

HOUSE BILL REPORT

SHB 2609

As Passed House:
February 18, 2008

Title: An act relating to the use of digital image technology in property revaluation plans.

Brief Description: Concerning the use of digital image technology in property revaluation plans.

Sponsors: By House Committee on Finance (originally sponsored by Representatives McIntire and Condotta).

Brief History:

Committee Activity:

Finance: 1/25/08, 2/6/08 [DPS].

Floor Activity:

Passed House: 2/18/08, 94-1.

Brief Summary of Substitute Bill

- Allows digital image technology to satisfy the physical inspection requirement of a county's property tax revaluation plan for property that is damaged through natural disaster, property for which the assessor cannot gain access, and property located in an extremely remote region.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Rick Peterson (786-7150).

Background:

Property subject to property tax is assessed at its true and fair value. In most cases, this is the market value in the property's highest and best use. The values are set as of January 1. These values are used for determining property bills to be collected in the following year.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. Nineteen counties revalue every four years, one county uses a three year revaluation cycle and one county is on a two year schedule. For these counties a proportionate share of the county is revalued during each year of the cycle. Individual property values are not changed during the intervening years of the revaluation cycle. Eighteen counties are on a program of annual updates. Values are adjusted annually based on market value statistical data.

As part of the revaluation plan, properties are physically inspected. Physical inspections must be done at least once every four years for counties using four, three, or two year revaluation cycles. Annual revaluation counties must physically inspect each property at least once every six years.

The International Association of Assessing Officers (IAAO) is a nonprofit, educational and research association. It is a professional membership organization of government assessment officials and others interested in the administration of the property tax. The IAAO develops and publishes standards for the various aspects of property taxation and assessment administration. The IAAO standard on the mass appraisal of real property provides for an alternative to periodic on-site inspections. That alternative includes high level street-view images, orthophoto images, and low level oblique images capable of being used for measurement verification.

Summary of Substitute Bill:

Assessors may use digital image technology to satisfy the physical inspection requirement of the county's property tax revaluation plan. Digital image technology is limited to property that is damaged through natural disaster, property for which the assessor cannot gain access, and property located in an extremely remote region.

The Department of Revenue is directed to develop rules related to the use of digital image technology consistent with standards developed by a recognized industry source for property appraisal, assessment administration, and property tax policy.

In the first year of use the county assessor must indicate the use of digital image technology on revaluation notices. The assessor must provide a website address where taxpayers can find information about the technology and how the assessor is using the technology in the county. The website must to be maintained for at least five years.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony: (In support) Lewis and Skagit counties have been able to utilize digital photographs to lower property values after floods. This is the only way to quickly respond to these situations. The use of digital image technology provides a way to improve the efficiency of local tax administration and to reduce the fiscal stress on counties. Many rural homes are now gated off making it difficult to do inspections. This bill will put everyone on an even playing field.

(With concerns) The bill is not limited to disaster or locked properties. There is concern about wide spread use of this technology. Taxpayers should receive notice.

(Opposed) None.

Persons Testifying: Dianne Dorey, Lewis County Assessor; Robert Carlton, Washington Association of County Officials; and Terry McLaughlin, Cowlitz County Assessor.

(With concerns) Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.