years, capitalized at indicative rates. The earning or productive capacity of farm and agricultural lands is the "net cash rental," capitalized at a "rate of interest" charged on long term loans secured by a mortgage on farm or agricultural land plus a component for property taxes. The current use value of land under RCW 84.34.020(2)(f) must be established as: The prior year's average value of open space farm and agricultural land used in the county plus the value of land improvements such as septic, water, and power used to serve the residence. This may not be interpreted to require the assessor to list improvements to the land with the value of the land.

(2) For the purposes of the ((~~above~~)) computation in subsection (1) of this section:

(a)(i) The term "net cash rental" means the average rental paid on an annual basis, in cash, for the land being appraised and other farm and agricultural land of similar quality and similarly situated that is available for lease for a period of at least three years to any reliable person without unreasonable restrictions on its use for production of agricultural crops. There is allowed as a deduction from the rental received or computed any costs of crop production charged against the landlord if the costs are such as are customarily paid by a landlord. If "net cash rental" data is not available, the earning or productive capacity of farm and agricultural lands is determined by the cash value of typical or usual crops grown on land of similar quality and similarly situated averaged over not less than five years. Standard costs of production are allowed as a deduction from the cash value of the crops.

(ii) The current "net cash rental" or "earning capacity" is determined by the assessor with the advice of the advisory committee as provided in RCW 84.34.145, and through a continuing internal study, assisted by studies of the department ((~~of revenue~~)). This net cash rental figure as it applies to any farm and agricultural land may be challenged before the same boards or authorities as would be the case with regard to assessed values on general property.

(b)(i) ((~~The term~~)) "Rate of interest" means the rate of interest charged by the farm credit administration and other large financial institutions regularly making loans secured by farm and agricultural lands through mortgages or similar legal instruments, averaged over the immediate past five years.

(ii) The "rate of interest" must be determined annually by a rule adopted by the department ((~~of revenue~~)) and such rule must be published in the state register not later than January 1st of each year for use in that assessment year. The department ((~~of revenue~~)) determination may be appealed to the ((~~state board of tax appeals~~)) tax court within thirty days after the date of publication by any owner of farm or agricultural land or the assessor of any county containing farm and agricultural land.

(c) ((~~The~~)) "Component for property taxes" ((~~is~~)) means a figure obtained by dividing the assessed value of all property in the county into the property taxes levied within the county in the year preceding the assessment and multiplying the quotient obtained by one hundred.

**Sec.**  RCW 84.36.850 and 2013 c 23 s 352 are each amended to read as follows:

(1) Any applicant aggrieved by the department's ((~~of revenue's~~)) denial of an exemption application may petition the ((~~state board of tax appeals~~)) tax court to review an application for either real or personal property tax exemption and the ((~~board shall~~)) tax court must consider any appeals to determine ((~~(1)~~)): If the property is entitled to an exemption((~~,~~)); and ((~~(2)~~)) the amount or portion thereof.

(2) A county assessor of the county in which the exempted property is located ((~~shall be~~)) is empowered to appeal to the ((~~state board of tax appeals~~)) tax court to review any real or personal property tax exemption approved by the department ((~~of revenue which~~)) that he or she feels is not warranted.

((~~Appeals from a department of revenue decision must be made within thirty days after the mailing of the approval or denial.~~))

**Sec.**  RCW 84.39.020 and 2005 c 253 s 2 are each amended to read as follows:

(1) Each claimant applying for assistance under RCW 84.39.010 ((~~shall~~)) must file a claim with the department, on forms prescribed by the department, no later than thirty days before the tax is due. The department may waive this requirement for good cause shown. The department ((~~shall~~)) must supply forms to the county assessor to allow persons to apply for the program at the county assessor's office.

(2) The claim ((~~shall~~)) must designate the property to which the assistance applies and ((~~shall~~)) must include a statement setting forth ((~~(a)~~)): A list of all members of the claimant's household((~~, (b)~~)); facts establishing the eligibility under this section((~~,~~)); and ((~~(c)~~)) any other relevant information required by the rules of the department. Each copy ((~~shall~~)) must be signed by the claimant subject to the penalties as provided in chapter 9A.72 RCW for false swearing. The first claim ((~~shall~~)) must include proof of the claimant's age acceptable to the department.

(3)(a) The following documentation ((~~shall~~)) must be filed with a claim along with any other documentation required by the department:

((~~(a)~~)) (i) The deceased veteran's DD 214 report of separation, or its equivalent, that must be under honorable conditions;

((~~(b)~~)) (ii) A copy of the applicant's certificate of marriage to the deceased;

((~~(c)~~)) (iii) A copy of the deceased veteran's death certificate; and

((~~(d)~~)) (iv) A letter from the United States veterans' administration certifying that the death of the veteran meets the requirements of RCW 84.39.010(2).

(b) The department of veterans affairs ((~~shall~~)) must assist an eligible widow or widower in the preparation and submission of an application and the procurement of necessary substantiating documentation.

(4) The department ((~~shall~~)) must determine if each claimant is eligible each year. Any applicant aggrieved by the department's denial of assistance may petition the ((~~state board of tax appeals~~)) tax court to review the denial and the ((~~board shall~~)) tax court must consider any appeals to determine ((~~(a)~~)): If the claimant is entitled to assistance; and ((~~(b)~~)) the amount or portion thereof.

**Sec.**  RCW 84.40.038 and 2014 c 97 s 407 are each amended to read as follows:

(1) The owner or person responsible for payment of taxes on any property may petition the county board of equalization for a change in the assessed valuation placed upon such property by the county assessor or for any other reason specifically authorized by statute. Such petition must be made on forms prescribed or approved by the department ((~~of revenue~~)) and any petition not conforming to those requirements or not properly completed may not be considered by the board. The petition must be filed with the board:

(a) On or before July 1st of the year of the assessment or determination;

(b) Within thirty days after the date the assessment, value change notice, or other notice was mailed;

(c) Within thirty days after the date that the assessor electronically (i) transmitted the assessment, value change notice, or other notice, or (ii) notified the owner or person responsible for payment of taxes that the assessment, value change notice, or other notice was available to be accessed by the owner or other person; or

(d) Within a time limit of up to sixty days adopted by the county legislative authority, whichever is later. If a county legislative authority sets a time limit, the authority may not change the limit for three years from the adoption of the limit.

(2) The board of equalization may waive the filing deadline if the petition is filed within a reasonable time after the filing deadline and the petitioner shows good cause for the late filing. However, the board of equalization must waive the filing deadline for the circumstance described under (f) of this subsection if the petition is filed within a reasonable time after the filing deadline. The decision of the board of equalization regarding a waiver of the filing deadline is final and not appealable under RCW 84.08.130. Good cause may be shown by one or more of the following events or circumstances:

(a) Death or serious illness of the taxpayer or his or her immediate family;

(b) The taxpayer was absent from the address where the taxpayer normally receives the assessment or value change notice, was absent for more than fifteen days of the days allowed in subsection (1) of this section before the filing deadline, and the filing deadline is after July 1;

(c) Incorrect written advice regarding filing requirements received from board of equalization staff, county assessor's staff, or staff of the property tax advisor designated under RCW 84.48.140;

(d) Natural disaster such as flood or earthquake;

(e) Delay or loss related to the delivery of the petition by the postal service, and documented by the postal service;

(f) The taxpayer was not sent a revaluation notice under RCW 84.40.045 for the current assessment year and the taxpayer can demonstrate both of the following:

(i) The taxpayer's property value did not change from the previous year; and

(ii) The taxpayer's property is located in an area revalued by the assessor for the current assessment year; or

(g) Other circumstances as the department may provide by rule.

(3) The owner or person responsible for payment of taxes on any property may request that the appeal be heard by the ((~~state board of tax appeals~~)) tax court without a hearing by the county board of equalization when the assessor, the owner or person responsible for payment of taxes on the property, and a majority of the county board of equalization agree that a direct appeal to the ((~~state board of tax appeals~~)) tax court is appropriate. The ((~~state board of tax appeals~~)) tax court may reject the appeal, in which case the county board of equalization must consider the appeal under RCW 84.48.010. Notice of such a rejection, together with the reason therefor, must be provided to the affected parties and the county board of equalization within thirty days of receipt of the direct appeal by the ((~~state board~~)) tax court.

**Sec.**  RCW 84.48.080 and 2008 c 86 s 502 are each amended to read as follows:

(1) Annually during the months of September and October, the department ((~~of revenue shall~~)) must examine and compare the returns of the assessment of the property in the several counties of the state, and the assessment of the property of railroad and other companies assessed by the department, and proceed to equalize the same, so that each county in the state ((~~shall~~)) must pay its due and just proportion of the taxes for state purposes for such assessment year, according to the ratio the valuation of the property in each county bears to the total valuation of all property in the state.

(a) The department ((~~shall~~)) must classify all property, real and personal, and ((~~shall~~)) must raise and lower the valuation of any class of property in any county to a value that ((~~shall be~~)) equals, so far as possible, to the true and fair value of such class as of January 1st of the current year for the purpose of ascertaining the just amount of tax due from each county for state purposes. In equalizing personal property as of January 1st of the current year, the department ((~~shall~~)) must use valuation data with respect to personal property from the three years immediately preceding the current assessment year in a manner it deems appropriate. Such classification may be on the basis of types of property, geographical areas, or both. For purposes of this section, for each county that has not provided the department with an assessment return by December 1st, the department ((~~shall~~)) must proceed, using facts and information and in a manner it deems appropriate, to estimate the value of each class of property in the county.

(b) The department ((~~shall~~)) must keep a full record of its proceedings and the same ((~~shall~~)) must be published annually by the department.

(2) The department ((~~shall~~)) must levy the state taxes authorized by law. The amount levied in any one year for general state purposes ((~~shall~~)) may not exceed the lawful dollar rate on the dollar of the assessed value of the property of the entire state, which assessed value ((~~shall~~)) must be one hundred percent of the true and fair value of the property in money. The department ((~~shall~~)) must apportion the amount of tax for state purposes levied by the department, among the several counties, in proportion to the valuation of the taxable property of the county for the year as equalized by the department((~~: PROVIDED, That~~)). However, for purposes of this apportionment, the department ((~~shall~~)) must recompute the previous year's levy and the apportionment thereof to correct for changes and errors in taxable values reported to the department after October 1 of the preceding year and ((~~shall~~)) must adjust the apportioned amount of the current year's state levy for each county by the difference between the apportioned amounts established by the original and revised levy computations for the previous year. For purposes of this section, changes in taxable values mean a final adjustment made by a county board of equalization, the ((~~state board of tax appeals, or a~~)) tax court, or other court of competent jurisdiction and ((~~shall~~)) must include additions of omitted property, other additions or deletions from the assessment or tax rolls, any assessment return provided by a county to the department subsequent to December 1st, or a change in the indicated ratio of a county. Errors in taxable values mean errors corrected by a final reviewing body.

(3) The department ((~~shall have~~)) has authority to adopt rules and regulations to enforce obedience to its orders in all matters in relation to the returns of county assessments, the equalization of values, and the apportionment of the state levy by the department.

(4) After the completion of the duties prescribed in this section, the director of the department ((~~shall~~)) must certify the record of the proceedings of the department under this section, the tax levies made for state purposes and the apportionment thereof among the counties, and the certification ((~~shall~~)) must be available for public inspection.

**Sec.**  RCW 84.52.018 and 1994 c 124 s 37 are each amended to read as follows:

(1) Whenever any property value or claim for exemption or cancellation of a property assessment is appealed to the ((~~state board of tax appeals or~~)) tax court or other court of competent jurisdiction and the dollar difference between the total value asserted by the taxpayer and the total value asserted by the opposing party exceeds one-fourth of one percent of the total assessed value of property in the county, the assessor ((~~shall~~)) may use only that portion of the total value which is not in controversy for purposes of computing the levy rates and extending the tax on the tax roll in accordance with this chapter, unless the ((~~state board of tax appeals~~)) tax court or other court has issued its determination at the time of extending the tax.

(2) When the ((~~state board of tax appeals or~~)) tax court or other court of competent jurisdiction makes its final determination, the proper amount of tax ((~~shall~~)) must be extended and collected for each taxing district if this has not already been done. The amount of tax collected and extended ((~~shall~~)) must include interest at the rate of nine percent per year on the amount of the ((~~board's~~)) tax court's or other court's final determination minus the amount not in controversy. The interest ((~~shall~~)) accrues from the date the taxes on the amount not in controversy were first due and payable. Any amount extended in excess of that permitted by chapter 84.55 RCW ((~~shall~~)) must be held in abeyance and used to reduce the levy rates of the next succeeding levy.

**Sec.**  RCW 84.56.290 and 1991 c 245 s 37 are each amended to read as follows:

(1) Whenever any tax ((~~shall have been heretofore, or shall be hereafter,~~)) has been canceled, reduced, or modified in any final judicial, county board of equalization, ((~~state board of tax appeals,~~)) or administrative proceeding; or whenever any tax ((~~shall have been heretofore, or shall be hereafter~~)) has been canceled by sale of property to any irrigation district under foreclosure proceedings for delinquent irrigation district assessments; or whenever any contracts or leases on public lands ((~~shall have been heretofore, or shall be hereafter,~~)) has been canceled and the tax thereon remains unpaid for a period of two years, the director ((~~of revenue shall~~)) must, upon receipt from the county treasurer of a certified copy of the final judgment, order, or decree canceling, reducing, or modifying taxes, or of a certificate from the county treasurer of the cancellation by sale to an irrigation district, or of a certificate from the commissioner of public lands and the county treasurer of the cancellation of public land contracts or leases and nonpayment of taxes thereon, as the case may be, make corresponding entries and corrections on the director's records of the state's portion of reduced or canceled tax.

(2) Upon canceling taxes deemed uncollectible, the county commissioners ((~~shall~~)) must notify the county treasurer of such action, whereupon the county treasurer ((~~shall~~)) must deduct on the treasurer's records the amount of such uncollectible taxes due the various state funds and ((~~shall~~)) must immediately notify the department ((~~of revenue~~)) of the treasurer's action and of the reason therefor; which uncollectible tax ((~~shall not then nor thereafter be~~)) is not due or owing the various state funds and the necessary corrections ((~~shall~~)) must be made by the county treasurer upon the quarterly settlement next following.

(3) When any assessment of property is made which does not appear on the assessment list certified by the county board of equalization to the department ((~~of revenue~~)) the county assessor ((~~shall~~)) must indicate to the county treasurer the assessments and the taxes due therefrom when the list is delivered to the county treasurer on December 15th. The county treasurer ((~~shall~~)) must then notify the department ((~~of revenue~~)) of the taxes due the state from the assessments which did not appear on the assessment list certified by the county board of equalization to the department ((~~of revenue~~)). The county treasurer ((~~shall~~)) must make proper accounting of all sums collected as either advance tax, compensating or additional tax, or supplemental or omitted tax and ((~~shall~~)) must notify the department ((~~of revenue~~)) of the amounts due the various state funds according to the levy used in extending such tax, and those amounts ((~~shall~~)) immediately become due and owing to the various state funds, to be paid to the state treasurer in the same manner as taxes extended on the regular tax roll.

**Sec.**  RCW 84.69.020 and 2005 c 502 s 9 are each amended to read as follows:

(1) On the order of the county treasurer, ad valorem taxes paid before or after delinquency ((~~shall~~)) must be refunded if they were:

((~~(1)~~)) (a) Paid more than once;

((~~(2)~~)) (b) Paid as a result of manifest error in description;

((~~(3)~~)) (c) Paid as a result of a clerical error in extending the tax rolls;

((~~(4)~~)) (d) Paid as a result of other clerical errors in listing property;

((~~(5)~~)) (e) Paid with respect to improvements which did not exist on assessment date;

((~~(6)~~)) (f) Paid under levies or statutes adjudicated to be illegal or unconstitutional;

((~~(7)~~)) (g) Paid as a result of mistake, inadvertence, or lack of knowledge by any person exempted from paying real property taxes or a portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now or hereafter amended;

((~~(8)~~)) (h) Paid as a result of mistake, inadvertence, or lack of knowledge by either a public official or employee or by any person with respect to real property in which the person paying the same has no legal interest;

((~~(9)~~)) (i) Paid on the basis of an assessed valuation which was appealed to the county board of equalization and ordered reduced by the board;

((~~(10)~~)) (j) Paid on the basis of an assessed valuation ((~~which~~)) that was appealed to the ((~~state board of tax appeals~~)) tax court and ordered reduced by the ((~~board: PROVIDED, That~~)) tax court. However, the amount refunded under ((~~subsections (9) and (10) of this section shall~~)) (i) and (j) of this subsection (1) may only be for the difference between the tax paid on the basis of the appealed valuation and the tax payable on the valuation adjusted in accordance with the ((~~board's~~)) court's order;

((~~(11)~~)) (k) Paid as a state property tax levied upon property, the assessed value of which has been established by the ((~~state board of tax appeals~~)) tax court for the year of such levy((~~: PROVIDED, HOWEVER, That~~)). However, the amount refunded ((~~shall~~)) may only be for the difference between the state property tax paid and the amount of state property tax which would, when added to all other property taxes within the one percent limitation of Article VII, section 2 of the state Constitution equal one percent of the assessed value established by the ((~~board~~)) court;

((~~(12)~~)) (l) Paid on the basis of an assessed valuation which was adjudicated to be unlawful or excessive((~~: PROVIDED, That~~)). However, the amount refunded ((~~shall~~)) must be for the difference between the amount of tax which was paid on the basis of the valuation adjudged unlawful or excessive and the amount of tax payable on the basis of the assessed valuation determined as a result of the proceeding;

((~~(13)~~)) (m) Paid on property acquired under RCW 84.60.050, and canceled under RCW 84.60.050(2);

((~~(14)~~)) (n) Paid on the basis of an assessed valuation that was reduced under RCW 84.48.065;

((~~(15)~~)) (o) Paid on the basis of an assessed valuation that was reduced under RCW 84.40.039; or

((~~(16)~~)) (p) Abated under RCW 84.70.010.

(2) No refunds under the provisions of this section ((~~shall~~)) may be made because of any error in determining the valuation of property, except as authorized in subsection((~~s (9), (10), (11), and (12)~~)) (1)(i), (j), (k), and (l) of this section nor may any refunds be made if a bona fide purchaser has acquired rights that would preclude the assessment and collection of the refunded tax from the property that should properly have been charged with the tax. Any refunds made on delinquent taxes ((~~shall~~)) must include the proportionate amount of interest and penalties paid. However, no refunds as a result of an incorrect payment authorized under subsection ((~~(8)~~)) (1)(h) of this section made by a third party payee ((~~shall~~)) may be granted. The county treasurer may deduct from moneys collected for the benefit of the state's levy, refunds of the state levy including interest on the levy as provided by this section and chapter 84.68 RCW.

(3) The county treasurer of each county ((~~shall~~)) must make all refunds determined to be authorized by this section, and by the first Monday in February of each year, report to the county legislative authority a list of all refunds made under this section during the previous year. The list is to include the name of the person receiving the refund, the amount of the refund, and the reason for the refund.

**Sec.**  RCW 84.69.030 and 2015 c 174 s 1 are each amended to read as follows:

(1) Except as provided in this section, no orders for a refund under this chapter may be made except on a claim:

(a) Verified by the person who paid the tax, the person's guardian, executor, or administrator; and

(b) Filed with the county treasurer within three years after the due date of the payment sought to be refunded; and

(c) Stating the statutory ground upon which the refund is claimed.

(2) No claim for an order of refund is required for a refund that is based upon:

(a) An order of the board of equalization, ((~~state board of tax appeals~~)) tax court, or other court of competent jurisdiction justifying a refund under RCW 84.69.020 (9) through (12);

(b) A decision by the treasurer or assessor that is rendered within three years after the due date of the payment to be refunded, justifying a refund under RCW 84.69.020; or

(c) A decision by the assessor or department approving an exemption application that is filed under chapter 84.36 RCW within three years after the due date of the payment to be refunded.

(3) A county legislative authority may authorize a refund on a claim filed more than three years after the due date of the payment sought to be refunded if the claim arises from taxes paid as a result of a manifest error in a description of property.

NEW SECTION. **Sec.**  To provide an orderly transition in establishing the tax court, beginning February 1, 2019, prior to the creation of the tax court, judges for the tax court may take any action necessary to enable the judges to properly exercise the duties, functions, and powers given the tax court.

**Sec.**  RCW 84.69.180 and 2013 c 239 s 1 are each amended to read as follows:

(1) Taxing districts other than the state may levy a tax upon all the taxable property within the district for the purpose of:

(a) Funding refunds paid or to be paid under this chapter, except for refunds under RCW 84.69.020(1)(a), including interest, as ordered by the county treasurer or county legislative authority within the preceding twelve months; and

(b) Reimbursing the taxing district for taxes abated or ((~~cancelled~~)) canceled, offset by any supplemental taxes collected under this title, other than amounts collected under RCW 84.52.018 within the preceding twelve months. This subsection (1)(b) only applies to abatements and cancellations that do not require a refund under this chapter. Abatements and cancellations that require a refund are included within the scope of (a) of this subsection.

(2) As provided in RCW 84.55.070, the provisions of chapter 84.55 RCW do not apply to a levy made by or for a taxing district under this section.

NEW SECTION. **Sec.**  (1) The state board of tax appeals created in RCW 82.03.010 is abolished. All powers, duties, and functions of the board are transferred to the tax court.

(2)(a) All reports, documents, surveys, books, records, files, papers, or written material in the possession of the state board of tax appeals must be delivered to the custody of the tax court. All cabinets, furniture, office equipment, motor vehicles, and other tangible property employed by the state board of tax appeals must be made available to the tax court. All funds, credits, or other assets held by the state board of tax appeals must be assigned to the tax court.

(b) Any appropriations made to the state board of tax appeals, on the effective date of this section, must be transferred and credited to the tax court.

(c) If any question arises as to the transfer of any personnel, funds, books, documents, records, papers, files, equipment, or other tangible property used or held in the exercise of the powers and the performance of the duties and functions transferred, the director of financial management must make a determination as to the proper allocation and certify the same to the state agencies concerned.

(3) All employees of the state board of tax appeals are transferred to the jurisdiction of the tax court. All employees classified under chapter 41.06 RCW, the state civil service law, are assigned to the tax court to perform their usual duties upon the same terms as formerly, without any loss of rights, subject to any action that may be appropriate thereafter in accordance with the laws and rules governing state civil service.

(4) All rules and all pending business before the state board of tax appeals must be continued and acted upon by the tax court. All existing contracts and obligations remain in full force and must be performed by the tax court.

(5) The transfer of the powers, duties, functions, and personnel of the state board of tax appeals does not affect the validity of any act performed before the effective date of this section.

(6) If apportionments of budgeted funds are required because of the transfers directed by this section, the director of financial management must certify the apportionments to the agencies affected, the state auditor, and the state treasurer. Each of these must make the appropriate transfer and adjustments in funds and appropriation accounts and equipment records in accordance with the certification.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1)RCW 82.03.010 (Board created) and 1967 ex.s. c 26 s 30;

(2)RCW 82.03.020 (Members—Number—Qualifications—Appointment) and 1967 ex.s. c 26 s 31;

(3)RCW 82.03.030 (Terms—Vacancies) and 1967 ex.s. c 26 s 32;

(4)RCW 82.03.040 (Removal of members—Grounds—Procedure) and 1967 ex.s. c 26 s 33;

(5)RCW 82.03.050 (Operation on part-time or full-time basis—Salary—Compensation—Travel expenses) and 2013 c 23 s 311, 1975-'76 2nd ex.s. c 34 s 176, 1970 ex.s. c 65 s 2, & 1967 ex.s. c 26 s 34;

(6)RCW 82.03.060 (Members not to be candidate or hold public office, engage in inconsistent occupation nor be on political committee—Restriction on leaving board) and 2013 c 23 s 312 & 1967 ex.s. c 26 s 35;

(7)RCW 82.03.070 (Executive director, tax referees, clerk, assistants) and 1988 c 222 s 2 & 1967 ex.s. c 26 s 36;

(8)RCW 82.03.080 (Chair) and 2013 c 23 s 313 & 1967 ex.s. c 26 s 37;

(9)RCW 82.03.090 (Office of board—Quorum—Hearings) and 1967 ex.s. c 26 s 38;

(10)RCW 82.03.100 (Findings and decisions—Signing—Filing—Public inspection) and 1967 ex.s. c 26 s 39;

(11)RCW 82.03.110 (Publication of findings and decisions) and 1967 ex.s. c 26 s 40;

(12)RCW 82.03.120 (Journal of final findings and decisions) and 1988 c 222 s 3 & 1967 ex.s. c 26 s 41;

(13)RCW 82.03.130 (Appeals to board—Jurisdiction as to types of appeals—Filing) and 2005 c 253 s 7, 1998 c 54 s 1, 1994 c 123 s 3, 1992 c 206 s 9, 1989 c 378 s 4, 1982 1st ex.s. c 46 s 6, 1977 ex.s. c 284 s 2, & 1967 ex.s. c 26 s 42;

(14)RCW 82.03.140 (Appeals to board—Election of formal or informal hearing) and 2000 c 103 s 1, 1988 c 222 s 4, 1982 1st ex.s. c 46 s 8, & 1967 ex.s. c 26 s 43;

(15)RCW 82.03.150 (Appeals to board—Informal hearings, powers of board or tax referees—Assistance) and 2000 c 103 s 2, 1988 c 222 s 5, & 1967 ex.s. c 26 s 44;

(16)RCW 82.03.160 (Appeals to board—Formal hearings, powers of board or tax referees—Assistance) and 2000 c 103 s 3, 1989 c 175 s 175, 1988 c 222 s 6, & 1967 ex.s. c 26 s 45;

(17)RCW 82.03.170 (Rules of practice and procedure) and 1988 c 222 s 7 & 1967 ex.s. c 26 s 46;

(18)RCW 82.03.180 (Judicial review) and 2000 c 103 s 4, 1989 c 175 s 176, 1982 1st ex.s. c 46 s 9, & 1967 ex.s. c 26 s 47;

(19)RCW 82.03.190 (Appeal to board from denial of petition or notice of determination as to reduction or refund—Procedure—Notice) and 2012 c 39 s 3, 1998 c 54 s 2, 1989 c 378 s 5, 1983 c 3 s 211, 1979 ex.s. c 209 s 50, 1975 1st ex.s. c 158 s 3, & 1967 ex.s. c 26 s 48; and

(20)RCW 82.03.200 (Appeals from county board of equalization—Evidence submission in advance of hearing) and 1994 c 301 s 17.

**Part III**

**Miscellaneous Provisions**

NEW SECTION. **Sec.**  Part I of this act constitutes a new chapter in Title 2 RCW.

NEW SECTION. **Sec.**  If Senate Joint Resolution No. . . . (S-1712/17) is validly submitted to and is approved and ratified by the voters at the next general election:

(1) This act, except for sections 228 and 229 of this act, takes effect January 1, 2018; and

(2) Sections 228 and 229 of this act take effect July 1, 2019.

**--- END ---**