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HOUSE BILL 2129

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State of Washington

67th Legislature

2022 Regular Session

By Representatives Young, Graham, and Chase

Read first time 02/26/22. Referred to Committee on Finance.

1 AN ACT Relating to the valuation of property for purposes of  
2 state property tax levies; amending RCW 84.40.030; and creating a new  
3 section.

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

5 **Sec. 1.** RCW 84.40.030 and 2014 c 140 s 29 are each amended to  
6 read as follows:

7 (1) ~~((All))~~ (a) Except as provided in (b) of this subsection, all  
8 property must be valued at one hundred percent of its true and fair  
9 value in money and assessed on the same basis unless specifically  
10 provided otherwise by law.

11 (b) For purposes of state property tax levies, all property must  
12 be valued at the lesser of its true and fair value or its value as  
13 assessed for the 2018 tax year plus inflation between January 1,  
14 2018, and January 1st of the assessment year. For purposes of this  
15 subsection, "inflation" means the consumer price index for all urban  
16 consumers, all items, for the Seattle area as calculated by the  
17 United States bureau of labor statistics.

18 (2) Taxable leasehold estates must be valued at such price as  
19 they would bring at a fair, voluntary sale for cash without any  
20 deductions for any indebtedness owed including rentals to be paid.

1 (3) The true and fair value of real property for taxation  
2 purposes (including property upon which there is a coal or other  
3 mine, or stone or other quarry) must be based upon the following  
4 criteria:

5 (a) Any sales of the property being appraised or similar  
6 properties with respect to sales made within the past five years. The  
7 appraisal must be consistent with the comprehensive land use plan,  
8 development regulations under chapter 36.70A RCW, zoning, and any  
9 other governmental policies or practices in effect at the time of  
10 appraisal that affect the use of property, as well as physical and  
11 environmental influences. An assessment may not be determined by a  
12 method that assumes a land usage or highest and best use not  
13 permitted, for that property being appraised, under existing zoning  
14 or land use planning ordinances or statutes or other government  
15 restrictions. The appraisal must also take into account: (i) In the  
16 use of sales by real estate contract as similar sales, the extent, if  
17 any, to which the stated selling price has been increased by reason  
18 of the down payment, interest rate, or other financing terms; and  
19 (ii) the extent to which the sale of a similar property actually  
20 represents the general effective market demand for property of such  
21 type, in the geographical area in which such property is located.  
22 Sales involving deed releases or similar seller-developer financing  
23 arrangements may not be used as sales of similar property.

24 (b) In addition to sales as defined in subsection (3)(a) of this  
25 section, consideration may be given to cost, cost less depreciation,  
26 reconstruction cost less depreciation, or capitalization of income  
27 that would be derived from prudent use of the property, as limited by  
28 law or ordinance. Consideration should be given to any agreement,  
29 between an owner of rental housing and any government agency, that  
30 restricts rental income, appreciation, and liquidity; and to the  
31 impact of government restrictions on operating expenses and on  
32 ownership rights in general of such housing. In the case of property  
33 of a complex nature, or being used under terms of a franchise from a  
34 public agency, or operating as a public utility, or property not  
35 having a record of sale within five years and not having a  
36 significant number of sales of similar property in the general area,  
37 the provisions of this subsection must be the dominant factors in  
38 valuation. When provisions of this subsection are relied upon for  
39 establishing values the property owner must be advised upon request  
40 of the factors used in arriving at such value.

1 (c) In valuing any tract or parcel of real property, the true and  
2 fair value of the land, exclusive of structures thereon must be  
3 determined; also the true and fair value of structures thereon, but  
4 the valuation may not exceed the true and fair value of the total  
5 property as it exists. In valuing agricultural land, growing crops  
6 must be excluded. For purposes of this subsection (3)(c), "growing  
7 crops" does not include marijuana as defined under RCW 69.50.101.

8 NEW SECTION. **Sec. 2.** This act applies to taxes levied for  
9 collection in 2023 and thereafter.

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