
Finance Committee

HB 1303

Brief Description: Concerning the administration of property taxes.

Sponsors: Representatives Street, Ramel and Reed; by request of Department of Revenue.

Brief Summary of Bill

- Allows the Department of Revenue to convert a taxpayer's property tax appeal from informal to formal within 10 days of the date of the appeal.
- Provides a three-year process for a taxing district to correct and recoup a levy error that is not the fault of the taxing district.
- Allows a taxing district to preserve its existing levy capacity when merging with another district.

Hearing Date: 1/24/23

Staff: Kristina King (786-7190).

Background:

Formal and Informal Tax Appeal Process.

There are two types of tax appeals that can be brought before the Board of Tax Appeals. The formal, which is appealable to a superior court, and informal, which is not. The Department of Revenue (Department) can convert several, but not all types of appeals from informal appeals to formal appeals. These are appealed by:

- a taxpayer or county assessor from a decision by a county board of equalization;
- a taxpayer of the Department's determination of excise tax case; and
- a county assessor or taxpayer of the Department's determination of a county's indicated ratio.

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The Department has little authority to convert property tax appeals. When an appeal decision is made by the board on an informal property tax appeal and the Department does not agree with the decision, the Department will not apply the decision to future taxpayer appeals.

Correcting Levy Errors.

There are specific statutory maximum levy rates for most individual regular property tax levies. Cultural access and local school district enrichment levies are not subject to a statutory maximum levy rate. The statutory maximum levy rate for an individual levy cannot be exceeded, even when a levy error correction is being made and the error occurred through no fault of the taxing district.

Merged Taxing Districts and Highest Local Levy.

Tax districts can be merged. When a merge of similar taxing districts occurs, the first levy brought by the merged district must be set so that it does not exceed the limit factor multiplied by the sum of the amount of regular property taxes for each component district in the highest of the previous three years plus increases in assessed value from new construction or from state-assessed property and certain energy facilities, and property improvements.

Summary of Bill:

Formal and Informal Tax Appeal Process.

Expands the Department's ability to convert an informal tax appeal to a formal appeal within 10 days of the date of the appeal for the following types of appeals:

- by an assessor or landowner from the Department's general supervisory orders and boards of equalization to reconvene orders;
- by an assessor or owner of an intercounty utility or private car company from the Department's determination of the assessed valuation of the taxpayer's operating property or the amount of assessed value apportioned to the county;
- appeals of interest rates determined by the Department for use in valuing farmland;
- appeals from revisions to stumpage value tables by the Department used to determine timber value; and
- appeals from the Department's denial of a property tax exemption application.

Correcting Levy Errors.

Allows for the correction of a levy error to exceed the levy's statutory maximum levy rate when the error is not the fault of the taxing district. If the correction of the levy error were to exceed the statutory maximum levy rate of the levy if corrected in one year, then the correction must be made in a proportional basis over a period of three years.

Merged Taxing Districts and Highest Local Levy.

The first levy calculation for levies brought by a merged taxing district calculation is changed. The levy must be set so that the regular property taxes payable in the next year do not exceed the

limit factor multiplied by the sum of the amount of the regular property taxes each component taxing district could have levied since 1985 plus increases in assessed value from: new construction, state-assessed property, construction of wind turbine, solar, biomass, and geothermal facilities, and property improvements. In addition, the total levy amount is calculated by multiplying the regular property tax rate of each component district for the preceding year by the increase in assessed value in each component district.

Levies for taxing districts that have not levied since 1985 are also required to calculate the first restored levy by the levy amount last levied by the district multiplied by the limit factor, plus increases in assessed value from: new construction, state-assessed property, construction of wind turbine, solar, biomass, and geothermal facilities, and property improvements.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.