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HOUSE BILL 2687

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State of Washington                      52nd Legislature                      1992 Regular Session

By Representatives Fraser, Jacobsen, Fuhrman, R. Fisher, Zellinsky and  
Carlson

Read first time 01/23/92. Referred to Committee on Revenue.

1            AN ACT Relating to valuation of real property for taxation  
2 purposes; and amending RCW 84.40.030.

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

4            **Sec. 1.** RCW 84.40.030 and 1988 c 222 s 14 are each amended to read  
5 as follows:

6            All property shall be valued at one hundred percent of its true and  
7 fair value in money and assessed on the same basis unless specifically  
8 provided otherwise by law.

9            Taxable leasehold estates shall be valued at such price as they  
10 would bring at a fair, voluntary sale for cash without any deductions  
11 for any indebtedness owed including rentals to be paid.  
12 Notwithstanding any other provisions of this section or of any other  
13 statute, when the value of any taxable leasehold estate created prior  
14 to January 1, 1971 is being determined for assessment years prior to

1 the assessment year 1973, there shall be deducted from what would  
2 otherwise be the value thereof the present worth of the rentals and  
3 other consideration which may be required of the lessee by the lessor  
4 for the unexpired term thereof: PROVIDED, That the foregoing  
5 provisions of this sentence shall not apply to any extension or  
6 renewal, made after December 31, 1970 of the term of any such estate,  
7 or to any such estate after the date, if any, provided for in the  
8 agreement for rental renegotiation.

9 The true and fair value of real property for taxation purposes  
10 (including property upon which there is a coal or other mine, or stone  
11 or other quarry) shall be based upon the following criteria:

12 (1) Any sales of the property being appraised or similar properties  
13 with respect to sales made within the past five years. The appraisal  
14 shall take into consideration political restrictions such as zoning as  
15 well as physical and environmental influences. The appraisal shall  
16 also take into account, (a) in the use of sales by real estate contract  
17 as similar sales, the extent, if any, to which the stated selling price  
18 has been increased by reason of the down payment, interest rate, or  
19 other financing terms; and (b) the extent to which the sale of a  
20 similar property actually represents the general effective market  
21 demand for property of such type, in the geographical area in which  
22 such property is located.

23 Sales under bankruptcy, sheriff's sales, tax sales, and forced  
24 sales in lieu of imminent foreclosure, condemnation, or liquidation may  
25 be used as sales of similar property if the sale took place at a public  
26 auction and if notice of the sale and auction was published in a  
27 newspaper of general circulation in the county in which the real  
28 property to be sold is situated. The department of revenue may not by  
29 rule or other means exclude these types of sales from sales acceptable  
30 for use in sales studies. Sales involving deed releases or similar

1 seller-developer financing arrangements shall not be used as sales of  
2 similar property.

3 (2) In addition to sales as defined in subsection (1),  
4 consideration may be given to cost, cost less depreciation,  
5 reconstruction cost less depreciation, or capitalization of income that  
6 would be derived from prudent use of the property. In the case of  
7 property of a complex nature, or being used under terms of a franchise  
8 from a public agency, or operating as a public utility, or property not  
9 having a record of sale within five years and not having a significant  
10 number of sales of similar property in the general area, the provisions  
11 of this subsection (2) shall be the dominant factors in valuation.  
12 When provisions of this subsection (2) are relied upon for establishing  
13 values the property owner shall be advised upon request of the factors  
14 used in arriving at such value.

15 (3) In valuing any tract or parcel of real property, the value of  
16 the land, exclusive of structures thereon shall be determined; also the  
17 value of structures thereon, but the valuation shall not exceed the  
18 value of the total property as it exists. In valuing agricultural  
19 land, growing crops shall be excluded.